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**Decentralisation in India:  
A Review of Panchayati Raj Institutions  
in Gujarat**

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**Gujarat  
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Development  
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## Abstract

Based on a review of the relevant literature, this paper examines how the decentralisation process has evolved over time in India from the ancient times through to the British regime to modern era. It focuses specifically on Panchayati Raj Institutions in Gujarat and takes critical stock of how these local institutions have functioned under different acts legislated from time to time in the state. Analysing critically the post 73<sup>rd</sup> Constitutional Amendment Act, it tries to find out how far the Act has been able to make difference to the lives of ordinary people in terms of bringing them close to exercising their power at the grassroots level. Further, the paper also looks into other determinants that are crucial to the overall performance of the Panchayati Raj. In a way forward, it explores what possible changes and approaches the state government can adopt towards realising the real objective and spirit underlying true decentralisation.

**Keywords:** Gujarat, Panchayat, 73<sup>rd</sup> Constitutional Amendment Act, decentralisation, local governance, Finance Commission.

**JEL codes:** H7, H70

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## Contents

	Page No.
Abstract	i
Acknowledgements	i
Contents	ii
1. Introduction	1
2. Evolution of Decentralisation	1
2.1 <i>Phase I - Early Days of Political Independence</i>	2
2.2 <i>Phase II - Opposition in Power</i>	3
2.3 <i>Phase III - Serious Efforts towards Decentralisation</i>	3
2.4 <i>Phase IV - Constitutional Status to Decentralised Bodies</i>	4
3. Devolution Status	4
4. PRIs in Gujarat	5
4.1 <i>Gujarat Panchayats and Tribals</i>	6
4.2 <i>Status of Gujarat in View of the Extension of Central         Legislation of Panchayats to the Scheduled Areas</i>	7
5. Post 73rd CAA and Issues in Gujarat	8
5.1 <i>Functions, Powers and Social Justice</i>	8
5.2 <i>Finance</i>	9
5.3 <i>Functionaries</i>	12
6. Other Determinants	13
6.1 <i>Elections</i>	13
6.2 <i>Parallel Bodies to Gujarat Panchayat</i>	14
6.3 <i>Training and Capacity Building</i>	14
6.4 <i>Non-Government Organisations (NGO)</i>	15
7. A Way Forward	15
Reference	17

# Decentralisation in India: A Review of Panchayati Raj Institutions in Gujarat

Madhusudan Bandi

## 1. Introduction

Ever since India's independence, the debate over decentralisation has remained alive. The proponents of direct democracy have all along favoured devolution of power to the grassroots level bodies. Although M.K. Gandhi's voice was the loudest in this respect, the constitution framers had differing views on Panchayati Raj (PR) or decentralisation *per se*. His dream could not hence be realised immediately after independence. During the 1960s and 70s the decentralisation process appeared to be taking roots following the recommendations of the Balwant Rai Mehta and Ashok Mehta committees. This proved to be a mirage as the enthusiasm among people died down due to the indifferent attitude of the state governments towards the institutionalisation of local bodies. Hopes were rekindled in 1992 when the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments were enacted. It was through these amendments that institutions like the PR and municipalities were accorded constitutional status. Yet, nearly two decades down the decentralisation process with a constitutional guarantee appears to have achieved little in terms of devolving meaningful powers to the people at the grassroots level. It is against this background that this paper reviews the legislation and implementation of decentralisation in India with a special reference to Gujarat.

## 2. Evolution of Decentralisation

Democracy as a concept is not alien to the Indian context. There has always been a special place for local administration or municipalities in India right from the Indus valley civilisation through to the British regime to post-independence India. In fact, ancient India was known for *ganapadas* or village republics governed by a body called 'panchayat'. This executive council of *panch* or five members was thoroughly democratic in its functioning. All public needs including religious services, cultural activities, settlement of civil cases, protection of people and also supervision of disaster management services were under the jurisdiction of the panchayats. This was made possible by generating resources from local citizens through levying taxes. Gram Panchayat (GP) continued to remain the mainstay of local governance with a few changes during the Mughal and British regimes (Sharma, 1993). The British era was known for the Charter of James II in 1687 with the East India Company trying to 'empower the establishment of municipal corporations' in the Madras, Bombay and Calcutta presidencies in 1726.

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The history of setting up of committees and commissions had begun way back in 1906 (Bagchi and Chattopadhyay, 2004). After independence, an association of the All-India Council of Mayors was formed to demand for a greater autonomy for the urban bodies. At about the same time, there was a suggestion by the National Commission on Urbanisation to include urban areas under Article 40 of the directive principles of state policy (Ramanathan, 2007).

The journey of decentralisation process, more specifically, Panchayati Raj Institutions (PRI) in the post-independence era can be better understood in terms of four phases.

### ***2.1 Phase I - Early Days of Political Independence***

The Indian leaders at the time of independence were divided on the issue of decentralisation of powers. Although M.K. Gandhi was largely in favour of devolution of powers, B.R. Ambedkar was against such an experiment, fearing further marginalisation of the underprivileged like *dalits* through elite capture. Hence rural self-governance was referred to in a few lines (on M.K. Gandhi's insistence) in the Indian constitution under Article 40 (chapter VII; para 25-29) and that too within the directive principles of state policy (GoI, nd). The lines read, "...the state shall take steps to organise 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 Constitution of India).

