



# PANCHAYATS AND WARD COMMITTEES; ASSESSING INDIA'S DECENTRALISED INSTITUTIONS

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## Abstract

*India adopted an ambitious reform policy of rural and urban decentralization in 1992, under which powers and finance are transferred to new local and regional bodies. These are governed by elected councils, in which women and members of disadvantaged groups/castes have a fixed quota of seats. While the legislation is still relatively new, some states have been able to make fast progress in decentralizing tasks, power and funds, while others have been much slower. This article presents an initial review of the decentralization efforts, exploring administrative, fiscal and political dimensions, and the implementation problems at central, state and local levels. Most emphasis is given to development at the local level: the panchayats in rural areas and the ward committees in urban areas, which is where the impact of decentralization should be felt. This article assesses whether increased proximity between citizens and government leads to increased transparency, accountability and participation.*

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## Introduction

This article aims to examine recent decentralization efforts in India. In December 1992, the Indian National Parliament passed two Constitutional Amendment bills institutionalizing an ambitious decentralization reform in rural and urban areas: respectively the 73rd and 74th constitutional amendments.

The bill provided a framework for the devolution of power and finances to the village, urban neighbourhood and district level in all states of the Indian federation. These were obliged to adjust their state legislation in terms of conferring powers and finance to new local and regional bodies, which were to be governed by elected local councils. While the legislation is still relatively new, some states have been able to make fast progress in decentralizing tasks, powers and funds. Other states have been much slower in yet others hardly anything was done. There are also considerable differences in the evolution of the new rural and urban institutions as if compared. On the whole, if initial impressions are anything to go by, it appears as if decentralization in rural areas has made more progress than in urban areas, but it is also true that developments in rural areas have been better documented.

This article starts with a brief background to the decentralization reforms. In the subsequent section attention is first given to rural decentralization and the performance of what are called "Panchayat Raj" institutions, where administrative, fiscal and political aspects are explored. Then the focus shifts to the large cities, where wards committees have, or should have been formed. An initial review is presented of their nature, powers and tasks, and a comparison is made between ward committees and panchayats, arguably the most important decentralized institutions, as they form the lowest level at which people interact with government. This article is concluded on an optimistic note on the prospects for panchayats and wards committees in the long term, but at present the situation in most states is far from satisfactory and new- and more binding-reforms may be needed, especially where the wards committees are concerned.

## Background to decentralization in India

The decentralization in India has been organized according to the provisions and principles laid down in the 73rd Constitutional Amendment Act (CAA) for rural areas, and the 74th Constitutional Amendment Act for urban areas. These were adopted by the Indian Parliament in New Delhi in 1992, following various earlier attempts and long, nation-wide debates. It is beyond the scope of this article to deal in detail with all provisions of the amendments, and only key provisions are

listed here. based on ( Mathew 2000; Mathur 2000, Biju and Vyasulu 1999). For the rural areas, the act provides for a three-tier system of elected bodies, but it starts with the gram sabha as the purest form of local democracy at the village level. This is in fact a bi-annual meeting of the entire adult population of a village, the people who elected the officials to higher level panchayat institutions. Such meetings are expected to approve major decisions taken by these institutions, preferably in the presence of officials and elected representatives, who are directly accountable to the people. Above this level comes the lowest elected body: the village (or gram) panchayat, covering a population of about 5000 people, which may include several villages. At the district level is the district (Zilla) panchayat, which is the link between local democracy and the state level. In between the gram and zilla panchayats there is the intermediate body often called the taluk panchayat.

As per the 74th CAA, regulating urban decentralization, in cities there will be Nagar Panchayats for areas in transition from rural to urban areas, municipal councils for smaller urban areas, and a municipal corporation for a larger urban area. The latter has to be sub-divided into several wards committees in cities with a population of more than 300,000 people. If the ward committee consists of one (electoral) ward, the ward councilor becomes ward committee chairperson: a wards committee comprises more electoral wards, all wards councilors elect a chair from their midst. It is up to states to decide as to ward committees finance (taxes, fees, transfers), and as to which tasks are delegated to them from a specific (12<sup>th</sup> Schedule) tasks list. The act allows for the representation in the wards committee of "persons having special knowledge or experience in Municipal Administration"- but without voting power. The wards committee can thus have experts and representatives from NGOs, citizen groups and others as nominated members and so provide a platform for bringing the local governments closer to people (Singh, 2001: 89). One crucial difference between the elections of the rural and urban local bodies is that the representatives in the rural bodies are elected in separate direct elections, and they have only the one role of local councilors. In contrast, the councilors who collectively form the ward committees are in fact elected as municipal councilors for a city corporation, and they play a role in the governance of the city at the city level. At the same time, they are also local councilors who meet (as a collective of often 10-15 councilors) as the representatives of one committee counsellors. The rural decentralization arrangements appear to be much more democratic, have more potential in attracting newcomers into local politics, while promising more proximity between citizens and governance and "Checks and Balances" at various levels of the rural administration.

