

Inclusive Development and Local Governance

*** Dr. C. Pratheep**

* Secretary, Gandhi Media Foundation, Thiruvananthapuram

Abstract:

To achieve inclusive development is one of the objectives of development planning in India. In order to accomplish inclusive development, various multi faceted programmes and projects have been implementing in India since independence. Though India has emerged as one of the fastest developing countries of the World, low rank in the human development index of , inequality in terms of income and wealth, incidence of poverty , high rate of unemployment, prominence of economically backward labours in unorganized sectors, malnutrition of children and women etc. are disturbing us . Theories on inclusive development and decentralization show that there are close relationship between them. Decentralization would promote economic development in the areas of efficiency in the resource allocation, preservation and development of markets; inclusive governance etc. 73rd and 74th Constitutional amendment provides functions, functionaries and finance to Panchayatiraj Institutions. During the last 21 years of panchayatiraj, various achievements were made in the empowerment of scheduled castes, scheduled Tribes, Women and other vulnerable sections of the society, improvement in the situation of rural people etc. Panchayathiraj institutions should provide more functions, functionaries and finance to do their duties as a development catalyst and to achieve inclusive development in a better way.

Keywords: Inclusive development, governance, service delivery, decentralisation and panchayatiraj Institutions

Inclusive growth emphasis that the economic opportunities created by growth are available to all particularly the poor to the maximum extend. To achieve inclusive development has been one of the objectives of development plans in India. In order to achieve the objective Government of India and State Governments have been implementing multifaceted programmes for the development of downtrodden since 1951. However, even after sixty-four years of planning we have not succeeded to achieve inclusive development in India. Though India has emerged as one of the fastest developing countries of the World, low rank in the human development index of UNDP, inequality in terms of income and wealth, poverty , high rate of unemployment, prominence of economically backward labours in unorganized sectors, malnutrition of children and women etc. are become disturbing realities India . This dichotomy between the high economic growth rate and poor living condition of mass has to be addressed. Decentralization and strengthening of local self-governments are being considered as a suitable method for achieving inclusive development in India.

Theories on inclusive development and decentralization

Inclusiveness means that growth must not only be rapid, it must also be more inclusive in all the different senses in which the term is used: it must reduce poverty faster, be regionally well dispersed, reduce urban rural differentials, improve access to basic service for all and narrow the gaps between historically disadvantaged groups such as SCs, STs, OBCs and minorities and work to eliminate gender differentials (Montek S. Ahluwalia, 2013) ADB defines inclusive growth as “growth coupled with equal opportunities” It focuses on creating opportunities and making these accessible to all, not just for the poor.

As per UNDP “Development can be inclusive - and reduce poverty - only if all groups of people contribute to creating opportunities, share the benefits of development and participate in decision-making” Inclusive development is one which emphasis that economic opportunities created by growth are available to all, particularly the poor to the maximum extent. Breton (1995, 2006) and Salmon (1987, 2006) opined that vertical and horizontal competition would lead to increased efficiency of decentralized institutions and will help to achieve inclusive development. Inclusive growth is one which emphasis that economic opportunities created by growth are available to all, particularly the poor to the maximum extent. Inclusive growth is a process that focuses on both creating opportunities rapidly and making them accessible to all including the disadvantaged. Planning Commission observed, “It is absolutely critical for the inclusiveness of our growth process that these large number of elected representatives in our Panchayat Raj Institutions are fully involved in planning, implementing and supervising the delivery of the essential public services.”(Planning Commission Eleventh Plan document)

