



“शिक्षा मानव को बन्धनों से मुक्त करती है और आज के युग में तो यह लोकतन्त्र की भावना का आधार भी है। जन्म तथा अन्य कारणों से उत्पन्न जाति एवं वर्गगत विषमताओं को दूर करते हुए मनुष्य को इन सबसे ऊपर उठाती है।”

— इन्दिरा गाँधी

“Education is a liberating force, and in our age it is also a democratising force, cutting across the barriers of caste and class, smoothing out inequalities imposed by birth and other circumstances.”

— Indira Gandhi

Block

2

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BLOCK 3 LOCAL GOVERNANCE AND LOCAL ORGANIZATION

Local governments in India are established by law and they have constitutional status. They are responsible for local governance and for the implementation of development schemes of the government. According to the 73rd and 74th Constitutional Amendment Acts, local governments are the self governing institutions at the grass root level, and they are expected to work for social justice and planned economic development. Local governance and local organization have evolved with an objective of meeting the felt needs of the people spread in all remote, rural far flung areas in meeting their developmental needs and addressing their actual problems.

Unit 1, **Formal and Informal Organizations and Local Self Governance**, focuses on building our understanding on all types of existing formal and informal organizations in our country. Formal local organizations include registered voluntary organizations, organizations sponsored by governments and political organizations. Informal organizations include traditional organizations, unregistered groups, caste and religious groups.

Unit 2, **Public Private Partnership and Local Self Governance**, describes the evolution of private and public partnership concepts. Private partnership with Panchayat is the offshoot of the new arrangement between the market and the government. The new partnership is for enhancing the economic activities and effective service deliveries to the communities. But the new partnerships compensate the loss of decentralization. The new arrangement can be for economic development, effective service delivery and for any advantage of the stakeholders who are involved in this process of transaction.

Unit 3, **Parallel Bodies and Local Self Governance**, discusses how these organizations and institutions were created by communities for their own advantage and conveniences. They are: the constitutionally created governance institutions, like the Panchayati Raj institutions; community created organizations, like temple committees, water bodies management committees, forest management committees, committees to resolve petty disputes within the community and the government created scheme based committees, like the Village Education Committee, Village Health Committee, and Village Water and Sanitation Committee and a number of other such committees.

UNIT 1 FORMAL AND INFORMAL ORGANIZATIONS AND LOCAL SELF GOVERNANCE

Structure

- 1.1 Introduction
- 1.2 Formal and Informal Organization: Meaning and Differences
- 1.3 Formal Organization
- 1.4 Informal Organizations
- 1.5 Local Organizations and Local Development
- 1.6 Civil Society Organizations and Local Self Governance
- 1.7 Role of Civil Society in Local Governance
- 1.8 Let Us Sum Up
- 1.9 References and Suggested Readings
- 1.10 Check Your Progress - Possible Answers

1.1 INTRODUCTION

Local governments in India are established by law and they have constitutional status. They are responsible for local governance and for the implementation of development schemes of the government. According to the 73rd and 74th Constitutional Amendment Acts, local governments are the self governing institutions at the grassroot level, and they are expected to work for social justice and planned economic development.

Local governments are not working in a vacuum at the grassroot level. Other types of formal and informal bodies operate at that level, too. Formal local organizations include registered voluntary organizations, organizations sponsored by governments and political organizations. Informal organizations include traditional organizations, unregistered groups, caste and religious groups.

After going through the study material of this unit, the reader will be able to

- distinguish between formal and informal organizations
- explain characteristics and types of formal and informal organization
- describe the role of civil society organizations in local governance.

1.2 FORMAL AND INFORMAL ORGANIZATION: MEANING AND DIFFERENCES

Before discussing the workings of formal and informal organization at the grassroot level, it is essential to define the term ‘organization’. According to J.D.Mooney, an “organization is the form of every human association for the attainment of a common purpose”. L.D.White has defined ‘organization’ in this way: “Organization is the arrangement of personnel for facilitating the accomplishment of some agreed purpose through allocation of functions and responsibilities”.

The term ‘formal organization’ refers to a deliberately planned structure, while an ‘informal organization’ is a network of individual and social relationship. According to Sharma and Sadona, the term ‘formal organization’ means: “The organization as deliberately planned, designed and duly sanctioned by competent authority. While the term informal organization is a ‘shadow’ organization without clear objectives and comes into being to satisfy the needs of members of the organization.

The distinction between the formal and informal organization is given below, in Table 1.