Both panchayats as well as wards committees have a mandatory tenure of five years. If dissolved earlier, new elections are to be held within six months (the act so

does away with the previous discretionary powers of state governments to dissolve panchayats and corporations and to delay new elections). The elections are supervised by the State Electoral Commission. There is reservation of seats for the scheduled (formerly untouchable) castes and tribes in proportion to their population share, and not less than one third of the seats must be occupied by women. The amendments provide for the constitution of district planning committees (DPCs) and metropolitan planning committees (MPCs- in cities), which are to function as vehicles for planning from below.

Each state is to decide on the devolution of powers, tasks and funds to the newly elected bodies, both rural and urban, for which the act gives suggestions by way of illustration in a list of tasks for both rural and urban areas. The constitution thus maintains the prerogative of each state to determine the functional and spending capacity of rural and urban local bodies, as well as to decide on which taxes, tolls fees etc are to be used by local bodies and/or the state. However, with a view to regulate predictable fiscal decentralization, an important role has been allotted to State Finance Commission (SFCs) which are established under the law. These are to recommend on state-local relations, a suitable distribution of (specified) funds to panchayats and urban local bodies, and to review them every five years. After the amendments were adopted in Delhi, in due time all state parliaments adjusted their own legislation accordingly and set up State Finance Commissions. Elections for all panchayats were subsequently held in most states, and mandatory planning bodies were established in most places, albeit more so in rural districts (DPC) than in urban metropolises (MPC) - which are rare. Similarly, states adopted their laws to the principles of the 74th CAA, and in many cities Wards Committees were formed.

## Rural Decentralisation

We will look in some detail at the performance of the newly established rural institutions, starting with a review of administrative issues. This has to address the broad field of capacity: human resources, nature of organizations and their incentive systems, financial and technical resources, institutional and legal frameworks and inter-organisational co-operation and co-ordination in planning, implementation and monitoring. Only some of these issues can be addressed or illustrated here. Generally speaking, the capacity of local government in India is quite weak indeed, and institutions are often weak in terms of considerable discretion of individual politicians and bureaucrats and often large scale corruption (Isaac, 1997:54). The adequate decentralized planning may not be likely due to lack of reliable local level data, lack of expertise and prior experience, and the widespread cynicism of the people towards development activities (Azziz, 2000). In Karnataka state there is

the need to strengthen the gram panchayat administrative structure so that the qualified planning and implementation staff are available to them. The 1993 Karnataka Panchayat Act resulted in rather small block panchayats which, on the one hand are closer to the people, but on the other, are now non-viable governance units in terms of their ability to generate adequate resources. The act did lead a change in the hitherto dominant caste centered rural power structure. Women and the scheduled castes have taken up positions in the new systems, but they are new, inexperienced first generation politicians and need regular training, Azzuz, (2000) emphasizes that relations between the NGOs and bureaucrats are often not very cordial, and elected representatives look upon NGOs as their competitors. In contrast NGOs may also perceive the new local bodies as rivals and competitors for implementing government programmes and believe that they are superior because they are not “political”.

There is a continuing confusion or unclearness as regards the role of the District Planning Committee (DPC) and the existing district administration, formerly the key agent in local governance and development. Related to this is the unwillingness, in many places, of local bureaucrats to work under the control of panchayats, and officials in many cases do not attend panchayat meetings (Sivaramakrishnan: 2000). Linked to this is the administrative problem that line or sector departments of a state do not really subscribe to the concept that their plans have to be included and are to converge with the district/DPC plans. On the positive side, even while corruption may persist amongst West Bengal Panchayat leaders, the new set-up has resulted in the poor benefiting more from bank loans. The envisioned transparency and accountability could not always be achieved through the bi-annual village meetings or gram sabhas. In Karnataka, after initial enthusiasm, people are growing disillusioned about the village panchayats as these are unable to meet their expectations due to financial bottlenecks, (Azziz (2000:3525-6)). Participation in the village wide gram sabha meetings tapered off, and it also did not help that officials and elected representatives did not show up at PRI meetings. In contrast, there are indications that gram sabha meetings are held regularly in Kerala.