The first generation theories argue that decentralization increases efficiency in the services whereas second generation theories postulate that it will increase competition and productivity in services. Richard A. Musgrave (1959) points out that there are mainly three functions to be performed by the various layers of Government and they are allocation function, redistribution function and stabilization function. For performing stabilization function, some degree of coordination is required between the levels and this could be done only at the Central Government Level. For redistribution, also, Central adjustments are required and it could be done at the Central level only. Regarding allocation, it differs from States to States and this could be done at the local level. So allocation duty should be done at the local level and stabilization and redistribution function should be done at the Central level. Teresa Ter-Minassian (1997) highlighted the emerging interest in fiscal decentralisation. Over the past two decades a clear trend has emerged worldwide towards the devolution of spending and, to a lesser extent, revenue raising responsibilities to sub-national levels of Government. This trend is partly a reflection of the political evolution towards a more democratic and participatory form of government, seeking to improve the responsiveness and accountability of political leaders to their electorate and to ensure a closer correspondence of the quantity, quality and composition of publicly provided goods and services to the preference of their beneficiaries. According to the World Bank (2003), the economic rationale that supports this reform is that local governments being closer to constituencies may be responsive to local needs and consequently provide services more efficiently. Decentralisation is widely seen as an instrument to improve service delivery, reduce poverty and enhance economic growth. Successful decentralisation must take into account administrative, political and fiscal dimensions. Decentralisation enables the people, particularly the vulnerable sections to increase their capabilities, participate productively in the market and earn their freedoms (Sen, 1999). Above theories shows that decentralization has been advocated by political and economic grounds. Advantages of nearness, scope for higher people participation, and feeling of real democratic practice, lesser scope for corruption, approachability of local ward members, active participation and implementation process through grama sabha are some of political advantages of decentralization. We may have to look into the scope of decentralization for the economic development in the Indian contest in the light of experiences in the countries around. There are dearth of literature to establish strong correlation between decentralisation and economic development.

However, there are arguments to establish decentralization would promote economic development in the areas of efficiency in the resource allocation, preservation and development of markets, inclusive governance etc.

According to Sen (Sen, 1999) decentralization enables the people, particularly the vulnerable sections to increase their capabilities, participate productively in the market and earn their freedoms. Participatory governance empowers people and ensures inclusive development Pierre Salmon's analysis of horizontal competition shows that citizens of a local body can use information about the public services provided elsewhere to evaluate the performance of their own governments. Vertical competition among the local bodies would improve their performance and this will act as a invisible hand for the economic welfare of a country as a whole.

Mahatma Gandhi advocated Panchayat Raj, a decentralized form of Government where each village is responsible for its own affairs, as the foundation of India's political system. The term for such a vision was Gram Swaraj ("village self-governance"). "Panchayat Raj represents true democracy realized. We would regard the humblest and the lowest Indian as being equally the ruler of India with the tallest in the land". Mahatma Gandhi advocated Panchayat Raj, a decentralized form of Government where each village is responsible for its own affairs, as the foundation of India's political system. The term for such a vision was Gram Swaraj ("village self-governance"). Development of institutions and strengthening the present institutions of service delivery are important. Several institutions failed in delivering better services. Decentralisation in terms of strengthening PRIs has to be improved in order to achieve better delivery systems.

Decentralisation and Local Self Governments in India

Decentralisation of administrative, political and fiscal responsibilities has been increasing all over the World since 1990 due to number of reasons. The important among the reasons are dissatisfaction with the centralized system of working, low service delivery of Central institutions, deepening democratic principles, thrust for more accountability, increasing need to recognize social, economic and political diversities in different regions within the countries. Local Governance could able to deliver services as per the preference of the local area and this will increase welfare gains.

Panchayats have been existing in our country from the time immemorial. The concept of panchayats is not new to our country and there is mention of community assemblies in the Vedic texts. The British established a Municipal Corporation in 1688 at Madras, which was followed by creation of similar bodies at Bombay in 1726, and Calcutta in 1872. In 1872, Lord Mayo introduced elected representatives for these municipalities and this was further developed by his successor, Lord Ripon, in 1882. By 1924-25, district boards throughout India were formed and this arrangement continued until late 1950s. By end 1980s, except Meghalaya, Nagaland, Mizoram and the Union Territory of Lakshadweep, all other States and UTs had enacted legislation for the creation of PRIs. In 14 States/ UTs, there was a three-tier system, in 4 States/UTs it was a two-tier structure and in 9 States/ UTs only one tier functioned .In 1992 Government introduced the 73rd and 74th Amendments Bill in Parliament which were passed in 1993. These introduced new Parts IX and IXA in the Indian Constitution containing Articles 243 to 243ZG. Post the 73rd Constitutional Amendment, Panchayats have been established at three levels, the district, block and cluster of villages (Village Panchayat). The number of Village Panchayats in the country as on 31st March 2012 was 2,40,345; of the Intermediate Panchayats 6357 and of the District Panchayats 585. Government had also introduced 50 percent reservation for women in the elected representatives in the local Self Governments.