Table-1: Differences between Formal and Informal Organization

Formal Organization	Informal Organization
1) In a formal organization the relationship between the authority and subordinate is.	1) In the case of informal organizations, the network of personal and social relations is spontaneously development between people associated with each other.
2) The primary focus of the formal organization is the position that an individual holds in the organization.	2) The primary focus in the case of informal organization is the individual and his association with other individuals in the organization.
3) In the formal organization, power is delegated from the top down to the bottom.	3) In an informal organization, power is derived from the membership of the informal groups within the organization.
4) A formal organization is governed by the rule that is what can be done and what can not be done.	4) While informal organization, the conduct of individuals within organization is governed by norms that is social rules of the behaviour.

Website, <http://ummhasan.wordpress.com>

1.3 FORMAL ORGANIZATION

1.3.1 Characteristics of formal organization

Some distinct characteristics of formal bodies are given below.

- i) **Stability:** an important characteristic of a formal organization is its stability. Therefore, the formal organization grows and expands with the passage of time.
- ii) **Division of Labour:** the structure of formal organization is based on jobs to be performed by the individual, and not *vice versa*. Roles are hierarchical and work is assigned to individuals on the basis of expertise and capability.
- iii) **Structured:** a formal organization is structured and organized to accomplish the organizational mission. One exponent has remarked that the “absence of structure is illogical, cruel, wasteful and inefficient”. Because of this feature, roles and responsibilities of individuals in an organization are clearly defined.

- iv) **Permanence:** As the organization is structured, it has continuity of operations. They last for long time and grows over the period of time.
- v) **Rules and regulations:** formal organizations follow rules and regulations. Individuals working in formal organizations do not perform activities according to their whim. Rather, they act according to the rules and regulations framed by the organization. For example, if a cooperative bank has to sanction a loan to a Panchayat for its development, the manager of the bank has to follow guidelines before sanctioning the loan.

1.3.2 Types of Formal Organization at the Grassroots

Some of the important formal organizations at the grassroots are narrated below:

i) **Cooperatives**

- a) **Farmer's Cooperatives:** farmers form a group or cooperatives that enable them to connect with the consumer on one hand, and interface with the market place, on the other. Besides, through cooperatives they share their knowledge and experiences, and enhance their bargaining power in the purchase of inputs.
- b) **Dairy Cooperatives:** one of the important source of development in many Indian states are dairy cooperatives. Milk producers market the milk products of the milk produces and to after value addition to them. in addition, they receive technical inputs for the improvement of milk production.
- c) **Tribal Cooperatives:** these are being formed for receiving assistance from the government and other agencies for development. The National Cooperative Development Corporation provides financial assistance.
- d) **Fishermen's Cooperatives:** The fishermen Cooperatives are being formed for the well being of fishermen. Through cooperatives, fishermen get help to improve their skill, acquire knowledge about technology, the market, and management. Cooperatives can help fishermen to enhance production, processing, storage, transport capacity, and provide financial support.

- ii) **Nehru Yuva Kendras:** the Government of India promotes youth organizations at the village Panchayat level. Youth clubs, sports clubs, and cultural clubs get support. The Nehru Yuva Kendra NYKS, or, Nehru Youth Centres, are the largest group of youth organizations in India. and were started in 1969. Today, 80 lakh non student rural youths in the age group of 15 years to 35 years are associated with Nehru Youth Centres. 2.20 Lakh youth volunteers have been trained at Nehru Yuva Kendras. Nehru Yuva Kendra has a four tier organizational structure and they operate at the village, district, state , and national levels. They promote voluntary association of youths at the village level, build leadership capacity, and offer skill building and training programmes. They promote cultural, sports and service activities among rural youth.

1.4 INFORMAL ORGANIZATIONS

1.4.1 Characteristics of Informal Organization

A few key characteristics of informal organization are given below.

- i) The formation of informal organizations is a natural process. People who share common values, codes of behaviours, and goals come together to form these organizations.
- ii) Membership is voluntary. The informal organization is based on human relationships and there is hardly any compulsion. A person can become member of more than one informal organization. According to D.C. Miller and William H. Form, informal organization is based on the network of personal and social relation which are not defined or prescribed by formal organizations.
- iii) Informal leadership: Leadership in informal organizations cannot be autocratic. Individuals with similar motivations and amicable nature can become a successful leader of an informal organization.
- iv) Follow common rules-Informal organization formulate its own rule for reward and punishment of its member. As it is based on human relation, the common rules is flexible and having less rigid clauses.

1.4.2 Types of Informal Organizations at the Grassroots

Some informal organizations at the Panchayats and municipality level are given below.