## Panchayats and Fiscal Decentralisation

While many tasks have been delegated to the newly created rural local bodies according to the legislation in each state, the evidence as to whether sufficient funds have actually been made available is mixed. The issue must also be considered against the background of the fact that, with some exceptions, bankruptcy has been a recurring feature of local body finances in India, and that many states face severe financial problems and large debts (Sivaramakrishnan, 2000: 157ff). Also the estimated local government expenditure in India as a percentage of total national,

state and local expenditure has always been low. It was only 6.5% in 1986-87, so that it can be concluded that in general, "financial decentralization in India had not been anything to write home about" (Oomen, 1999:148). Revenue raised by panchayats and local governments formed only about one percent of India's GDP in 1992(Mathur,2000,9).The average income per Gram Panchayat ranges from a very low Rs 1,229 in Madhya Pradesh to more than Rs 680,000 in Kerala. The major sources of panchayat income include taxes and cess collected by the state government and channeled to the panchayats. Besides, incomes include taxes, tolls, rates, fees-especially house and land tax- collected and retained by the panchayat itself, and state government grants including centrally sponsored union (development) programmes. Finally in some cases panchayats can themselves borrow funds and may have income from public sets and public contributions. General problems with fiscal decentralization include the fact that the central government annually spends massive amounts of money (to the tune of 60 billion in 1994-95) on centrally sponsored developmental and infrastructure programmes, which are only rarely channeled to or linked with panchayats. Besides, in India, MPs and MLAs have the disposal of local area development funds- both in rural and urban areas-which they can spend to their own discretion, while normally bypassing local bodies and their planning efforts. The picture regarding fiscal decentralization to the different levels of PRIs differs from state to state, resulting from the fact that states were free to set up their own systems, after hearing SFC recommendations. Precise evidence on this is scanty, but the picture that emerges is not reassuring. Oommen, (1999: 162) concludes that there is no adequate balance in the division of tasks and finance across central, state and lower administrative levels. All in all the financial situation of most panchayats or urban local bodies does not enable them to be autonomous; infact they are almost wholly dependent on state governments. Transfers by state governments may amount to 15-95% of local government spending, and these transfers are often ad-hoc and irregular (Mathur, 2000:11).

Exceptions from this rule are again the states of Kerala and West Bengal where 40-50% of state plan expenditures are allocated to rural and urban local bodies to formulate and implement their own schemes, so allowing for considerable local autonomy. However, there are also financial problems in Kerala, even while its panchayats are in a better position than those of other states. There is still a high dependency on the state government, and too little efforts are made to exploit internal sources. Tax default and arrears of uncollected tax is another problem, largely due to inefficiency of staff, who is often reluctant to take steps against tax evaders (Biju, 1998:299). Oomen,(1999:168) indicates this is more general problem-"Gram Panchayats are generally reluctant to impose taxes on the people

they face everyday, especially when they fail to show results, and are lax in collecting taxes". It is finally not encouraging noting that the fiscal decentralization which does occur, may favour the district (Zilla), rather than the village panchayats. In Karnataka, only 13% of the resources channeled to PR bodies since 1987 were allotted to village panchayats; all other funds went to higher level PRIs.

## Political Dimensions: Empowerment

Whatever problems decentralization encounters in administrative and fiscal terms, if there is the political will to share power, or to confer power to the powerless, most problems can be overcome. This seems to be the evidence from India, where in two states- equally poor as other states- progressive governments over the year's implemented successful decentralization in terms of empowering the poor and women, in creating enabling local governments, and in safeguarding more equitable development and policy implementation. These are the states of West Bengal and Kerala "which have made considerable progress towards meaningful decentralization, giving flesh and substance to the frame of the constitutional amendment". In Kerala new leadership has emerged, members of scheduled castes and tribes as well as women have taken up new positions fairly effectively. The success of West Bengal decentralization is closely related to relatively effective land reforms, which even if not always leading to tenants becoming farmers, conferred power to people, and made people feel that the state was on their side (Dasgupta, 1995:2679). Elections produce panchayats in which about 70% of members are from poor strata (poor peasants), another 25% from middle strata (like teachers) and about 5% from the rich strata. In a short time, previously politically inactive women learned to understand the intricacies of local programmes, checked on their implementation, and kept in touch with other village women. There is a stark contrast between West Bengal and the neighbouring, and comparable state of Uttar Pradesh. In the latter state, the state government is still in control of local finances, and women panchayat members were mostly the infirm and socially marginalized-which implies women who are easily controlled by husbands and others in what is often called "proxy-representation". Besides, limited accountability led to fairly large scale corruption. Finally, it can be concluded that power remains concentrated in a few families headed either by traditional politicians or mafia elements, and that many wives, sisters, daughter-in-laws and relatives were fielded as candidates for "women-only" seats and positions. Unfortunately, conditions relating to the functioning of PRIs in India as a whole are more like those of Uttar Pradesh than those of West Bengal or Kerala.