Immediately after independence, panchayats in India came to be identified with 'land reforms' and 're-organisation of the land tenure system'. Besides, they were identified as an instrument of development and a non-regulatory agency of district administration. While in the debates on 'micro-level planning', panchayats had always received significant attention for their regulatory role, the scope for institutionalisation of panchayats appeared bright when the Government of India constituted a committee in 1957 under the chairmanship of Balwant Rai Mehta (BM) to study and suggest means to implement the PR on uniform lines throughout the country. Contending the spirit of the constitution of the BM committee, Bandyopadhyay *et al.* (2003) observe that the committee was neither set up solely to look into the decentralisation issue nor to recommend the process of devolving powers to the people. Instead they see it as a compulsion on the part of government to go ahead with decentralisation. The real reason for setting up the committee was to review the performance of the Community Development Programme<sup>1</sup> (CDP) and

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<sup>1</sup> The CDP was launched on October 2, 1952 with an objective of securing the fullest development of the material and human resources on an area basis, expecting an active participation of the people on their own initiative. The CDP was meant to be a pilot scheme, but the eagerness and keenness of people in its participation led to the formulation of another programme called The National Extension Service Programme, but of less intensity on October 2, 1953 to secure people participation and co-operation in the development schemes. To the dismay of the observers it was found to be lacking in people's participation;

to recommend measures for its improvement. However, the committee had realised that without the active support of the people, this programme would not succeed and that the PR as a representative body of the people would be an ideal platform for generating people's support across the entire country (Bandyopadhyay *et al.*, 2003).

The recommendations of the report were finally endorsed by the National Development Council (NDC) on January 12, 1956. Thereupon, the central council of local self-government at its fifth meeting held at Hyderabad in 1959 took stock of the action taken by the states to implement the decision of the NDC (Dey, 1969). Yet, no concrete follow-up exercise was undertaken that could lead to an improvement in the decentralisation process of the country.

## **2.2 Phase II - Opposition in Power**

In the light of the poor performance of PRIs due to a weak resource base and the negligible attention given by the union and state governments alike, the Janata Party that had come to power after the emergency in 1977 decided to examine the existing or rather non-existent PR system with the intention of strengthening it further. It constituted the Ashok Mehta (AM) Committee to recommend suitable corrections for its rejuvenation. The Committee submitted its report within nine months with 132 recommendations after holding detailed consultations at all levels on all aspects of the working of PR. The significant recommendations included, among others, (i) a three-tier PR system; (ii) official participation of the political parties in the PR elections; (iii) power to PRIs to mobilize finances through taxation; (iv) no superseding of PRIs by the state governments; and (v) reservation of seats to Scheduled Castes (SC) and Scheduled Tribes (ST) in proportion to their population. However, the regime could do little to pursue further given its own instability and collapse of its government before completing its full term of five years. The only redeeming development was that the states of Andhra Pradesh, Karnataka and Kerala passed new legislations.

## **2.3 Phase III - Serious Efforts towards Decentralisation**

Thanks to the hesitant attitude of politicians and political parties towards decentralisation, the real empowerment of people through local governments has remained a distant dream. In 1989 the late Prime Minister Rajiv Gandhi took it upon himself to bring about democratic decentralisation in the country through a constitutional guarantee. His proposal was followed up by bringing in the 64<sup>th</sup> Amendment Bill with a view to removing the absolute discretion of the state governments with regard to the finances to the local bodies through state-level finance commissions. Besides, it had a clear objective of empowering weaker sections including women in the rural areas. On 10 August 1989 the bill was

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rather it had become a government's programme with little participation by the people (GoI, 1974).

approved in the Lok Sabha, but failed to get through the Rajya Sabha. According to Rao (1995) this was due to the narrow political considerations of the opposition parties who wanted to deny the transfer of power to where it belonged. However, the later developments only proved that the accusation could not be restricted to the opposition parties alone. It was beyond doubt that no party in power in any state would be willing to forego its power for the benefit of people at large.

#### ***2.4 Phase IV - Constitutional Status to Decentralised Bodies***

In 1990 the strengthening of PRIs was considered afresh with the issue brought before a conference of chief ministers in the month of June, presided over by the then Prime Minister PV Narasimha Rao. The conference endorsed the proposal for a fresh constitution amendment bill, which was consequently introduced in the Lok Sabha on 7 September 1990. This Bill, however, was not taken up for consideration (Dubey, 1995). The matter was taken up again in 1991. The Constitution (72<sup>nd</sup> Amendment) Bill, 1991 was introduced on 16 September that year and subsequently referred to a joint select committee of Parliament in December 1991 for a detailed examination. The joint committee presented its report to Parliament in July 1992. The Constitution (72<sup>nd</sup> Amendment) Bill was finally passed by the Lok Sabha on 22 December 1992 and by the Rajya Sabha on 23 December 1992. In all, 17 states ratified the Act in a record time. The president of India gave his assent on 20 April 1993 and the Constitution (73<sup>rd</sup> Amendment) Act, 1992 came into effect in April 1993 (ibid).

