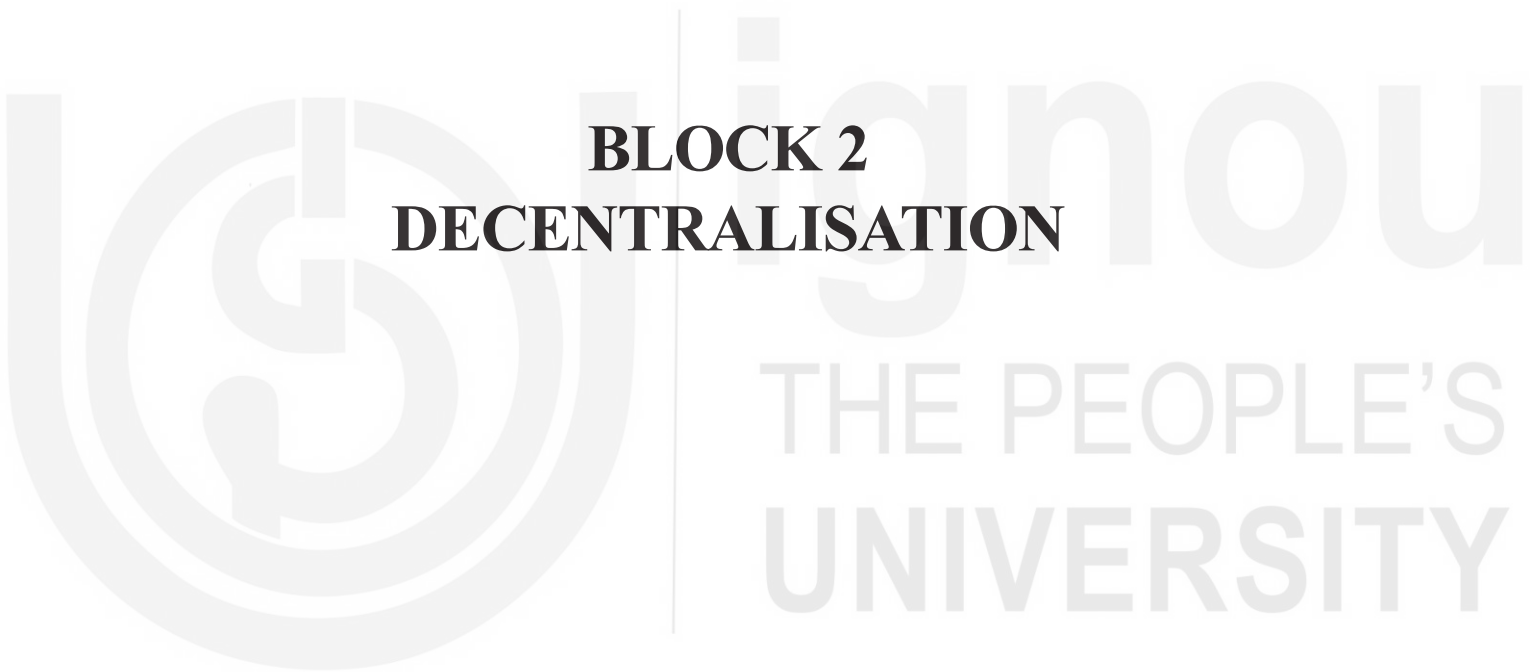


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BLOCK 2

DECENTRALISATION

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UNIT 4 **DECENTRALISATION: MEANING AND SIGNIFICANCE; RURAL AND URBAN LOCAL SELF-GOVERNANCE***

Structure

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Meaning of Decentralisation
- 4.3 Significance of Decentralisation
- 4.4 Rural Local Governance
- 4.5 Constitutional Status of Panchayats
 - 4.5.1 Features of Panchayats under 73rd Constitution Amendment
 - 4.5.2 Governing Aspects of Panchayats
- 4.6 Weaknesses of the Panchayat System
- 4.7 Urban Local Governance
- 4.8 Constitutional Status of Municipalities
 - 4.8.1 Structure and Composition of Municipalities
 - 4.8.2 Union Ministry of Urban Development
- 4.9 Working of Municipalities and Challenges of Governance
- 4.10 Conclusion
- 4.11 Glossary
- 4.12 References
- 4.13 Answers to Check Your Progress Exercises

4.0 **OBJECTIVES**

After reading this Unit, you should be able to:

- Understand the meaning and significance of decentralisation;
- Analyse the decentralised system of rural local governance; and
- Assess the pattern of decentralisation of urban local governance.