Developments in Panchayatiraj

Almost all states and union territories claim that they have transferred responsibilities in varying degrees to the panchayats, by enacting laws in conformity with the CAA. However, the functional domain of panchayats pertains only to traditional civic functions in several states. In those states where either the intermediate panchayats or the district panchayats were absent for decades, the functional domain of panchayats does not include adequate developmental responsibilities. States where panchayats have existed for a long time, have repeated the provisions of the old statutes in their new laws with few adjustments. Moreover, many state governments have not framed relevant rules or guidelines as a follow-up measure. A few states realised that the transfer of additional functions requires the transfer of concomitant funds and functionaries to panchayats, enabling them to perform the specified responsibilities. However, panchayats are not very clear about the role they are expected to play in the new federal setup. Almost all of the subjects enumerated in the 11th Schedule are state concurrent, involving duplication and overlapping (Alok, 2006). State Governments are giving different importance to the Local Self governments and the following table shows the development index of decentralization process of India. Maharashtra is the top and Goa is the lowest in the decentralization index.

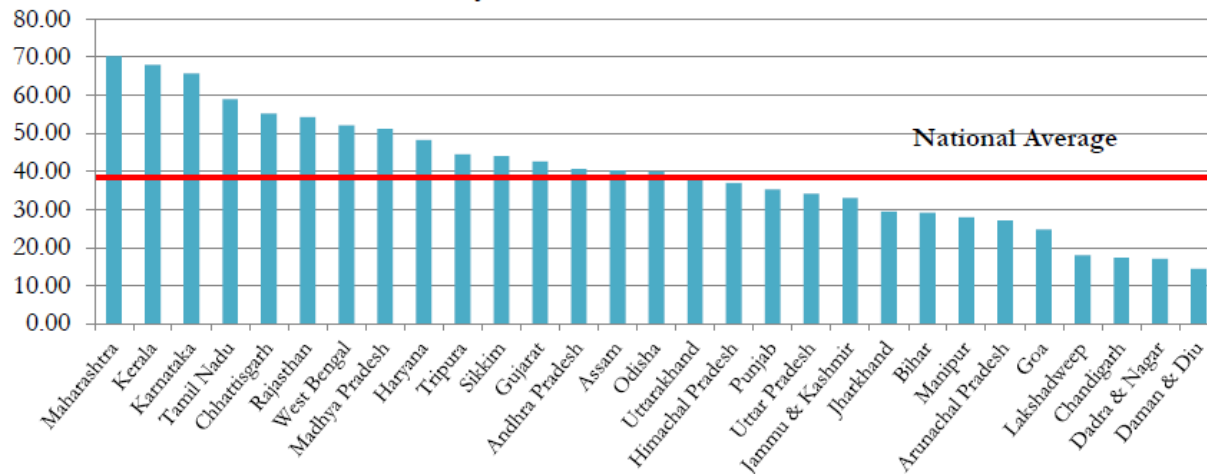
Devolution Index of States - 2014

Ranks	States	Framework (D1)	Functions (D2)	Finances (D3)	Functionaries (D4)	Capacity Building (D5)	Accountability (D6)	PDI (D)
1	Maharashtra	74.01	63.26	59.03	78.91	78.24	80.24	70.21
2	Kerala	72.65	61.61	68.37	71.09	60.70	74.77	68.00
3	Karnataka	70.08	63.14	61.32	65.43	70.15	70.25	65.75
4	Tamil Nadu	66.14	53.71	56.88	55.63	60.06	65.99	58.98
5	Chhattisgarh	69.12	48.24	48.81	53.44	55.24	67.15	55.16
6	Rajasthan	66.82	51.99	45.41	40.23	69.15	64.82	54.23
7	West Bengal	62.96	54.67	39.09	38.82	79.24	54.42	52.09
8	Madhya Pradesh	62.93	50.22	41.43	46.01	57.15	62.77	51.14
9	Haryana	76.90	34.47	41.53	54.41	45.70	52.91	48.27
10	Gujarat	54.12	40.24	28.43	56.50	51.15	43.26	42.61
11	Andhra Pradesh	50.53	11.44	31.97	50.38	62.70	49.11	40.69
12	Assam	51.77	42.83	26.69	30.86	62.06	44.76	40.26
13	Odisha	58.74	51.46	42.03	35.43	13.97	42.26	39.95
14	Uttarakhand	54.87	41.47	21.05	31.07	42.55	58.72	37.87
15	Himachal Pradesh	50.26	21.58	30.89	38.97	39.09	51.49	36.96
16	Punjab	60.58	28.08	23.80	30.31	38.76	50.09	35.28
17	Uttar Pradesh	55.20	41.04	35.74	18.68	29.67	29.73	34.11
18	Jammu & Kashmir	29.67	19.29	34.53	22.00	56.36	33.16	32.95
19	Jharkhand	56.61	20.36	12.30	36.40	44.91	31.97	29.40
20	Bihar	48.21	39.49	16.82	24.45	41.88	22.74	29.15
21	Goa	44.21	17.78	18.21	43.06	10.30	27.94	24.75

North Eastern States								
1	Tripura	57.37	47.49	32.53	47.69	45.52	52.53	44.48
2	Sikkim	63.97	45.72	44.87	36.19	36.82	41.90	43.95