During the four phases discussed above, about six committees were constituted for facilitating the decentralisation process in India by way of making recommendations to improve the structure of local governments and their powers and functions. The committees were: (1) BM Committee (1957); (2) K. Santhanam Committee (1963); (3) AM Committee (1977); (4) G.V.K. Rao Committee (1985); (5) L.M. Singhvi Committee (1986); and (6) P.K. Thungon Sub-Committee (1988).

### **3. Devolution Status**

As discussed in the previous sections due to a highly indifferent attitude on the part of the central and state governments alike the devolution of powers to PRIs made no headway in the years after independence, though a lot of noise was made in favour of it at every possible juncture. However, the 73<sup>rd</sup> Constitutional Amendment Act (CAA) ushered in a new hope in that 29 subjects (under Schedule XI of the Indian constitution) were expected to be transferred by the respective state governments to their PRIs. The devolution of powers according to the 73<sup>rd</sup> CAA can be classified under two heads: (a) mandatory provisions; and (b) non-obligatory provisions. The mandatory provisions of the Act are to be compulsorily included in the legislations to be enacted by the states. In the case of discretionary provisions, it is left to the state concerned to take decisions keeping in view the socio-economic conditions and other factors prevailing in the state. From the drafts of various provisions it is evident that the expression 'may' has been deliberately used in place of 'shall' in respect of the

items thus leaving them to the discretion of the state legislatures which, as observed by Rao (1995), have used it to their advantage in not letting power slip out of their hands. Then again Rajiv Gandhi had made it clear that “the basic structure of the constitution would not be disturbed”, while proposing the original draft for amendment. This perhaps is why PR found itself incorporated into the Schedule of the constitution and not the local list (Rao, 1995, p. 11). Whether the ambiguous or clever drafting of this aspect was intentional or not is difficult to assess merely on the basis of whatever ‘commitment’ shown by Rajiv Gandhi towards decentralisation. But, it has surely, in some way or the other, come in the way of transfer of power to the lower levels of governance.

#### **4. PRIs in Gujarat**

Gujarat today is ranked as one of the most developed states in India supported by what is claimed to be a fairly effective governance. In this context it is interesting to read into its status with respect to sharing of powers while reaching out to its population. Going by the political history, Gujarat comes across as a pro-decentralisation state as it happens to be one of the first states in India to have implemented the PR system through the Gujarat Panchayat Act (GPA), which came into effect on 1 April 1963, after it had become a separate state in 1961. It is also to the credit of the state that it upheld the PR system for a fairly long time along with Maharashtra when all the other states had failed to show any interest in the devolution of power to the people and were already writing the obituary of decentralisation together with the death of Jawaharlal Nehru (Bandyopadhyay *et al.*, 2003). However, despite such a positive past record to this date, Gujarat also has not been able to transfer all of 29 powers to its PRIs.

The special features of GPA 1961 revolved mostly around social and justice concerns, viz., setting up of Social Justice Committees (SJC) at village, taluka and district levels to ensure social justice to the weaker sections; provision for non-lapsable funds for weaker sections; proportional representation to the population in their panchayats for the SC and ST, besides reservations for women at all levels in elections and provision for nyaya panchayat and conciliation funds. Gujarat was one such state that had realised that panchayats were not serving the interests of ‘dalits’ mainly due to ‘upper caste’ dominance. This fact came to light through a committee chaired by Zinabhai Darji to look into panchayat affairs for suggesting basic reforms in 1972. Following-up on the committee’s recommendations, SJC’s at all three levels of panchayats were established for ensuring economic development and social justice to the weaker sections within the PR framework. SJC’s were required to select a majority of backward caste members in order to effectively address their grievances. However, in practice nothing positive happened to the SCs, STs or other backward castes (OBCs) in terms of their economic or social welfare, because at the village and taluka levels the SJC’s were ineffective in solving the problems of these sections, while at the district level, they could reach out to a very few pockets (Sheth, 1995). The formation of the Samajik Nyaya Manch with 12 NGOs to ‘rejuvenate’ SJC’s is

an indication in itself that SJs have been less successful in meeting their objectives in Gujarat (IRMA, 2008b).

Other significant features included setting-up of a state council for panchayats to advise on policy issues concerning panchayats; provision for powers, functions and duties that were transferable related to the development activities to the panchayats within a district; 100 per cent revenue collection assignment to PRIs through statutory provisions; and provision and recognition of Gram Sabha (GS) and its resolutions.

A major drawback of this system was that, the administration machinery could carry out only regulatory functions, not development activities mainly due to the non-devolution of functions, man-power and infrastructure to PRIs. To overcome this constraint, a Decentralised District Planning (DDP) scheme was introduced in the 1980s to address the village level problems for which 5 per cent of the state's budget was to be earmarked. Although the scheme was well received in the initial phases it could not sustain for long as the decision-making power was not in the hands of panchayats, but the district planning boards. Besides, funds also kept shrinking with each passing year, leaving less for people's causes. Panchayats in Gujarat could not fare well despite adopting progressive measures perhaps because DDP and PRIs did not work in partnership even though their objectives were the same, leading to an unwarranted confusion and disillusionment. This was further aggravated by the high handed bureaucratic dominance over the elected bodies in the absence of devolution of powers.

