



## Towards Effective Democratic Decentralisation

This editorial is based on [“Why local bodies are financially starved”](#) which was published in Hindu Business Line on 11/12/2022. It talks about the Urban Local Bodies in India and related challenges.

**For Prelims:** Democratic Decentralisation, 73rd and 74th Constitutional Amendments, 11th Schedule of the Constitution, State Finance Commissions (SFCs), 2nd Administrative Reform Commission.

**For Mains:** Impact of Decentralisation on Governance, Challenges Related to Decentralisation in India.

**Democratic decentralisation** is often founded upon the notion it empowers **local political bodies** to create **institutions that are more accountable to local citizens** and **more appropriate to local needs and preferences**.

The passing of the [73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments](#) was a crucial step in this direction **identifying Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs)** as **agents of self-governance** and giving them the responsibility for preparing plans for promoting **economic development and social justice**.

Next year, India will celebrate the **30<sup>th</sup> anniversary of the enactment of these constitutional amendments**. A lot remains to be done to have truly decentralised local bodies in the country.

### What is Democratic Decentralisation?

- It is the **process of devolving the functions and resources** of the state from the **Centre and State to the elected representatives at the lower levels** so as to facilitate greater direct participation of citizens in governance.
- The **73<sup>rd</sup> and 74<sup>th</sup> Amendments**, by constitutionally establishing **Panchayati Raj Institutions (PRIs) in India**, mandated the establishment of **panchayats and municipalities** as elected local governments.
  - The [11<sup>th</sup> Schedule of the Constitution](#) contains the powers, authority and responsibilities of Panchayats.
  - The [12<sup>th</sup> Schedule of the Constitution](#) contains the powers, authority and responsibilities of Municipalities.

### How Democratic Decentralisation Impact Governance?

- **Enhances Transparency:** It also enhances the transparency of government, and the flow of information between government and citizens (in both directions).
  - **Transparency** increases because a **much larger number of people than before can see how the government works**, and what is happening within the policy and political

processes.

- **Responsible Government:** When democratic decentralisation works well, it makes the **government more responsive**. The **speed and quantity of responses** (actions, projects) from the government increase.
- **Political and Civil Pluralism:** Civil society is galvanised by local governance, and the more people join, the more active and competitive the governance will become. This strengthens **political and civic pluralism**.
- **Alleviate Poverty:** Decentralised systems can help to **reduce poverty** that arises from **inequalities between regions or localities** because it tends to **provide all arenas with equitable representation and resources**.

## What are the Challenges Related to Decentralisation in India?

- **Infrastructural Loopholes:** Many **Gram Panchayats (GPs)** lack a building of their own and share spaces with **schools, anganwadi, and other entities**.
  - While some have their own building, they lack basic facilities such as **toilets, drinking water, and electricity**.
  - Although **Panchayats have internet connections**, they are not always functional. Panchayat officials have to visit **Block Development offices** for any **data entry purposes**, which delays the work.
- **Lack of Sufficient Financial Resources:** Both **rural local bodies (RLBs)** and **urban local bodies (ULBs)** across the country are under **financial stress**. Urban local governments and panchayats rely heavily on **grants-in-aid** from state consolidated funds.
  - Taxes collected by the **urban bodies are not sufficient to cover the expenses** of the services provided. Also, unlike the **Centre and the States, no distinction is made between revenue expenditure and capital expenditure** at the local government level.
- **Lack of Accurate Data on Finance:** The **State Finance Commissions (SFCs)** are **not presented with accurate and updated data** on the finances of the local bodies.
  - No rigorous fiscal analysis is possible without disaggregated fiscal data for the PRIs and ULBs.
  - In the absence of data, in a significant number of cases, **recommendations by SFCs tend to be the ad-hoc opinion** of the chairperson, which is not grounded in data.
- **Downgraded Role of Local Government:** Local governments are merely acting as an **implementation machinery** rather than an **active policy-making body for local development**.
- **Corruption and Criminalisation of Politics:** Many times, **decentralisation has simply empowered local elites to capture more public resources** at the expense of the poor, and **political power at the local level assists criminals in legitimising their activities**.
- **Ceremonial Status to Mayor:** The **2<sup>nd</sup> Administrative Reform Commission** noted the **Mayor in the Urban Local Government in most states enjoys primarily a ceremonial status**.
  - In most cases, the **Municipal Commissioner, appointed by the State Government, has all the powers** and the **elected Mayor ends up performing the role of the subordinate**.
- **Irregular Elections:** Elections in **PRIs (Panchayati Raj Institutions)** are still irregular. Recently, several states conducted local bodies elections just because the **Union Finance Commission recommended grants** only for the **“duly constituted local governments”**.
- **Rule of Proxy: One-third of seats** in local government bodies—in panchayats and municipalities are **reserved for women**. However, **male candidates use their wives as pawns** and dictate from behind, which leads to the perennial problem of **Rule by Proxy**.