3	Manipur	52.73	14.17	17.64	22.59	39.24	39.34	27.87
4	Arunachal Pradesh	46.09	29.21	16.71	22.09	38.97	25.79	27.03
Union Territories								
1	Lakshadweep	38.36	20.79	6.87	19.95	14.24	25.14	17.91
2	Chandigarh	28.53	6.11	19.75	18.93	12.73	19.02	17.30
3	Dadra & Nagar	34.52	1.67	1.07	40.30	16.12	29.94	16.98
4	Daman & Diu	49.02	3.43	5.58	20.29	3.64	24.78	14.40
	National Average	55.41	35.34	32.05	39.66	44.01	46.10	39.92

Source: Annual Report 2014-15 Ministry of Panchayati Raj, Govt. of India, New Delhi

Panchayat Devolution Index 2013-14



Empowerment of vulnerable sections

Representation in the Local bodies

S. No.	Panchayats	Total number of Elected representatives (in Lakhs)	% of elected women	% of elected SC	% of elected ST
1	Grama Panchayats	27.32	43.81	22.99	10.01
2	Block Panchayats	1.68	40.03	19.39	7.07
3	District/Zilla Panchayats	0.16	43.19	16.39	10.78
	Total	29.16			

Source: Annual Report 2014-15 Ministry of Panchayati Raj, Govt. of India, New Delhi

One of the major achievements of panchayati raj movement in India is the empowerment of scheduled castes, scheduled Tribes, Women and other vulnerable sections of the society. They got representation in the panchayats through elections. 43.81 percent of the representatives are women, 22.99 percent of the representatives belongs to scheduled Caste and 10.01 representatives of the Grama Panchayats are from vulnerable sections of the society. Empowerment will lead to entitlement.

Panchayats and rural development programmes

Panchayats have been implementing various centrally sponsored Schemes through the State Governments. Panchayats are being recognized as implementing institution for the plan schemes of line departments. The important plans are Mahatma Gandhi National Rural Employment Guarentee Act (MGNREA), National rural Health mission, Sarva Shiksha Abhiyan, Indira Awas Yojana etc. Union Budget 2015-16 allocation to rural development programmes was reduced due to the discontinuation of rural development programmes.

Rural Urban Sectors

Due to the implementation of panchayatiraj and various rural development programmes in India rural areas have benefitted much. During the last two decades the rural economy has grown much faster (7.5 percent per annum) compared to urban (5.6 percent) on the back of strong growth in the rural non farm sector (NCAER) .As a result whereas in 1980-81 the rural sector accounted for 41 percent of GDP, in 2010-11 this proportion has been estimated at 51 percent , ie, rural sector is estimated to have overtaken the urban sector. Growth in per capita income in rural areas has been almost double compared to urban area. Another feature of rural economy is is no more predominantly agrarian. As these developments and achievements have been made due to the implementation of panchayatiraj and rural development programmes in India. The following suggestion will help in many ways to achieve higher rate of inclusive development through Local Self Governments.