#### ***4.1 Gujarat Panchayats and Tribals***

GPA 1961 was revoked following the 73<sup>rd</sup> CAA, while the GPA 1993 was implemented with effect from 15 April 1994. Later, GPA 1993 was amended on the lines of the 1998 Bill. This bill was applicable to the 33 tribal talukas across seven districts. The main features of this bill were the following: (i) GS was made more powerful; (ii) control over minor forest produce (MFP) and the subsequent funds going into village funds was given to GP; (iii) 50 per cent reservation was granted for tribals across all the tiers of panchayats; (iv) consultation with Taluka Panchayat (TP) for acquiring land under Land Acquisition Act 1894 was made mandatory. Bombay Money Lender Act 1946 was amended to free tribals from exploitation. The GPs were given control over the management of water bodies. District panchayats now enjoy powers to collect revenue superseding the district collector. What is interesting to note here is that even though the bill appears to have been complemented with the Bhuriya Committee recommendations, the inclusion of taluka for consultation to acquire land defeated the very purpose of empowering GSs. One of the much talked about issues about this act was the 50 per cent blanket reservation for tribals. This many critiques saw as denying the tribal groups of their rights if they happened to be more than 50 per cent in such talukas.

#### ***4.2 Status of Gujarat in View of the Extension of Central Legislation of Panchayats to the Scheduled Areas***

Although the parliament enacted the 'Panchayats Extension to the Scheduled Areas' (PESA)<sup>2</sup> in 1996, Gujarat could make provisions only in 1998 through GP (amendment) Bill. The nodal agency that implements and co-ordinates the PESA in Gujarat is the Tribal Development Department. Many of the powers that were expected to be the exclusive domain of GS are found denied in the Gujarat Extension Act. For instance, solving local disputes in inhabitant's customary modes is recognised under the central act, while in Gujarat, the GS is not empowered. Recommendations for granting concessions (licence/lease) to exploit minor minerals in the scheduled areas<sup>3</sup> through auction at appropriate levels actually should have been the prerogative of the GS, but it is not the case in reality. Other powers, viz., prohibition, prevention of alienation of land, management of markets, money lenders control over institutions and functions in social sectors, control over local plans, planning and management of minor water bodies are kept away from the GS by entrusting the same to the other levels of panchayats (Pal, 2002). Similarly, the management of natural resources is not entrusted to the village community through legislation, even though the Government Order is that lakes, *charagahs* (grazing lands), forests, etc. be included them under the Joint Forest Management (JFM) (IRMA, 2008b).

Although the provisions of the central act are mandatory and they ostensibly leave little scope for state legislatures to exercise any discretion (Pal, 2002), still there is a scope for such manipulations to find their way because the central legislation itself has vested the final approval power with the respective level of panchayat over the GS deliberations, which runs against the essence of 'participatory democracy'. Yet, Gujarat along with Andhra Pradesh finds a place of appreciation by Pal (2000) while citing the meeting held between the state ministers of PR and tribal welfare in 1997, where all the ministers except those from these two states, were only interested in delaying the implementation of PESA or were against its legislation altogether. However, his observation was proved wrong within one year when the meeting of PR secretaries held on October 30, 1998 revealed that none of the states including Gujarat was interested in providing full autonomy to the panchayats with respect to

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<sup>2</sup> PESA provides for far-reaching governance powers to the tribal community, viz., recognising tribals as a traditional community, while accepting the validity of their traditional rights, customary law, social and religious practices and their traditional management of natural resources. The GSs in the scheduled areas are given wide-ranging powers. The Act further requires the state legislature to endow all-important power over land alienation with the GS to the extent that state governments have to consult the respective GSs for acquiring land even for development projects (Mukul, 1997).

<sup>3</sup> The scheduled areas and tribal areas are, in fact, the metamorphosed transplantation of the concept of 'partially excluded areas' and 'excluded areas' as contained in the Government of India Act, 1935 which are regarded as culturally backward areas.

all 3 Fs (functions, finances and functionaries) under Schedule VI of the constitution<sup>4</sup>.

In the wake of “The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006”, popularly known as the Forests Rights Act (FRA), a complete implementation of PESA would have helped the tribals acquire their rightful ownership over lands in their forest in the form of legal documents because GS plays an important role through the Forest Rights Committee constituted to receive applications from claimants in the village. Moreover, transferring community based natural resources to the JFM is understood as nothing but an exercise by the government to keep lands under its domain through the Forest Department (FD), because JFM is now looked at as a tool of the FD in the name of participatory forest management. However, with awareness being created about community claims by the civil society, the tribals and other forest dwellers are now submitting applications under FRA over community lands.

## **5. Post 73<sup>rd</sup> CAA and Issues in Gujarat<sup>5</sup>**

### ***5.1 Functions, Powers and Social Justice***

In Gujarat, only 14 subjects have been wholly transferred. While five have been partially transferred, 10 still remain with the state. The transferred subjects include agriculture, minor irrigation, animal husbandry, rural housing, drinking water, roads, culverts and bridges, poverty alleviation programmes, fuel and fodder, minor forest produce, markets and fairs, health and sanitation, family welfare, women and child development, welfare of the weaker sections and STs. Primary and secondary education, adult and non-formal education, cultural activities, social welfare and maintenance of community assets constitute the five subjects that are partially transferred. Gujarat appears to be generous despite not devolving all the 29 items. However, there is ambiguity with regard to providing adequate funds and personnel to fulfil these duties, more so, to the GPs. The control over funds still lies with the respective ministries or departments. Besides the non-submission of state finance commission reports in time and delays in implementing the recommendations even after they have been submitted amount to denial of rights to panchayats.