4.1 **INTRODUCTION**

India is a vast country comprising 28 States, 8 Union Territories, 712 Districts and approximately 9000 towns and more than 7 lakhs villages (figures pertain to 2018 year). Such a vast country spreading over 15200 kilometres can best be governed through a decentralised model of governments. Local Self-governments which have been in existence and flourished in the past (during ancient, Mughal and British periods) in the forms of village Panchayats and Municipalities stand the tests of democratic decentralisation. Decentralisation is a bulwark of governance and democracy. It advances the cause of self-rule at the local level by the people.

* Contributed by Dr. R.K. Sapru, Professor of Public Administration (Retired), Panjab University, Chandigarh

Participatory government and development makes it possible to mobilise resources which centrally administered revenue instruments cannot reach. Above all, meaningful participation helps to impart a sense of responsibility among the people and thereby strengthens the foundation of a democratic polity. These considerations reflect the recognition that decentralisation is an answer to many problems. Despite recognition of its merits, the process of decentralisation has yet to acquire fuller meaning and strength. Concern for national unity and integrity has generally acted as a constraining factor for decentralisation. Nevertheless, it is widely accepted that democratic decentralisation is necessary for the efficient provision of basic public services and for the planning and implementation of development programmes and policies.

4.2 MEANING OF DECENTRALISATION

The term 'decentralisation' is interchangeably used with terms like deconcentration, devolution and delegation, though they have different connotations. Decentralisation refers to "transfer of authority away from the national capital whether by decentralisation, that is delegation, to field officers or by devolution to local authorities or other local bodies". In the words of L.D. White the transfer of administrative authority from a lower to a higher level of government is called 'centralisation'; the converse is decentralisation. Decentralisation is the process of transferring or dispersing functions, funds and personnel from a central authority to regional or local authority/ authorities. Cheema and Rondinelli define 'decentralisation' as transfer of planning, decision-making or administrative authority from the central government to its field organisations, local administration units or local government units. Further, it is stated, decentralisation is a method embracing both processes of deconcentration and devolution. According to Maddick (1963), while deconcentration stands for the "delegation of authority adequate for the discharge of specified functions to staff of a central department who are located away from the headquarters, devolution is the legal empowerment of formally constituted local authorities to discharge specified or residual functions. Obviously decentralisation is not only a device for the transfer of administrative authority, but it is also a democratic means of devolution of political authority. Political decentralisation implies the creation of new levels of government or local authorities. Administrative decentralisation may be geographical or functional. In geographical or territorial decentralisation, the powers and functions of headquarters are decentralised to the field agencies for effective performance. Functional decentralisation signifies that the functions are decentralised to specialised units or technical bodies such as Commission for Agricultural Costs and Prices, Dental Council of India, etc.

4.3 SIGNIFICANCE OF DECENTRALISATION

Effective governance is essential for the delivery of goods and services to the masses. But this could only be realised when the powers of the governments (from state to district, from district to block and from block to village levels) are decentralised. Significant factors attached to the decentralisation are advanced as follows:

First, decentralisation of governance is useful for heterogeneous regions. It is a means of overcoming the severe limitations of centrally controlled schemes and programmes. Functions which relate to local planning, resource generation and

local decision making can be better carried out. It can cut through enormous amounts of red-tape and highly structured procedures.

Second, decentralisation of governance can provide many safeguards. It enables proper execution of programmes. As social audit is carried out by the people who must reap the benefits of government programmes, the implementation gap can be abridged to a great extent by minimising leakages, diversion and misuse of government funds.