## Urban Decentralisation: Initial assessment of Ward Committees

As indicated in previous section, each of the Indian states had relative freedom to draft its own legislation and rules for the implementation of the 74th Constitutional Amendment. As a result, the situation of WCMs in India varies considerably from one state to another, while there are also differences between cities. Initial indications are that Kerala and West Bengal have been most ambitious in establishing and empowering WCMs; that Madhya Pradesh and Maharashtra present a mixed picture, while in many states hardly anything has changed. An initial review brings out a large diversity of local arrangements that the 74th CAA has allowed. This indicates that key problems in relation to the Act may have less to do with its provisions than with its rather open ended and non-obligatory nature, but rather with the limited extent to which states have been willing to actually empower the WCMs.

While the 74thCAA stipulates that Wards Committees must be formed, it allows both a ward committee for each electoral ward, as well as a combination of electoral wards to form a wards committee with (many) more municipal councilors. States have mostly gone for a latter arrangement, with large differences in the number of WCMs across large cities. Mumbai, which used to have 24 administrative wards before 1992, reorganized (even centralized) its wards by establishing 16 ward committees only for a population of 12 million in 2001. With 227 electoral wards in the city, each WCM has 14 municipal councilors on the average. The average number of people per WCM is a high 7, 50,000 people, but the number of people per WCM is even higher in Delhi where there is an average of 800,000 persons for each of the city's 12 WCM. Chennai which simply converted its pre-existing administrative zonal offices into ward offices the average number of people per WCM is 420,000. The situation appears to be generally better in cities like pune, Varanasi, as well as in Hyderabad(AILSG,2002; Singh,2001:41). In contrast, WCM can be formed for each ward in kolkata, resulting in an average of 31,200 persons per WCM (Singh,2001:89). Similarly, in Thiruvananthapuram (Kerala) there are 81 WCMs for each of the cities-81 electoral wards each with an average population of 7,000. In kerala, the WCM chairperson, who is the electoral councilor of the ward nominates members of the WCM with a maximum of fifty. These are expected to represent all sections of the population, such as local associations, educational and medical institutions, trade or business unions, three prominent citizens as well as neighborhood groups of urban poor(Singh &Maitra,2001: 92). It can already be inferred from this that there are vast differences in proximity between citizens and



local government across Indian WCMs, with obvious implications for local level participation, accountability and responsiveness, but these have not been mapped adequately to date.

However, perhaps more important than these numbers is the mandate that has been given to WCMs in different states. It appears again that Mumbai takes a middle ground in that it has at least stipulated the tasks and duties of WCMs as well as their financial powers, which appears not always to be the case for other cities. Mumbai WCMs have as duties the identification of problems and priorities of the ward, supervision of the municipal works, planning and the undertaking of development activities, convening annual general meetings and submission of administrative and financial reports and resolutions adopted to the municipality (Singh, 2001:90). In Chennai a Wards Committee has a very few independent powers, as it is only allowed to sanction estimates, and plan for municipal works within the zone costing up to an amount of Rs 1 million. It may call for any report or plan pertaining to the municipal administration in the zone, scrutinize monthly statements of receipts and disbursement relating to the zone, and make recommendations for the zonal budget. It appears that the Karnataka WCMs have, at least on paper, included many tasks and duties which include- in addition the above mentioned- maintaining essential statistics, slum improvement and interestingly, to monitor and supervise the timely assessment and collection of property tax. The governments of West Bengal, Madhya Pradesh, Maharashtra and Kerala have given financial powers to WCMs and that in other states these are largely advisory bodies. Again at least on paper, the Kerala and West Bengal WCMs have most powers. There is a whole list of tasks allotted to the Kerala WCMs, including preparing and supervising ward level development schemes, identifying the beneficiaries of welfare schemes and providing assistance in the collection of municipal taxes, fees and rents. Things are fairly similar in the West Bengal WCMs, which duties include the planning and execution of various obligatory and discretionary functions in the Municipal Act (Ibid: 80; Singh &Maitra, 2001:92-96).