Among the several issues that define the status of Gujarat PRIs is the removal of sarpanch (or president) by GP members through a no confidence motion. It is because he/she is elected to the position by people through direct method of election. Several studies (e.g. Bandi, 2012) argue that people prefer this power to be exercised

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<sup>4</sup> As per Schedule VI of the constitution, district councils perform legislative, administrative and judicial functions within their jurisdiction.

<sup>5</sup> The three-tier structure in Gujarat presently has 26 Zilla (District) Panchayats, 224 Panchayat Samitis or Taluka Panchayats and 13,693 GPs spread across 18,584 villages (GoG, 2011). This arrangement provides an organic link between the three tiers of panchayati raj.

by the GS. The reservation for weaker sections, particularly OBCs in Gujarat has been a moot issue with the state adopting a fixed criterion of 1/10 seats for them in respect of each tier of panchayats. Unlike SCs and STs the reservation in proportion to their population is not followed. The OBC population of Gujarat formed 40 per cent if 1931 caste census is considered. The present situation may not be too different. Urgent redressal measures are required to do justice to them. Although women in Gujarat enjoy 33 per cent reservation across all the three tiers as also executive positions of PRIs, they are often used as dummies by male family members. Yet, wherever they are on their own without anybody's interference, they provide corrupt-free and good governance (IRMA, 2008b).

With respect to planning, Gujarat has District Planning Boards (DPB) rather than District Planning Committees (DPC). While DPCs are to be constituted as per Article 243ZD of the constitution (Pal, 2004), DPBs help rural and urban areas of the respective districts prepare the district-level plans with the participation of Zilla (District) Panchayat (ZP) and the district heads of line departments. These planning boards do not enjoy a constitutional mandate like DPCs. However, they seem to be actively participating in preparing GP, TP, ZP plans and annual and five-year plans. Besides, local bodies, voluntary agencies and the public are encouraged to help prepare these plans. The district planning boards receive funds from the DDP outlay. There is also a fundamental confusion about what constitutes district planning - does it cover the district and panchayats or only those functions that have been devolved to the local bodies? (IRMA, 2008a). This persistent confusion makes the planning exercise more difficult for the officials, elected members and the people. Therefore, the sooner the DPCs are constituted in accordance with the central government guidelines, the better the purpose would be served in terms of carrying out development programmes, especially, at the GP level.

## **5.2 Finance**

The first State Finance Commission (SFC) in Gujarat was constituted on 15 September 1994. The commission, while complying with the guidelines of the X Finance Commission of the Government of India made 63 recommendations to the state government, of which only 42 recommendations were accepted in totality. While eight were accepted partially, the remaining 13 were rejected.

What is important to note about the first State Finance Commission (GSFC) is that it emphasised the usage of existing taxes rather than levying fresh ones. At the same time, it was all for curbing delays on the part of the state government in releasing funds to PRIs. A major chunk of funds to PRIs comes through grant-in-aid from the respective state governments. In the case of Gujarat, it constitutes 20 per cent of the state's revenues. Although in percentage terms, funds appear substantial, a huge part of it goes towards non-plan purposes and tied funds. Moreover, these funds are channelled to the district panchayats, creating sub-power centres after state government, thus leaving little autonomy to the other lower level of panchayats.

The Gujarat government has considered some of the recommendations of the First SFC report for implementation. Significant among these are the consideration of levels of backwardness of talukas for grants-in-aid; 20 per cent increase in per capita grant to students through grants-in-aid; setting up of a unit to give information on the functioning of PRIs; exemption to Below Poverty Line (BPL) families with respect to health matters (in terms of fees charged); and electrification of villages where power had not reached them. Measures concerning health care of the BPL families are commendable, so is identification of backward talukas for special grants. There are 43 talukas identified as very backward in a total of 224 in the state. It is a coincidence that a majority of these talukas come under the tribal belts. The critics argue that the government deliberately overlooks these areas as they do not form part of its vote bank. The government, however, sees it as simply an allegation to score political points.

Some of the recommendations of the First SFC are yet to be implemented or are in the process of being implemented. These include revival of land revenue rates; power to PRIs to levy profession tax; expediting the payment of royalty over minor minerals to PRIs; sharing of octroi and tax revenues by the three tiers of PRs; sharing of land revenue by DP, TP and GP from 6 per cent, 15 per cent and 30 per cent to 10 per cent, 25 per cent and 50 per cent respectively; sanctioning of cess on land revenue authority to DP; increasing the local cess and authorization of its revision entrusted only to DP; authority to DP to avail of grants from SFC for development activities every year without lengthy process of application; and levying of property tax, water tax, and sanitation tax by the GPs. This was to be done through a neutral assessment of the land revenue price based on its location and usage. An assessment of the First SFC and the recommendations accepted and those in various stages of acceptance or those not yet accepted presents the state government in poor light. The powers that could have made PRIs more independent have been deliberately pushed to the backstage.