Third, by decentralising functions and by making use of local knowledge, good governance is assured. It ensures closer interaction between civil servants and the local population. E-panchayat is one of the Mission Mode projects being implemented by the Centre. Computerisation is in full swing at panchayat levels, especially in Kerala, Karnataka, Madhya Pradesh, Gujarat, West Bengal, Andhra Pradesh and Goa.

Fourth, if people are encouraged to participate in policy making and execution it might contribute to inclusiveness in the traditionally stratified village society of India. Heller argues that strengthening and empowering local government has been justified not only on the grounds of making government more efficient but also on the grounds of increasing accountability and participation (Heller, 2001).

Fifth, arguing for a decentralised administration, Cheema and Rondinelli observe that “decentralisation helps in institutionalising the participation of citizens in development planning ...It leads to a more flexible, innovative and creative administration... It also ensures political stability by increasing the participation of local people in decision-making”.

Rajni Kothari looks at decentralisation as an alternative system of governance based on a ‘people centred’ approach to sorting out local-level problems. He observes that the process helps in “locating people at the centre of power so that they become the basic engine of the development process and not, as hitherto, merely its beneficiaries” (Kothari 1999).

Thus, decentralisation serves as a corrective to the problems of centralised systems. It is often linked to concepts of participation in decision-making and the advancement of democracy. It is expected to lead to efficiency, social equity and development.

4.4 RURAL LOCAL GOVERNANCE

During the first decade in Independent India, fresh laws on panchayats were passed by State Government in Uttar Pradesh (1947), Bihar (1947), Madras (1950), Punjab (1952), West Bengal (1957), Bombay (1958), and in several of the new states created as a result of the territorial reorganisation initiated in different regions of the country. Article 40 of the Indian Constitution regarding panchayats was an important authoritative affirmation and impetus for these enactments in various states. Though there were variations in the provisions of these laws, their main purpose was to strengthen the structure and powers of village panchayats.

Local government structure in rural India was extremely varied before 1957. The publication of the Report of the Study Team on the Community Development

Projects and National Extension Service (under the Chairmanship of Balvantrai Mehta) gave a boost to local self-government. The Second Five-Year Plan also stressed the “the need for creating within the district and local levels, a well-organised democratic structure of administration in which the village Panchayats will be organically linked with popular organisations at higher levels. The report of the Balvantrai Mehta study team was followed by the introduction of a somewhat standardised panchayat system consisting of a three-tier structure of Panchayats at the village level, Panchayat Samitis at the block/taluk (village cluster) or sub-division level, and Zila Parishads (District Boards/Councils) at the district level.

The new three-tiered rural local bodies system was named as Panchayati Raj (PR) on the suggestion of the then Prime Minister, Jawaharlal Nehru. The lead in the establishment of the PR - in 1959 - was taken by the States of Rajasthan and Andhra Pradesh. During the next two decades, PR began to stagnate and then started declining in the efficacy of its role in the promotion of development programmes in rural areas. In this context, the Asoka Mehta Committee Report (1978) on Panchayati Raj Institutions observed: “Panchayati Raj Institutions are dominated by economically and socially privileged sections of society and have as such facilitated the emergence of oligarchic forces yielding no benefits to weaker sections”.

The Committee came out strongly in support of the Panchayati Raj institutions (PRIs). It pleaded: “If PRIs were involved in the development process planning will be realistic, programming will cater to the felt needs and the priorities of the people and implementation would evoke people’s involvement and participation”. The Committee recommended a two-tier system of PRIs with one body at the district level (Zila Parishad) and another for a cluster of villages below the district level (known as Mandal Panchayat).

It may be mentioned here that the recommendations of the Asoka Mehta Committee were not accepted by the Union Government, mainly due to change of the ruling party at the Union level. However, reorganisation of the Panchayati Raj was undertaken in certain states – Karnataka (1987), Andhra Pradesh (1987), Madhya Pradesh (1990). The statutory changes in the PRI structure made in Karnataka and Andhra Pradesh, by and large, bore the imprint of the recommendations made by the Asoka Mehta Committee.