- Traditional Panchayats
- Caste Associations
- Temple Committees
- Sports Groups
- Cultural Groups
- Festival Committees
- Neighbourhood Associations.

After reading this section, you might have gained idea about the informal organization. Now you would be able to answer the questions given in Check Your Progress-1

Check Your Progress 1

Note :(a) Write your answer in about 50 words

(b) Check your answer with possible answers given at the end of the unit

- 1) Illustrate some examples of Formal and Informal Organizations.

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1.5 LOCAL ORGANIZATIONS AND LOCAL DEVELOPMENT

A local society has diverse needs. Some of the needs of local society can be fulfilled by local governments. But, local governments alone cannot fulfil all the needs of the people. Local governments cannot fulfil some of the needs of the people because they are not directly connected with local governments. Certain groups of people have specific and specialized needs and local governments are not equipped to fill such needs. To fulfil such needs, local communities form local organizations on their own. They are both formal and informal organizations. Informal local organizations have sometimes evolved by tradition. Particularly, faith based religious organizations have evolved by tradition. These organizations may not have formal structures and rules. They are governed by norms and cultural practices.

Some of the community based local organizations are very powerful and they function independently. Local governments may not be able to control or regulate the functioning of these organizations. Local governments may have common objectives with some of the organizations. In such cases, local governments and local organizations can work together for the development of the local community.

Sometimes, local organizations may also have conflict of interest with local governments. Some local organizations serve only specific sections of the local community. These organizations do not give importance to the interests of the public at large, and, sometimes, they try to promote their own parochial interests. Particularly, some of the local organizations work against social justice and empowerment of women and Dalits.

i) **Influence of the electoral process of local governments**

The formal and informal local organizations like caste groups, religious and groups influence the outcome of election results of local governments. These groups nominate candidates in local body elections and work for their victory. Particularly in rural areas women candidates for reserved positions are, generally, nominated by such groups.

ii) **Control of elected representatives**

Local organizations have a significant level of influence over the elected representatives. In rural Local governments, local community organizations are able to command the elected leaders. In states like Kerala, local political party units are able to control the behaviour of elected representatives. In most of the states, caste organizations try to control the functioning of rural local governments

iii) **Support to local governments**

Local governments need the support of various groups of the local community for their effective functioning. Some of the functions of the local governments cannot be discharged without the cooperation of the local communities. Particularly, functions related to sanitation, drinking water, and environmental issues require the cooperation of local community organizations. Local community organizations, in some parts of the country, have supported such activities of the local governments.

iv) Implementation of development projects

Local community organizations play an important role in the implementation of development projects that are run by local governments, particularly development projects related to schools, hospitals, and libraries. Programmes like total sanitation, enrolment in schools, and employment guarantees can be effectively implemented with the support of local organizations.

After reading this section, you might have gained idea about local organization and local development. Now you would be able to answer the questions given in Check Your Progress- 2

Check Your Progress 2

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit

1) Explain the significance of local organizations.

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1.6 CIVIL SOCIETY ORGANIZATIONS AND LOCAL SELF GOVERNANCE

1.6.1 Meaning and Nature

Civil Society is the realm of activity and Associations of people free from the control of the state. Civil society deals with public issues and not with private or house hold issues.

According to Tocqueville, civil society is the realm of intermediate associations between state and individuals.

Civil society facilitates public participation in public issues through non government and non market institutions.

Civil society is a web of autonomous organizations free from state control and has the ability to influence public policy.

Civil society is different from political society. Civil society consists of self organized associations and social movements that may attempt to influence the states. On the other hand, political parties and organization want to capture political power

Civil society consists of voluntary civil and social organizations that form the basis of the functioning of a society. Civil society is different from state organizations and market institutions. Civil society includes different types of non state and non market institutions; it consists of non governmental organizations, community organizations, faith based organizations, professional associations, trade unions, self help groups, industry associations, and service organizations.

1.6.2 Examples of Civil Society Organizations

The following organizations in India can be given as examples of civil society organizations.

NGOs

- 1) People's Union for Civil Liberties
- 2) Gandhi Peace Foundation

Professional Associations

Indian Medical Association

Service Organizations

Red Cross Society

Trade Unions

Indian National Trade Union Congress

Sports Organization

Indian Olympic Association

Local Civil Society Organizations

The following are examples of Local Civil Society Organizations

- 1) Resident's welfare associations
- 2) Rotary Club
- 3) Village festival committees
- 4) Friends of Police
- 5) Schools committees
- 6) Walker's clubs
- 7) Merchant's associations
- 8) Senior citizen's clubs
- 9) Library committees
- 10) Children's Parliament
- 11) Local consumer forum.