Similarly, the recommendations of the Second SFC that are implemented include a speedy disposal of government-provided grants to DPBs that are in turn transferable to GPs; compensatory octroi grant, local cess grant, and education cess grant; and provision of rules for the active participation of GS members in the social audit of the development work. To curb financial irregularities at GP level now the sarpanch and talati are made signatories on the cheques issued for withdrawal of funds instead of sarpanch and vice-sarpanch. Filling up of vacancies at the PRIs for carrying out development activities have been undertaken. Another noteworthy recommendation concerns encouragement to the GS for the participation of its members in the social audit. Though the intention to encourage transparency and accountability is desirable, the swelling reports of poor attendance by people in the GS paving way for elite capture is a reality; which eventually would dilute the very spirit of the idea of social audit. Hence, an emphasis is required to create an atmosphere where people can participate freely in their own affairs that are important for their lives. Similarly, it would be a wishful thought to expect that the financial irregularities would stop by merely replacing one signatory by another.

One recommendation of the Second SFC that remains to be implemented or awaits final action is the proposal to recover the encroached gamtal<sup>6</sup> and gochar (grazing) lands through strict action by the District Development Officers (DDO) and Taluka Development Officers (TDO) against the erring GPs and sarpanches. The amount accruing from disposing of gamtal plots is proposed to be deposited with the government. The grant against this would be transferred to GPs after 2 to 3 years. To curb the delay the Second SFC recommended the disbursement of grants at the DDO or TDO level. Grants to PRIs to the tune of Rs. 10 per head was recommended following the abolition of octroi. As for taxes and fees, the GP concerned was to recover 50 per cent of the expenditure incurred for providing facilities by it. An assessment of houses and property taxes was to be made every four years besides improving upon the recovery rate of taxes. Apart from activating the Gujarat Panchayat finance board, the Second GSFC also recommended the merger of 1) state equalisation fund; 2) district equalisation fund; 3) district village encouragement fund; and 4) district development fund into one scheme. Again a greater stress was laid on releasing grants in time for carrying out development activities. DDOs and TDOs were to review the progress of development activities; further, sarpanches were to be involved and briefed at regular intervals in this respect.

Administrative activities like defining the active roles for DDOs, TDOs by involving sarpanches in the developmental activities indeed would be a welcome measure towards ensuring the welfare of people at the GP level. The merging of different funds to streamline them through a single scheme can help overcome much of the confusion surrounding the schemes among people and bureaucrats alike in addition to avoiding delays in reaching out to the people. Unburdening the DPs of paying salaries would help PRIs divert these funds towards development activities as also revising and improving the property tax is also a welcome step towards improving the financial status of GPs.

The Third SFC for Gujarat was constituted on 2 February 2011 under the chairmanship of Bharat Gariwala and the terms of reference issued by the state government on 4 May 2011. By 21 June 2012 three members were appointed on the commission. It had met four times as of March 2013. The chairman of the commission had declared that it was preparing a formula for allocating grants to the local bodies on the lines of central finance commission. As claimed by him, it would be the first of its kind as far as states are concerned. He had further said that the services of the local universities would be sought towards attaining this purpose.

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<sup>6</sup> Land that have been included by the Govt./Collector within the site of Village, Town or City on or before the date of declaration of intention to make a Town Planning Scheme or publication of Draft Development Plan but shall not include any such other land which may thereafter be included within the site of any village by the government / Collector under the provision of Land Revenue Code.

### **Box 1: Accountability through Audit**

Under the Gujarat Local Fund Audit Act, 1963, GPs audit their accounts. This is done by passing an order under the technical guidance and supervision of the Comptroller and Auditor General. The status report of the government mentions about the dates of conducting audit to the GS in advance. Post audit, a copy of the audit note is forwarded to the TP. The GP remedies the defects, if any, and gives an explanation, if required, to the TP. The TP may accept the explanation and recommend the collector to withdraw objections. The Collector has the discretionary power to accept or reject the recommendations made by the TP.

However, since the introduction of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), social audit of the GS has been neglected in order to deal with the activities of MGNREGS. The Right to Information Act is also said to have created a fair degree of awareness about social audit. Yet, IRMA (2008b) finds that GS resolutions are ignored by TP officials; because these officials indulge in setting agendas instead of local sarpanches in the GS. They even allegedly decide on the venue and time of GS. In contrast, not many years ago, for example, Nani Charoli GP in Fatehpur Taluka in Dahod district was lauded for effective social auditing in their GS. The report describes how the GS members demanded the accounts of the development work from their Sarpanch, who was removed from office by the people when he failed to furnish them (PRIA, 2001).

### **5.3 Functionaries**

DDOs, TDOs and Secretary or Mantri head the respective bodies of panchayats at district, taluka and village levels. In some instances, Secretary fulfils the responsibilities of GPs.

To create a separate panchayat service cadre, the Gujarat government legislated the Gujarat Panchayat Service Selection Board and District Panchayat Service Selection Committee (DPSSC). DPSSCs are established in each district to select candidates for panchayat service posts, to advise the panchayat in performing its functions, as prescribed. In the case of District Primary Education Staff Selection Committee (DPESSC), the government has the discretion to appoint DPESSCs in each district for recruiting primary teachers and other officers for posts related to primary education (GoG, 1993).