4.5 CONSTITUTIONAL STATUS OF PANCHAYATS

Looking at the languishing of grassroots democracy, a Committee under the chairmanship of L.M. Singhvi recommended, in its Report (1986), that “local self-government should be constitutionally recognised, protected and preserved by the inclusion of a new chapter in the Constitution”. In May 1989 a Constitution (64th Amendment) Bill was introduced by the then Rajiv Gandhi government in the Lok Sabha to grant constitutional status to local government units, but it failed to become an Act for want of necessary support in the Rajya Sabha.

Two years later, in 1991, the Constitution (Seventy-Second Amendment) Bill, 1991 was introduced in the Lok Sabha and subsequently, in the Rajya Sabha. Both Houses of Parliament passed the Bill in December, 1992. After ratification by the legislatures of more than half the states, the President gave his assent to

the Bill in April 1993, enabling it to become an Act, i.e., the Constitution (Seventy-third Amendment) Act, 1992. It has incorporated a new Part IX, regarding Panchayats, including a new Eleventh Schedule of subjects related to which the implementation of schemes for economic development and social justice may be entrusted to the Panchayats. The Act enjoins upon the state governments to adopt a more or less uniform pattern of structure of Panchayati Raj institutions.

4.5.1 Features of Panchayats under 73rd Constitution Amendment

Panchayat means an institution of self-government constituted under Article 243B, for the rural areas. There are nearly 2.55 lakh elected Gram Panchayats in the country with more than 28 lakh elected members (June 2017). The main features are as follows:

Structure and Composition of the three-tier System: The Constitution under part IX envisages a three-tier system of Panchayats: Village Panchayat, Intermediate Panchayat (where the population is above 20 lakhs) and District Panchayat (only two tiers in case of states or Union Territories having population less than 2 million). It also provides for Gram Sabha (general assembly of registered voters who reside in the area of gram panchayat) as a forum for direct participation of villagers in local governance.

Seats in Panchayats at all three levels shall be filled by direct election. In addition, chairpersons of Panchayats can be made, members of the Panchayats at intermediate level, and chairpersons of Panchayats at intermediate level can be members of the district Panchayat. The tenure of Panchayats is 5 years. There is a stipulation that elections should be held within 6 months in the event of supersession of any Panchayat.

Reservation of Seats for SC/ST and Women: The 73rd Constitution Amendment provides reservation of seats for (a) SCs and (b) Scheduled Tribes in proportion of their population. Out of the seats so reserved not less than 1/3rd of the seats shall be reserved for women belonging to Scheduled Castes and Scheduled Tribes respectively. In addition, not less 1/3rd of the total number of seats to be filled by direct elections in every Panchayat shall be reserved for women.

Powers, Responsibilities and Financial Resources: The 73rd Constitution Amendment empowers the legislatures of the states to confer on the Panchayats such powers and authority as may be necessary to enable them to function as institutions of self-government. They may be entrusted with the responsibility of (a) preparing plans for economic development and social justice, (b) implementation of schemes for economic development and social justice, and (c) in regard to the 29 items listed in the Eleventh Schedule of the Constitution. The Panchayats will receive adequate grants and funds for carrying out their functions. They may also be empowered to levy, collect and appropriate taxes, duties, tolls, etc.

Constitution of Finance and Election Commissions: The Act also empowers the state government to constitute not only an Election Commission to conduct elections for Panchayats, but also a State Finance Commission, each for a period of five years. The Finance Commission (SFC) is set up for recommending principles for division of financial resources between state and local governments

(both urban and rural). SFC has to make recommendations to the Governor regarding the distribution between the state and panchayats of the net proceeds to taxes, duties, tolls and fees, etc. the determination of taxes, duties, tolls and fees which may be assigned to, or appropriated by, the panchayats, and grants-in-aid to the panchayats from the Consolidated Fund of the state, as well as measures needed to improve the financial position of panchayats.

