



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 [73rd and 74th 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 **30th 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 **73rd and 74th Amendments**, by constitutionally establishing **Panchayati Raj Institutions (PRIs) in India**, mandated the establishment of **panchayats and municipalities** as elected local governments.
 - The [11th Schedule of the Constitution](#) contains the powers, authority and responsibilities of Panchayats.
 - The [12th 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 **2nd 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 **2nd 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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