The initial conclusion has to be that, by and large, barring WCMs in Kerala and West Bengal, urban decentralization has not actually meant devolution- the transfer of responsibilities as well as power and finance- but mostly it has been deconcentration; the half-hearted creation of new bodies which are more like field offices controlled by the central city. They have very limited tasks, powers and funds, hence little autonomy, and are dependent on and accountable to the central city corporations. The implicit objective of increased proximity between citizens and local governments does not appear to be achieved, barring a few states. Linked to

this, important characteristics of much desired “good urban governance” remains elusive, such as accountability, transparency and increased participation by people on policy making and implementation.

## Conclusion

By adopting ambitious rural and urban decentralization legislation, India has made a big step in creating an enabling environment for increased devolution of powers, tasks and finance from states to local rural and urban levels. But the very process of enabling implies that large freedom is endowed upon states to empower or not to empower the newly established institutions such as panchayats and ward committees. A comparison between legislation pertaining to these new local bodies clearly shows that the 73rd CAA is more strict and specific, in at least stipulating separate and direct elections for new bodies at various levels. This itself has created new dynamics of power and representation, multiplying the number of local stakeholders and actors.

The 74th CAA is very open-ended, and does not refer to separate direct elections for wards committee representatives. Most states have only just gone so far to obey the letter of the law by creating more or less powerless wards committees in the larger cities. It appears that often local populations are not even aware that they exist. Interestingly, Kerala and West Bengal are the two states leading in the process of empowering rural panchayat institutions such as the gram sabhas. With the formation of ward committees they continue to lead this process in the urban areas as well. Not only do ward committees in these states have a broad based representation of various stakeholders but they also have one ward committee for each electoral ward. This has sometimes actually increased the distance between citizens and local government institutions thereby defeating one of the key purposes of the 74th Constitutional Amendment of promoting proximity to citizens.

The point can be made that legislation in India is patient, and often non-consequential. If it is enforced it is often the direct result of strongly backed power, for example peasant movements which enforced (forcibly implemented) Kerala's land reforms. However, more often, legislation is blocked or sabotaged by strong rural, industrial or urban interest groups for example in the case of legislation in the fields of minimum wages, child labour or urban land legislation. There are concerns about the discretionary influence of state level politicians (MLAs) and national politicians (MPs), the meager funds which are actually available or which can be raised at the local level, and about weak administrative capacity and autonomy to carry out the new delegated tasks- including development and (integrated) planning.

For both the 73rd and 74th CAA it is certainly of grave concern that respectively the gram panchayats and ward committees- both bodies which best exemplify participation at the village or neighborhood level- do not seem to function in a meaningful way almost anywhere. But it is critical to note that one cannot talk in general terms, against the problems faced in Orissa and Uttar Pradesh, there are the promising developments in West Bengal and Kerala. This shows that the legal frameworks can be a vehicle for democratic change and improved governance. If only there is a political will amongst the ruling classes and politicians, and more importantly, if people are sufficiently aware and organized to enforce the legislation. Put differently, there is nothing seriously wrong (or it can be adjusted) with the decentralization, but there are serious problems arising out of the socio-political context which may fundamentally undermine it. If conditions of public awareness and some economic empowerment are not realized, rural and urban decentralisation may be dominated by those already powerful through what is called "elite capture" which may result in negative rather than positive decentralization impacts. Developments in Kerala and West Bengal tentatively support the assumption that economic empowerment ( in terms of land, literacy, employment/wages) is a condition for political empowerment ( in terms of capitalizing on democratic/participatory opportunities).

What are the prospects then for India's decentralisation in terms of democracy and for empowerment of India's many poor-especially women and the illiterate? Some optimism may be warranted as regards the present reforms. First the timing of present efforts is much more auspicious, as the reforms coincide with India's liberalization reforms, indicating a move away from strong central state control and state led industrialization which was the key paradigm in post colonial India. The encouraging developments in Kerala and West Bengal may serve as replicable models in other states. And then there is a gradual- even while much slow- increase in general literacy and awareness amongst the poor and women, including an awareness of the scope and nature of decentralisation. Perhaps most importantly, the recently elected Indian Central Government appears sincerely interested to support increased welfare for India's poor and those who are seen to have been marginalized-but of course it has to work through states to interfere with local bodies. There is a renewed interest in decentralisation as a means to reach out to the poor at the local level, and one may hope this trend continues.

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