4.5.2 Governing Aspects of Panchayats

The 73rd Constitutional Amendment Act providing constitutional status and framework for the Panchayats in India is a positive and a significant step towards making Panchayats as vibrant local democratic institutions contributing significantly to ongoing process of democratisation and development among rural people. The state governments have taken follow-up measures in response to the 73rd Amendment Act. But there are significant variations among the states regarding the extent of autonomy granted to panchayats.

Union Ministry of Panchayati Raj: The Union Ministry had been playing the role of motivator, guide and supporter for implementation of the Amendment Act in States and Union Territories. The Ministry of Panchayati Raj (MoPR) was created in 2004. It has the primary objective to ensure the compliance of the provisions of Part IX of the Constitution. The Ministry also sponsors training programmes to functionaries of PRIs aimed at capacity building and to develop governance capabilities. 'Panchayat' is a state subject and, therefore, the Ministry of Panchayati Raj promotes Panchayati Raj through various schemes, and advocacy with states. One of the ambitious central schemes is e-Panchayat with a target of 2.2 lakh Panchayats. The scheme focusses on automation of the internal work processes of Panchayats. Besides software, the Ministry provides computers to Panchayats.

Organisations created by the Ministry address the major constraints to adequate devolution of powers, and issues such as lack of manpower, inadequate infrastructure or deficiencies of capacity, which hamper the effective functioning of Panchayats. Besides, the Fourteenth Finance Commission (FFC) award (for the period of 2015-2020) has created an opportunity for the formulation of convergent plans at the local level with a focus on social and economic empowerment. The most important element is provision of central grants directly to all the Panchayats. They are not routed through the state governments.

4.6 WEAKNESSES OF THE PANCHAYAT SYSTEM

Decentralised governance to be effective has to ensure that citizens become central focus in designing service delivery. But a careful examination of the Panchayat System reveals that the PRIs suffer from several weaknesses.

First, many Panchayats in several states have rather small populations and do not, therefore, have minimum resources of their own to undertake basic services and activities autonomously. Their heavy dependence for financial and administrative support upon the state governments not only dilutes their autonomy, but also introduces an element of uncertainty in the proposed programmes of activities.

Second, elected members, especially women lack a participatory approach. They hesitate to come forward to participate in socio-economic activities. In addition, a substantial percentage of the elected members and chairpersons of the Gram Panchayats have a poor educational profile. As such their functional role is weak.

Third, panchayat administration has been deficient in requisite standards of efficiency, probity and social equity and public accountability. This has been partly on account of the absence of well organised Panchayat administrative services and reliance on personnel deputed from state government. Moreover, lack of proper understanding of their respective role by officials and the elected representatives within Panchayat system results in frictions between the two.

Fourth, actual devolution of statutorily specified powers and functions along with transfer of requisite finances and administrative personnel to the Panchayat system in a phased manner has been woefully inadequate in many states. This is a major source of frustration among chairpersons of a majority of panchayats in several states.

Fifth, there is a problem of coordination within a district between the functioning of two wings of local government – Panchayats and Municipalities. In addition, the coordination between the Panchayat system and the District Administration offices or government field offices tends to be weak or fractional. This dilutes the local support system for the effective functioning of Panchayats in several districts.

Sixth, one of the major areas of concern is corruption in PRIs. Speaking on 24 April 2018, the National Panchayati Raj Day, the Prime Minister urged members of the PRIs to focus on the proper utilisation of funds, backed by transparency. There are serious allegations of misutilisation of funds at the panchayat level. Thus the major constraints are inadequate financial powers, lack of manpower, inadequate infrastructure, and limited capability of the office-bearers of Panchayats.

Check Your Progress 1

- Note:** i) Use the space given below for your answers.
ii) Check your answers with those given at the end of the Unit.

1) Define decentralisation and discuss its significance.

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2) Discuss the main features of the 73rd Constitutional Amendment Act.