The government of Gujarat appoints five youths as Gram Mitras (GM) to help GPs implement government schemes related to education, health, agriculture and social welfare. They are paid Rs. 1000 per month. Generally people find these GMs as a helpful medium between the elected members and the officials at taluka level to get their work done (Bandi, 2012).

## 6. Other Determinants

### 6.1 Elections

The 73<sup>rd</sup> CAA provides for mandatory and regular elections to PRIs. This development, as observed by Bandyopadhyay et al. (2003) reflects a basic change in the system of local administration 'from a non-representative, autocratic and bureaucratic' system to a representative and responsive elected system of governance. Excepting two occasions - national emergency (1975) and natural calamity (2000) - elections to panchayats in Gujarat have been held regularly after it became a separate state in 1961 (Kumar, 2001). After the 73<sup>rd</sup> CAA and the subsequent GPA in 1993, elections to the three tiers of PR were held in 1995, 2000, 2005 and 2010. The elections are guided by the Gujarat Panchayat Election Rules, 1994. Similar to assembly and parliament election requirements, candidates who contest local elections are required to submit self-declared particulars, viz., 'immovable properties, assets, debts, educational attainments as also details of criminal cases registered against them (if any)' (GoG, 2007). Of late the political administration has started promoting 'unopposed elections' or *samras* not only to the presidency of GPs, but also ward membership. As an inducement the government has introduced it in the form of a 'scheme' with different slabs to award monetary benefits to such GPs. However, this 'scheme' has attracted severe criticism on the ground that it throttles the basic principles of democracy. This has led the civil society to demand amendment to the GPA, 1993 (IAC-GV, 2012). However, the government claims that unopposed elections are encouraged with good and apolitical intentions (Box 2).

#### **Box 2: What is *Samras*?**

Samras as a concept was initiated in Gujarat in 2001 with a view to encouraging unopposed/unanimous/consensus elections to GPs. The official stance of the state government with regard to samras is that it avoids enmity and plotting in villages which the election process invariably creates.

The process of samras involves the village (or cluster of villages if a GP consists of more than one village) elders, having knowledge and wisdom from the respective castes or whatever representation is valued at their GP, who meet with the prospective candidates before coming to an understanding as to who would make a better GP president. In other words, the withdrawing candidates 'give up their rights, act for the society, and adopt a noble approach for the higher purpose of the welfare of the people'.

From the government's side the following incentives are all for grabs: (1) Rs.3 lakh for an all women GP with less than 5000 population; (2) Rs.5 lakh for a GP with more than 5000 population; (3) for those opting for samras consecutively for the third time would be granted: (a) schools (up to VIII class); (b) solar street lights; (c) pucca roads; and (d) 25 per cent extra funds.

A study conducted by Bandi (2013) across four GPs in two different regions of Gujarat that included two presidents elected through samras and two who came through regular and direct elections found that majority of the voters consider this system to be undemocratic because it allows the powerful elites to dictate terms to the rest of the voters in the name of monetary incentives from the government. Similarly, the claims of samras maintaining peace in villages sounds hollow because discontent persists among some or the other sections of the people whenever a president is unfairly imposed upon the electorates, be it through samras or an election. Further, the respondents do not wish to have samras imposed by the government with incentives. This, according to them, creates unnecessary problem for the voters. As part of the smallest unit of democracy in India, many of the aspirants would like to test themselves in the public life and contribute to their village in some way or the other. This is particularly true in the case of weaker sections – be it SCs or OBCs. They feel they have their numbers to sail through even where seats are not reserved for them.

## **6.2 *Parallel Bodies to Gujarat Panchayat***

Various standing committees of the respective panchayat tiers are required to perform specific functions like planning, education, administration, water management etc. Yet, the state governments including Gujarat have shown tendencies to by-pass these constitutional provisions by way of introducing parallel bodies that end-up competing with constitutionally recognised entities like panchayats thus creating contradictions and ambiguities in the system.

In Gujarat an issue that hurts the autonomy of panchayats is the role of JFM committees with respect to MFP. The GPA, 1993 provides for income generated through MFP to be part of panchayat fund. However, in actuality, it is the JFM committees who grab the income from MFP thus denying incomes to a larger proportion of the population under the respective panchayats. To ward off such occurrences the state government should take care to converge or link such new bodies to panchayats as to leave nothing for ambiguity and also to avoid inventing new bodies bypassing the constitutional entities.

## **6.3 *Training and Capacity Building***

Gujarat has five training centres and four departmental centres run with the support of village society organisations (GoI, 2006). Seven such training institutes receive funds from the state budget towards capacity building. A special slot for training SCs / STs and women is also provided. However, women often are uncomfortable going alone and there are also fears of incurring additional cost if accompanied by any of their family members (IRMA, 2008b). Interestingly, a positive development has been seen in Gujarat in the form of the Elected Women Representative Network started in five districts and supported by the *Mahila Swaraj Abhiyan* (MSA), where they have initiated a successful drinking water campaign. This is a body consisting of GP

members at the block and taluka levels. They operate with the assistance of NGOs that act as facilitators. Regarding MSA, it is said to have run successful campaigns with respect to drinking water and social security since 1997. They have made significant contributions in providing an information exchange platform and capacity building of its members with an apparent impact on 'engendering' governance (Behar and Aiyar, 2003). Yet the overall training in the state appears still wanting because a large number of candidates come from poor social, economic and educational backgrounds and are into the decision-making process without a proper understanding of the functioning of panchayats. This weakness is often exploited by the elite elected members and the officials alike.