1.6.3 Some of the Possible Benefits from Local Civil Society Organizations

- 1) Protecting the interest of consumers
- 2) Working for the welfare of senior citizens

- 3) Developing the standard of the local schools
- 4) Helping the police in maintaining law and order
- 5) Spreading voters awareness
- 6) Promoting reading habits
- 7) Protecting the environment of the area
- 8) Protecting human rights of the local people
- 9) Promoting blood donation in the local community.

After reading this section, you might have gained idea about civil society organizations and local self governance. Now you would be able to answer the questions given in Check Your Progress-3

Check Your Progress 3

Note : a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit

- 1) Illustrate various types of civil society organizations and the advantages of having civil society organizations.

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1.7 ROLE OF CIVIL SOCIETY IN LOCAL GOVERNANCE

Some of the needs of the people cannot be satisfied by state institutions and markets. Civil Society provides space for people to generate collective actions independently from state and market. State and market are the two powerful instruments that control the life of individuals and sometimes they work against the interests of the people. Civil society can play a critical role in changing the social structure in favour of the poor and marginalized. In India civil society organizations have contributed to the empowerment of women, Dalits, and Tribals.

Local governance needs a high level of people's participation to function effectively. Due to various reasons such as poverty, illiteracy, caste divisions, and gender bias, people in the villages are not able to come to a public forum and collectively address their common problems. They are divided into many groups and sub groups based on caste and religion. Women are generally discouraged from public participation and people from scheduled caste and tribes are excluded from public participation.

Civil society organizations are able to bring all these groups, particularly marginalized groups, to the arena of public participation. In villages civil society can bring social changes through sensitization and awareness programmes.

- CS can work for the development of village society by bringing new ideas to the villages.
- SC play role in linking local government with local community.
- CS can ensure accountability of local government and bring transparency in local governments.
- CS can protect the rights of minorities, women, SC and ST, and empower them to participate in local government.
- CS also can ensure justice in delivering services by local governments to these marginalized sections.
- CS can play a role in building organizations like users groups, watershed committees, village education committees, village health committee and village environment committees.

Civil society can play a role in promoting issues of public good at grass root levels. The villagers normally are not encouraged by the state agencies to collectively negotiate with them. Due to poverty, caste, and religious diversities, and illiteracy, marginalized individuals are not able to join together to demand their rights and justice. They try to individually struggle to meet their livelihood needs. They do not demand an enhanced ability of the services delivery of government agencies and local governments. Civil society can play a key role in preparing the people for such activities.

1.8 LET US SUM UP

In this unit, we discussed the significance of local organizations in local governments. We can understand the role of local organizations in the successful functioning of local governments. We also studied the importance of civil society in general and in local governance. We also discussed the role of self help groups in women's empowerment and their contributions in local governments. The role of youth groups in local development was also discussed.

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1.10 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

1) Illustrate some examples of Formal and Informal Organizations.

Ans. Some of the important formal organizations are narrated below:

- a) Farmer's Cooperatives
- b) Dairy Cooperatives
- c) Tribal Cooperatives
- d) Fishermen's Cooperatives
- e) Nehru Yuva Kendras

Some informal organizations at the Panchayats and municipality level are given below.

- a) Traditional Panchayats
- b) Caste Associations
- c) Temple Committees
- d) Sports Groups
- e) Cultural Groups
- f) Festival Committees
- g) Neighbourhood Associations.

Check Your Progress 2

1) Explain the significance of local organizations.

Ans. The significance of local organizations can be realized in the following roles:

- i) Influence of the electoral process of local governments
- ii) Control of elected representatives
- iii) Support to local governments
- iv) Implementation of development projects

Check Your Progress 3

1) Illustrate various types of civil society organizations and the advantages of having civil society organizations.

Ans. The following organizations in India can be given as examples of civil society organizations:

- i) NGOs

- ii) Professional Associations
- iii) Service Organizations
- iv) Trade Unions
- v) Sports Organization
- vi) Local Civil Society Organizations

Some of the possible benefits from local civil society organizations

- 10) Protecting the interest of consumers
- 11) Working for the welfare of senior citizens
- 12) Developing the standard of the local schools
- 13) Helping the police in maintaining law and order
- 14) Spreading voters awareness
- 15) Promoting reading habits
- 16) Protecting the environment of the area
- 17) Protecting human rights of the local people
- 18) Promoting blood donation in the local community.