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4.7 URBAN LOCAL GOVERNANCE

Within local government, urban governance is a great challenge not only to the state government but also to the Union government. The subject of urban governance becomes more important when we consider the magnitude of problems arising from urbanisation and unprecedented growth of towns and cities.

Before we discuss various issues related to urban governance, a conceptual discussion of the term ‘urban decentralisation’ is useful and is presented here. Urban decentralisation may be defined as consisting of a movement of the residential population away from commercial and financial complex to areas on the outer edge of the city. Muller asserted that urban decentralisation “refers to the specific relocation of people and activities from city suburbs” (Muller: XI).

Brief Historical Context of Urban Local Government

Municipal bodies have a long history in India. The first such Municipal Corporation was set up in the former Presidency Town of Madras in 1688, and later in Bombay and Calcutta in 1726. The Constitution did not make urban local self-government a constitutional obligation. While the Directive Principles of State Policy refer to Villages Panchayats, there is no corresponding provision or specific reference to municipalities or urban local bodies. The Union Ministry of Urban Development, set up in 1985, has the responsibility of broad policy formulation and monitoring of programmes in the area of urban development.

4.8 CONSTITUTIONAL STATUS OF MUNICIPALITIES

Looking at the weak position of the urban local government, the National Commission on Urbanisation (NCU), in its Report (1988), expressed its concern thus: “The inefficiency of our cities and towns is being perpetuated by obsolete, rigid and inefficient laws, regulatory provisions and norms. The urban centres, with the concentration of diverse activities, should be generators of wealth; instead, they have degenerated into parasites looking elsewhere for support”.

Consequently, in 1989, the 65th Constitution Amendment Bill was introduced in the Parliament to revamp municipal government in India. The amendment sought to ensure that municipal bodies were invested with necessary powers and authority to enable them to function effectively as units of local government. But it could not become an Act, as in the case of legislation on Panchayati Raj, until 1992. The 74th Constitution Amendment Act, 1992, became operational from April 1993. This Amendment Act (forming part IX A of the Indian Constitution) confers constitutional status to the municipalities and its provisions are applicable to all States and Union Territories except the Scheduled and Tribal Areas.

4.8.1 Structure and Composition of Municipalities

While there is no uniformity in the structure of urban governance, all states have urban local bodies as institutions of decentralisation which usually provide services of a purely local nature. These are created in designated urban areas as defined by the census and also for areas of special importance decided by the state/central government authorities. The small towns are covered under the

discretionary criteria of urban settlements until these reach the required population threshold of 10,000, to be elevated as municipalities with fully elected councils. Again when a municipal area covers about 300,000 populations, the status of Municipal Corporation is generally accorded.

The 74th Constitutional Amendment identifies three types of municipal bodies:

- 1) Nagar Panchayat (by whatever name called): This is for a transitional area, which is transforming itself from being a rural area into an urban area;
- 2) Municipal Council: This is for “a smaller urban area”; and
- 3) Municipal Corporation: This is for “a larger urban area”.

Ward Committees: The 74th Amendment Act has also provided for creation of elected ward committees and zonal committees in the big cities and representation of their chairpersons in the city councils.

Each state government would decide the criteria for the three types of municipal bodies mentioned above. Besides these three categories, there is also a provision for constituting industrial townships, which need not have elected bodies. The positions of the cantonments are left unaffected by the 74th Amendment Act. The members of a Municipality would generally be elected by direct election. The Legislature of a State may by law provide for representation in a municipality to (i) persons having special knowledge in municipal administration; (ii) members of Parliament and State Legislature; and (iii) the chairpersons of ward and zonal committees, in the case of municipal corporations.

Tenure of Elected Municipal Bodies: The tenure of an elected municipal body is five years. In case a municipal body is sought to be dissolved earlier, a reasonable opportunity of being heard must be given to the municipal body concerned. A Municipality constituted after its dissolution shall continue only for the remainder of the term.

Reservation of Seats for SCs/STs and Women: In Municipalities, seats would be reserved for SCs and STs in proportion to their population and one-third of the total number of seats would be reserved for women. This includes the quota for women belonging to Scheduled Castes and Tribes. It has been left to the State legislature to prescribe by law the manner of reservation of the offices of the Chairpersons of Municipalities.