#### **6.4 Non-Government Organisations (NGO)**

The NGOs are now more actively involved in creating awareness, capacity building, planning and supporting development activities everywhere. However, they may not be having their presence in each and every village because funding sources are independent in their case. Therefore, expecting a lot from them would be unjust as yet. But those NGOs, which are active, need to be ready to work even in the remote villages, especially, the backward tribal talukas, where their presence is more required. One of the district collectors posted in a backward district of Gujarat observes that the NGOs generally prefer to work in areas where there are good facilities to live and work. It would be sad if all NGOs were to look for comfort rather than social service.

Nevertheless, the most important aspect for the panchayats and NGOs is that they should not consider themselves as competitors to each other. In the interest of the people the NGOs need to respect PRIs as constitutional entities and complement them in whatever capacity they can in terms of technology and knowledge. It is suggested that in order to strengthen the mutual ties and accountability NGOs involved in implementing the developmental programmes of the government should be made accountable to the GS.

### **7. A Way Forward**

Decentralisation is a potent tool in the democratisation of a society. It is a channel that institutionalises marginalised sections by providing opportunities to make decisions for themselves and thus empowering them by actively involving in the development process<sup>7</sup> (Oates, 1972). The issue of decentralisation has received an indifferent treatment from both the central and state governments alike after independence. Even the 73<sup>rd</sup> CAA is found to be falling short on many fronts in terms of realising genuine decentralisation. Instead, it has thrown up new challenges. This is because the 73<sup>rd</sup> CAA has mandated only political decentralisation, leaving many important issues like models of implementation, administrative mechanisms

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<sup>7</sup> W.E. Oates (1972) as cited in Mohan (2009).

and finances to the discretion of the states (World Bank, 2000b). Since political decentralisation has received a clear constitutional patronage, every state is abiding by the rule of constituting local bodies through regular elections. However, a lot remains to be done in terms of delivering the 3 Fs – functions, finance and functionaries. Progress on this front varies vastly across the states. If some are ahead and devolved more powers, many others have not bothered to nurture PRIs at all (World Bank, 2000a). The reasons consistently cited by numerous scholars over the years have been summed up by Behar and Aiyar (2003). According to them the absence of political will, bureaucratic resistance, elite capture in the PRIs, and the shortcomings of the elected members in performing their mandated tasks are some of the hurdles. More importantly, Bandyopadhyay et al. (2003) point to the bureaucracy determining the definition of local governance and not leaving it to the ‘imagination’ of the ‘community’. This reflects a lack of political will to decentralise powers with honest intents. Hence, it appears like over-centred local governance (Bagchi et al., 2004). On the other hand, whatever little is being done appears to be only a token (laced with the intention to manipulate) gestures irrespective of what was hugely envisaged after the 73<sup>rd</sup> CAA.

When it comes to Gujarat PRIs, various studies and reports suggest that not much in terms of evidence with respect to progress made has surfaced since the 73<sup>rd</sup> CAA, while presenting a picture not much different from what has been discussed in the preceding paragraphs. If the state government could be blamed for being indifferent to the devolution of 3 Fs, an equally important question is whether it is because the interests of only a few (basically big farmers and rich traders belonging to higher castes with an immense power base) override the aspirations of weaker sections, which Hirway (1989) reveals through her intensive study of four different types of villages in Gujarat. In such a scenario, this means two things. The decentralisation process has never been put to test in real sense because the state retained important powers, and second, despite whatever token powers have been transferred, a much-needed secure and conducive environment has not been created for a large section of people, who are mostly not privileged to utilise their power to their fullest potential due to the existing hostile social conditions.

The only hope for realising ‘effective decentralisation’ seems to lie in transferring all the items from the non-obligatory provision list to the mandatory provision list leaving no chance for any state government to retain important powers to themselves. Otherwise, the usual story of manipulations being resorted to by the state governments to retain power will continue to persist in the future.

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### 2. Industry, Infrastructure and Trade

The main themes include policy dimensions concerning the micro, small and medium enterprises, industrial clusters and intellectual property rights. Studies on basic infrastructure and linkages between infrastructure and regional growth have also been carried out. Trade and development and finance are new areas of interest.

### 3. Employment, Migration and Urbanisation

Studies under this theme relate to employment, labour, diversification of economic activities and migration. International migration has emerged as an additional theme along with urban services and aspects of urban economy and governance.

### 4. Poverty and Human Development

Issues examined include access, achievement and financing of education and health sectors. Studies on poverty relate to conceptual and measurement aspects, quality of life, livelihood options and social infrastructure. There is an increasing interest in understanding urban poverty, rural-urban linkages and issues in microfinance.

### 5. Regional Development, Institutions and Governance

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Much of the research informs national and regional policies. The Institute also undertakes collaborative research and has a network with governments, academic institutions, international organisations and NGOs. A foray into specialized training and doctoral programme has just been made.



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