UNIT 2 PUBLIC PRIVATE PARTNERSHIP AND LOCAL SELF GOVERNANCE

Structure

- 2.1 Introduction
- 2.2 Public Private Partnership (PPP): Meaning and Scope
- 2.3 Need for Public Private Partnership
- 2.4 Basic Principles in Public Private Partnership
- 2.5 Types of Public-Private Partnership
- 2.6 Case Studies of Public Private Partnership with Local Governance
- 2.7 Let Us Sum Up
- 2.8 References and Suggested Readings
- 2.9 Check Your Progress - Possible Answers

2.1 INTRODUCTION

‘Globalisation’ and ‘Decentralisation’ are the new dispensations considered to be the instrument for achieving prosperity and distributing prosperity to all segments of the society. Reform is the process which facilitates through regulating the institutional mechanisms to make use of both globalization and decentralization for achieving the desired results of both dispensations. In order to achieve maximum results in any institutional ventures, a new framework has been evolved in the new context which is called public private partnership. In the new context both government and market failures have been admitted and at the same time, realized that both have strengths. Both market and government are to be used integrally for the benefit of the society by the active participation of the stakeholders. Private partnership with Panchayat is the offshoot of the new arrangement between the market and the government. The new partnership is for enhancing the economic activities and effective service deliveries to the communities. Here one important factor has to be recognized and taken into account. Decentralization is losing the benefit and advantage of scale. But the new partnerships compensate the loss of decentralization. The new arrangement can be for economic development, effective service delivery and for any advantage of the stakeholders who are involved in this process of transaction. In this unit we will see how the new partnership works in service delivery. The framework of such partnership for service delivery, effectiveness of the service delivery and problems associated with service delivery will be captured in this unit. How PPP framework works will be explained through case studies.

After reading this unit, you should be able to:

- Explain the meaning and scope of public private partnership
- Describe the need for public private partnership
- Explain basic principles of public private partnership
- Discuss about various types of public-private partnership
- Narrate a few case studies of public private partnership

2.2 PUBLIC PRIVATE PARTNERSHIP (PPP): MEANING AND SCOPE

2.2.1 Meaning of Public –Private Partnership (PPP)

Public private partnership is an arrangement between the private sector companies, institutions and organizations and government for the purpose of providing infrastructure facilities, community facilities and service deliveries for the benefit of the people. This arrangement is to enhance the quality and quantity of facilities and services more efficiently and effectively to satisfy the stakeholders. It is a process by which market comes to the rescue of government by extending its support by providing the services which ought to be done by the government. While doing such services, people will get advantages of quality and cost effectiveness. At the same time the private companies which deliver services will make profit. Hence it is a win-win for all the three namely government, company and stakeholders. In this process both government and private share the investment, risks, responsibilities and rewards. This partnership will perform the activity in financing, designing, constructing, operating and maintaining the public infrastructure and services. It is a new phenomenon and it works all over the world. There are success stories, struggles and failures. Consolation of factors is responsible for the success, failures and struggles. Success of such a scheme depends on the nature of regulatory mechanism creates and maintains by the government. In some types of public private partnerships cost of service will be borne by the tax payers and some other types the cost of service is born by the users. Governments encourage the private players come into the domain of government service by extending concessions to the private players as they share the burden of the governments. For this new arrangement, one will find ardent support as well as powerful opposition by citing arguments from the experiences suitable to the position they take either to support or to oppose. But the fundamental question here is why such initiatives were taken?

Some of the definitions of public-private partnership are given below:

- Is a legally binding contract between government and business for the provision of assets and the delivery of services that allocates responsibilities and business risks among the various partners.
- A cooperative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly define public needs through the appropriate allocation of resources risks and rewards.
- Describes a range of possible relationships among public and private entities in the context of infrastructure and other services.
- Cooperation of some sort of durability between public and private actors in which they jointly develop products and services and share risks, costs and resources which are connected with these products through an institutional lens.
- Sustainable cooperation between public and private actors in which joints and/or services are developed and in which risks, costs and profits are shared.