Powers, Authority and Responsibility of Municipalities: To enable Municipalities to function as institutions of self-government, they may be given the responsibility by the state legislatures of: (i) preparation of plans for economic development and social justice; (ii) implementation of schemes (poverty alleviation); and (iii) matters contained in the 18 items mentioned in the 12th schedule.

The Legislature of a State may by law authorise a municipality to levy, collect and appropriate taxes, duties, tolls, etc. It can also assign to a municipality various taxes, duties, etc. collected by the state government. Further, grants-in-aid may be given to them by the state government.

State Finance Commission: The State Finance Commission appointed under Article 243I for Panchayats shall also review the financial position of the municipalities and make recommendations to the Governor as to:

- a) the principles which should govern: (i) the distribution between the State and the municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the state and the allocation between the municipalities at all levels; (ii) the determination of the taxes, duties, tolls and fees which may be assigned to the municipalities; (iii) the grants-in-aid to the municipalities from the consolidated Fund of the State;
- b) the measures needed to improve the financial position of the municipalities; and
- c) any other matter that may be referred to it by the Governor of the state.

The Finance Commission appointed under Article 280 would also make recommendation in regard to the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Municipalities in the State.

Election to Municipalities: The State Election Commission constituted under Article 243K shall have the power of direction and control of (i) the preparation of electoral rolls for, and (ii) the conduct of all elections to the municipalities.

Constitution of Metropolitan Committees: The 74th Amendment also provides for creation of a Metropolitan Planning Committee which shall prepare a development plan for the whole Metropolitan area and forward the same to the state government.

The composition of the committees and the manner in which chairpersons are to be chosen and seats are to be filled are to be provided by a law to be made by the State legislature.

With respect to functions that are to be performed by the Metropolitan Planning Committee (to prepare a development plan for the whole Metropolitan area), the State legislature would by law make provisions including functions relating to planning and coordination for the Metropolitan area.

4.8.2 Union Ministry of Urban Development

The Ministry of Urban Development has the responsibility of broad policy formulation and monitoring of programmes in the area of urban development. Urban Development is a state subject but the Government of India plays a coordinating and monitoring role and also supports urban development through several centrally sponsored schemes. The Ministry also addresses various issues of urban sector through policy guidelines, legislative guidance and sectoral programmes.

4.9 WORKING OF MUNICIPALITIES AND CHALLENGES FOR GOVERNANCE

In a developing country like India, rapid urbanisation, caused by population growth and migration of people from rural areas, has been taking place unaccompanied by modernisation in terms of infrastructure and good governance. There is growing concern about the issues and problems connected with urbanisation, such as environment pollution, slum settlements, urban poverty, and inadequate amenities and services. This rate of urbanisation is posing a threat to not only the natural environment but also to the achievement of the better

quality of services. As the country continues to urbanise, with greater percentage of its people migrating from rural areas to urban areas, an integrated and decentralised approach to managing existing city resources and effectively planning for urban governance will be critical to the well-being of the growing urban population.

Second, financial resources are critical to the effective governance. The appropriate structure of local finance – the mix of taxes, user charges and transfers – is necessary to ensure that ULBs have access to the financial resources that they deserve, given the functions that are being devolved to them. However, revenue sources are hardly commensurate with their responsibilities. Their major tax revenue sources are properly tax and fees, fines and rent. Invariably, the expenditures are met out of grants and loans by the state government. In several instances the state government is only the disbursing agency in the sense that it receives funds from the centre or international funding agencies to distribute among urban local bodies. Furthermore, the power of the municipal bodies to tap resources is severely limited as the state governments usually do not allow them to raise loans directly from the market. Even borrowings from financial institutions are usually required to be approved by the state government. The states also exercise controls on the powers of taxation of the local bodies.