## What Should be the Way Forward?

- **Organisational Strengthening:** It is imperative that the **organisational structures of local governments be strengthened** with sufficient manpower. Efforts should be made to hire support and technical staff so that panchayats can function smoothly.
  - The **2<sup>nd</sup> ARC** had also recommended that there **should be a clear-cut demarcation of functions** of each tier of the government.
- **Fiscal Prudence:** For the **ULB to be independent and financially secure**, fiscal decentralisation is very crucial. It should be **accompanied by fiscal accountability** that can

provide a long-term solution.

- **Audit committees** may be constituted by the State Governments at the **district level to exercise oversight of the integrity of financial information**, adequacy of internal controls, compliance with the applicable laws and **ethical conduct of all persons involved in local bodies**.
- **Local E-Governance:** Urban local bodies and Panchayats should be provided with **suitable digital infrastructures to maximise e-participation** of citizens and include **various social categories and in decision-making** and following **bottom-up approach in policy-making in real sense** through the use of new technologies.
- **Grievance Redressal Mechanism:** ULBs and Panchayats can establish a technology-enabled platform to register complaints, **which will make city governments responsive to the needs of citizens**.
  - Through this mechanism, **citizens should also be allowed to provide feedback and close complaints**.
  - Addressing these structural and architectural problems of urban governance will ensure effective service delivery in cities, **improving the quality of life for its citizens**.
- **Sustainable Decentralisation:** For **sustainable decentralisation**, transparency and accountability in the governance process is necessary, and for transparency there needs to be active citizen participation.
  - To ensure this, **ULBs can create functional, decentralised platforms such as area sabhas and ward committees**, which facilitate discussion and deliberation between **elected representatives and citizens**.

### ***Drishti Mains Question***

Discuss major roadblocks to effective and sustainable democratic decentralisation in India. Also suggest measures to improve local governance.

## **UPSC Civil Services Examination, Previous Year Questions (PYQ)**

### ***Prelims***

**Q1. Local self-government can be best explained as an exercise in (2017)**

- (a) Federalism
- (b) Democratic decentralisation
- (c) Administrative delegation
- (d) Direct democracy

**Ans: (b)**

**Q2. The fundamental object of the Panchayati Raj system is to ensure which among the following? (2015)**

1. People's participation in development
2. Political accountability
3. Democratic decentralisation
4. Financial mobilisation

**Select the correct answer using the code given below**

- (a) 1, 2 and 3 only
- (b) 2 and 4 only
- (c) 1 and 3 only
- (d) 1, 2, 3 and 4

**Ans: (c)**

**Mains**

**Q1.** Assess the importance of the Panchayat system in India as a part of local government. Apart from government grants, what sources can the Panchayats look out for financing developmental projects? **(2018)**

**Q2.** To what extent, in your opinion, has the decentralisation of power in India changed the governance landscape at the grassroots? **(2022)**

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