2.2.2 Scope of Public Private Partnership (PPP)

The PPP has been playing important role in the development of infrastructure in the areas health, education, sanitation, drinking, agriculture, road, housing, etc. The scope of PPP is enhancing day by day because of the obvious advantages:

- i) It is more efficient than the development formulated and implemented by government alone.
- ii) Public private partnership minimizes costs and maximizes benefits where the public sector deliver the services with efficiency and effectiveness.
- iii) Public private partner’s resources and unique strengths so that results are sometimes attained in less time, at lower costs and with greater sustainability than efforts by any single partner.
- iv) It is believed that both public and private sector brought to their table their own experiences and strengths, making the partnership a solid team with a common vision (B.Lopez, USAID, Guatemala).
- v) Public private partnership is now a days developing as an alternative arrangement of development. According to World Bank the PPPs, maximize benefits for development through collaboration. ADBI consider PPP as alternative development process. To ADBI, PPP as a collaborative activities among interested groups and actors based on a mutual recognition of respective strengths and weaknesses, working towards common agreed objectives development though effective and timely communication.

After reading this section, you might have gained idea about the public private partnership, meaning and importance. Now you would be able to answer the questions given in Check Your Progress-1

Check Your Progress 1

- Note :**a) Write your answer in about 50 words
- b) Check your answer with possible answers given at the end of the unit

- 1) What are the advantages that are enhancing the scope of Public Private Partnership(PPP)?

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2.3 NEED FOR PUBLIC PRIVATE PARTNERSHIP

It is unequivocally argued that many of the governments in the World failed miserably in delivering the basic goods and services to the people.

There are many problems associated with the poor delivery of services by the government institutions. The problems are: a growing salary burden and under management of the institutions, weak accountability mechanism, corruption, political financing and rent seeking in administration. In the event of government failure solutions are sought in market domain. It is to be understood that market also met with failures. But the new arrangement is a fashion of both government and market synthesis. The new framework has got certain key instruments which will improve delivery of services to the people. They are (i) promoting competition, (ii) simplifying transactions, (iii) restructuring agency processes, (iv) reinforcing provider autonomy, (v) fostering community participation and decentralization, (vi) building political support for program delivery and (vii) strengthening accountability mechanisms.

By operating the new arrangement, communities get benefits which are of different in nature. They are: a. we get adequate infrastructure facilities; b. faster implementation; c. reduction of whole life costs; d. better risk sharing; e. performance incentives; f. quality of service improved; and g. additional revenue will be generated; h. better management system in place.

There are many arguments in favour of this new dispensation and equally arguments are against this partnership. For both we have evidences in the world. All the negative points against such arrangements were generated from the initial experiences and from the unregulated implementation of the new framework. Further, this new arrangement is considered and perceived as privatization of public services or government services. Further any private player will work for enhancing his / her profit rather than delivering services effectively. A common problem with public private partnership projects is that private investors obtained a rate of return that was higher than the government's bond rate even though most or all of the income risk associated with the project was borne by the public sector. Many of the drawbacks noticed in this model are due to no monitoring of the operation of the new framework through a new regulatory body and the absence of involvement of the stakeholders in the whole of monitoring exercises. A properly structured regulatory mechanism and active monitoring of the same with the active involvement of the stakeholders will weed out many of the problems in the process of implementation of the new exercises.

2.4 BASIC PRINCIPLES IN PUBLIC PRIVATE PARTNERSHIP

There are certain key principles which operate in the new dispensation. If they are in place the image it created among the public that the private sector having interest only in profits without any regard to the interests of the consumers can be challenged. The principles are: a. proper market conditions have to be created; b. a competitive environment has to be created; and c. adherence to rule of law is made mandatory. By doing so private players will be compelled to offer the best deal and services to the people. For their survival the private players will be in

proper service delivery. It is to be seen that the private players should also be in a position to make profit. Otherwise private players will not perform their responsibilities by incurring loss in their venture. Hence a coordinated supervision and regulation are to be in place. It can be seen in telecom sector. Best deal has been given to consumers in India. Quality of service is yet another bone of contention in this new arrangement. But it could be talked through the fine tuning of the contract and monitoring of the same by the stakeholders. The private players are accountable to the regulatory authority, public and media. Cost of service is yet another controversial area in the new arrangement. Normally private players charge more as they are in market mode to make profit. This could be avoided by considering the company for service only if the rate of service is lesser than the cost of service of the government institutions. Reality could be seen only if we analyze an event. Hence case studies are projected.

The public private partnership arrangements are being done at the federal, regional and local levels. Local governments are also involved in such a kind of arrangements for effective service delivery with the objective of reducing the cost and increasing the efficiency by infusing professionalism in service delivery. There are different forms and types. They are given below in the form of a table:

Table-1 Forms of PPP

Types of Contracts	Asset Ownership	O & M	Capital Investment	Commercial Risk	Duration (Years)
Service Contract	Public	Private & Public	Public	Public	1-2
Management Contract	Public	Private	Public	Private	3-5
Lease	Public	Private	Public	Private	8-15
Concession	Public	Private	Private	Private	25-30
BOT/BOOT	Private & Public	Private	Private	Private	25-30

Source: 'Public Private Partnership, a guide to local government', Pg. 13, Ministry of Municipal Affairs, British Columbia cited in centre for civil society, Public Private Partnership: That Government is Best Which Governs least New Delhi, 2007.