Third, municipal bodies, though constitutionally possess legal authority, in practice this has not happened as “the state governments continue to intrude into the municipal domain through parallel legislations or executive decisions.” The unlimited encroachment into the municipal domain by the states has affected the attainment of governance goals. It is observed that in most states local governments are mere extensions of state departments. Yet, there are false claims in this regard from many state governments. Despite the mandatory provisions, states like Karnataka and Tamil Nadu have not constituted metropolitan planning committees for the Bangalore and Chennai metropolitan areas. Fourth, in most states, there is a tendency on the part of state governments to delay in holding municipal elections. For example, on the initiative of the State Election Commissioner (SEC) the Supreme Court passed a stringent order directing the Karnataka state to give full cooperation in holding elections for urban local bodies.

Notwithstanding a federal structure and a long tradition of village democracy, the aims of decentralisation, however, do not seem to have materialised. Decentralisation does not seem to have made much headway beyond the federal structure. Given the framework, it appears that the local bodies still derive their powers and functions by delegation from the states and have a limited functional or fiscal jurisdiction of their own. The urban local institutions still continue to depend heavily on the state governments for their funds. The authority of local bodies has been undermined by various means, such as keeping the elections in abeyance and by financial control over them.

Check Your Progress 2

- Note:** i) Use the space given below for your answers.
ii) Check your answers with those given at the end of the Unit.

1) Write a note on Structure and Composition of Municipalities.

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- 2) Critically examine the issues relating to the functioning of Urban Local Bodies in India.

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4.10 CONCLUSION

At present people’s expectations about reformed and revitalised local government aiming at contributing suitably and vigorously to processes of democratisation and development are very high. However, much depends upon the Union Government, state governments, elected representatives of local governments as well as political parties for playing their respective roles vigorously and meaningfully for increasing success of the reformed Panchayats and Municipalities.

Local governance is a critical factor to the citizen’s overall development. But it poses a formidable challenge to the government. In order that fruits of good governance reach the citizens, democratic institutions like municipal government and panchayats need careful nurturing, provision of adequate resources and functional autonomy. But transfer of power from the state authority seems to be difficult. Despite the 73rd and 74th Constitutional Amendments, urban local bodies find themselves in a financially precarious situation on all fronts. This has seriously affected the functioning of the local government institutions. There are no signs of gradual transfer of powers and authority of state legislatures to the local bodies. It must also be admitted that most of the local bodies are reluctant to use their existing powers of taxation to an optimum extent. This is mostly for reasons of populism. There are also complaints of leakages. Collection of a certain percentage from the contractors for the works executed in the respective wards by the corporators and municipal councillors has become a shameful practice. One may, therefore, argue that these elected bodies do not function as institutions of self-government

Empowerment of local bodies is expected to ensure better quality of governance. But the outcome is disappointing in many states and local bodies. Accountability of the elected functionaries is at a discount. Vigilance from the citizens is also inadequate. Needless to mention that the existing processes of governance and service delivery need to be considerably improved at the local level. Then only the goals of local self- government will be realised.

4.11 GLOSSARY

Governance: The term refers to action or manner of governing a state, organisation, etc. Good Governance has elements of accountability, participation and transparency and a legal framework based on rule of law.

Decentralisation: Decentralisation is a process of transferring or dispersing functions, funds and personnel from a central authority to regional or local authority/ authorities.

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4.13 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress Exercise 1

- 1) Your answer should include the following points:
 - Meaning of Decentralisation
 - Concept of decentralisation
 - Definitions
 - Its effectiveness
- 2) Your answer should include the following points:
 - Salient features of the Act
 - Three-tier System and Composition
 - Reservation of Seats for SCs/STs and Women
 - Powers, Responsibilities and Financial Resources
 - Constitution of Finance and Election Commissions

Check Your Progress Exercise 2

- 1) Your answer should include the following points:
 - Different types of municipal bodies
 - Ward Committees

Decentralisation

- Tenure of elected municipal bodies
 - Reservation of Seats for SCs/STs and Women
- 2) Your answer should include the following points:
- Functions of Urban local bodies
 - Growing concern about the issues connected with urbanisation