1. Empower Grama Sabha: Article 243 A gives constitutional recognition to the 'Grama Sabha' as a body consisting of persons registered in the electoral rolls relating to a village within the area of the panchayat at the village level. Grama Sabha is the only forum that can ensure direct, participatory democracy. It is very unfortunate that the meetings are not convening regularly and attendance is very thin particularly of women and marginalized groups who need benefits. Grama Sabhas has become only the venue of benefit sharing corners.

Grama sabha meetings have to be strengthened and meaningful through the following ways. Grama Sabha can be an effective forum for information sharing on programmes, schemes, good practices and matters of common interests. Grama Sabha can discuss the common social, health and economic issues like gender equality, drug use, alcoholism, female feticide etc. Gramasabha should be fully participating in planning, implementation and evaluation of programmes.

2. Strengthen the subject Standing Committees. Many state Governments have taken steps to form various subject committees like education, health, finance etc. to discuss the issues and formulate plans in the panchayat level. However, the functioning of the subject committees are not satisfactory. Development of capacities of the elected representatives of the subjective committees is required.

3. Responsibilities of the Panchayst have been increased. Grama Panchayat has to have 3 Rs ie, representation, responsibility and responsiveness. Representation fostering responsibility and responsibility leading to responsiveness

4. Panchayats are heavily depends upon the State Governments and Central Governments for the resources. Own revenue of the Panchayats is only 8.4 percent of the total resources and this has to be increased to achieve self-reliance. Panchayats should be able to deploy financial resources mobilized by them and implement their own programmes of local development instead of depending upon higher authorities for resources and approval

5. Since Panchayatiraj is a state subject, devolving three Rs, functions, finance and functionaries depends heavily on the political will and determination of the ruling state governments. Decentralization and panchayatiraj are success only in the states where political will was demonstrated in action. Kerala, Karnataka, West Bengal, Tamil Nadu, Gujarat, Rajasthan are some of the states who succeeded in the decentralization efforts. State Governments will have to provide more strength to the Panchayats.

6. Service delivery mechanism in the panchayats has to strengthen to provide services to the people in an efficient manner, with low cost and in a short span of time.

7. Investment and development efforts of the panchayats should be targeted to achieve inclusive growth.

Inclusive development is the motive of our developments efforts and this could be attained only through conscious efforts and active participation of people. Local Self Governments should have adequate functions, functionaries and finance to do their duties as a development catalyst. Since there is a close relationship between decentralization and inclusive growth, inclusive development of India depends heavily on how far we are strengthening Local Self Governments in India.

References:

Srividya K Kaimal and Manik Ahluwalia (2012), Impact of PanchayatiRaj institutions, Journal of Politics and Governance, Vol.2 No.1 & 2

Montek S. Ahluwalia (2013), Policies for Strong Inclusive Growth, Planning Commission Document

Govinda Rao. M and T.R.Raghunandan (2011), Panchayats and Economic Development, Working Paper No.2011-86, National Institute of Public Finance and Policy, New Delhi

Mani Shankar Aiyar (2012), Inclusive Growth through inclusive Governance: The imperative of Panchayat Raj, Internet

Bandyapadhyay D. (2003): “Twelfth Finance Commission and Panchayat Finances”, *Economic and Political Weekly*, Vol VIII, No.23

Mahi Pal (2000): “Transforming Panchayats”, *Economic and Political Weekly*, Vol XXXV, No.50

Oates. E.W (1972): *Fiscal Federalism*, Harcourt Brace Jouanovich, New York

Rengachari A.V. (1996): Palanithurai, G (Ed.) in *Panchayat Raj System: Status and Prospects*, Kanishka Publishers, New Delhi

Richard A. Musgrave (1959): *The Theory of Public Finance – A study in Public Economy*, McGRAW – HILL KOGAKUSHA LTD, Tokyo

Tiebout C.M. (1956): “A pure theory of local expenditure”, *Journal of Political Economy*, October, 1956

Annual Report 2014-15 Ministry of Panchayati Raj, Govt. of India, New Delhi