After reading this section, you might have gained idea about the basic principles in public private partnership. Now you would be able to answer the questions given in Check Your Progress-2

Check Your Progress 2

Note :(a) Write your answer in about 50 words

(b) Check your answer with possible answers given at the end of the unit

1) Enumerate the basic principles of Private Public Partnership (PPP).

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2.5 TYPES OF PUBLIC-PRIVATE PARTNERSHIP

The various types of Public Private Partnership is given in Table-2

Table-2 Types of Public Private Partnerships

Type of PPP	Features	Local Government Applications	Advantages	Disadvantages
1 Operations and Maintenance	The local government contracts with a private partner to operate and maintain a publicly owned facility,	A broad range of municipal services including water and wastewater treatment plants, solid waste removal, road maintenance, parks maintenance/ landscape maintenance, arenas and other recreation facilities, parking facilities, sewer and storm sewer systems,	• potential service quality and efficiency improvements • cost savings • flexibility in structuring contracts • ownership vests with local government	• collective agreements may not permit contracting out • costs to re-enter service if contractor defaults • reduced owner control and ability to respond to changing public demands
2 Design - Build	The local government contracts with a private partner to design and build a facility that conforms to the standards and performance requirements of the local government. Once the facility has been built, the local government takes ownership and is responsible for the operation of the facility.	Most public infrastructure and building projects, including roads highways, water and wastewater treatment plants, sewer and water systems, arenas, swimming pools and other local government facilities.	• access to private sector experience • Opportunities for innovation and cost savings • Flexibility in procurement • Opportunities for increased efficiency in construction • Reduction in construction • Reduction in construction time • Increased risk placed on private sector • Single point accountability for the owner • Fewer construction claims	Operating and maintenance costs if life cycle approach not taken

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3 Turnkey Operation	The local government provides the financing for the project but engages a private partner to design, construct and operate the facility for a specified period of time. Performance objectives are established by the public sector and the public partner maintains ownership of the facility	This form of public private partnership is applicable where the public sector maintains a strong interest in ownership but seeks to benefit from private construction and operation of a facility. This would include most infrastructure facilities, including water and waste water treatment plants, arenas, swimming pools, golf courses and local government buildings.	• Places construction risk on the private partner • Proposal call can control design and location requirements as well as operational objectives • Transfer of operating obligations can enhance construction can occur faster through fast – track construction techniques such as design-build construction quality • Potential public sector benefits from increased efficiency in private sector construction • Potential public sector benefits from increased efficiency in private sector operation of the facility	• Reduced local government control over facility operations • More complex award procedure • Increased const to incorporate changes in design and operations once contract is completed • Depending on the type of infrastructure, financing risk may be incurred by the local government
4 Wrap Around Addition	A private partner finances and constructs an addition to an existing public facility. The private partner may then operate the addition to the facility. The private partner may then operate the addition to the facility for a specified period of time or until the partner recovers the investment plus a reasonable return on the investment	Most infrastructure and other public facilities, including roads, water systems, sewer systems, water and wastewater treatment plants and recreation faculties such as ice arenas and swimming pools.	• Public sector does not have to provide capital funding for the upgrade • Financing risk rests with private partner • Public partner benefits from the private partner's experience in construction • Opportunity for fast-tracked construction using techniques such as design build • Flexibility for procurement • Opportunities for increased efficiency in construction • Time reduction in project implementation	• Future facility upgrades not included in the contract with the private partner may be difficult to incorporate at a later date • Expense involved in alteration of existing contracts with the private partner • Perceived loss of control • More complex contract award procedure

5 Lease Purchase	The local government contracts with the private partner to design, finance and build a facility to provide a public service. The private partner then leases the facility to the local government for a specified period after which ownership vests with the local government. This approach can be taken where local government requires a new facility or service but may not be in a position to provide financing.	Can be used for capital assets such as buildings, vehicle fleets, water and waste water treatment plants, solid waste facilities and computer equipment.	• Improved efficiency in construction • Opportunity for innovation • Lease payments may be less than debt service costs • Assignment of operational risks to private sector developer • Improve services available to residents at a reduced cost • Potential to develop a “pay for performance” lease	• Reductions in control over service or infrastructure
6 Temporary Privatization	Ownership of an existing public facility is transferred to a private partner who improves and / or expands the facility. The facility is then owned and operated by the private partner for a period specified in a contract or until the partner has recovered the investment plus a reasonable return.	This model can be used for most infrastructure and other public facilities, including roads, water systems, Sewer systems, water and waste water treatment plants, parking facilities, local government buildings, airports, and recreation facilities such as arenas and swimming pools.	• If a contract is sell structured with the private partner, the municipality can retain some control over standards and performance without incurring the costs of ownership and operation • The transfer of an asset can result in a reduced cost of operations for the local government. Private sector can potentially provide increased efficiency in construction and operation of the facility • Access to private sector capital for construction and operations • Operational risks rest with the private partner.	• Perceived of actual loss of control of facility or infrastructure • Initial Contract must be written well enough to address all future eventualities • Private sector may be able to the costs of ownership and operation • The transfer of an asset can result in a reduced cost of operations for the local government • Private sector can potentially provide increased efficiency in construction and operation of the facility • Access to private sector capital for construction and operations • Operational risks rest with the private partner
7 Lease Develop Operate or Buy Develop Operate	The private partner leases or buys a facility from the local government, expands or modernizes it, then operates the facility under a contract with	Most infrastructure and other public facilities, including roads, water systems, sewer systems, water and waste water treatment plants,	• If the private partner is purchasing a facility, a significant cash infusion can occur for the local government • Public sector does not have to provide capital	• Perceived or actual loss of control of facility or infrastructure • Difficulty valuing assets for sale or lease • Issue of selling or leasing

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	the local government. the private partner is expected to invest in facility expansion or improvement and is given a specified period of time in which to recover the investment and realize a return	parking facilities, local government buildings, airports, and recreation facilities such as arenas and swimming pools.	for upgrading · Financing risk can rest with the private partner • Opportunities exist for increased revenue generation for both partners • Upgrades to facilities or infrastructure may result in service quality improvement for users • Public partner benefits from the private partner's experience in construction • Opportunity for fast-tracked construction using techniques such as design build · Flexibility for procurement • Opportunities for increased efficiency in construction • Time reduction in project implementation	capital assets that have received grant funding • If a facility is sold to a private partner, failure risk exists-if failure occurs, the local government may need to reemerge as a provider of the service or facility • Future upgrades to the facility may not be included in the contract and may be difficult to incorporate later
8 Build Transfer Operate	The local government contracts with a private partner to finance and build a facility. Once completed, the private partner transfers ownership of the facility to the local government then leases the facility back to the private partner under a long-term lease during which the private partner has an opportunity to recover its investment and a reasonable rate of return	Most infrastructure and other public facilities, including roads, water systems, sewer systems, water and waste water treatment plants, parking facilities, local government buildings, airports, and recreation facilities such as arenas and swimming pools.	• Public sector obtains the benefit of private sector construction expertise • Public sector obtains the potential benefits and cost savings of private sector operations • Public sector maintains ownership of the asset • Public sector ownership and contracting out of operations limits any provincial and federal tax requirements • Public sector maintains authority over the levels of service(s) and fees charged • Compared to a Build-Operate transfer model, avoids legal, regulatory and tort	• Possible difficulty in replacing private sector entity or terminating agreements in event of bankruptcy or performance default

			liability issues • Under occupiers' Liability Act, tort liability can be avoided • Government control of operational performance, service standards and maintenance • Ability to terminate agreements if service levels or performance standards not met, although facility would continue to permit repayment of capital contributors and loans and introduction of new private partner • Construction, design and architectural savings, and likely long-term operational savings	
9 Build Own Operate Transfer	The private developer obtains exclusive franchise to finance, build, operate, maintain, manage and collect user fees for a fixed period to amortize investment. At the end of the franchise, title reverts to a public authority,	Most public infrastructure services and facilities, including water and wastewater systems, recreation facilities airports, local government administration and operations buildings, parking facilities and solid waste management facilities	• Maximizes private sector financial resources, including capital cost allowance • Ensures the most efficient and effective facility is constructed, based on life-cycle costs • Allows for a private sector operator for a predetermined • Period of time • The community is provided with a facility, without large up-front capital outlay and / or incurring of long-term debt • all "start-up" problem are addressed by the private sector operator • access to private sector experience, management, equipment, innovation and labour relationships may	• facility may transfer back to the public sector at a period when the facility is "work" and operating costs are increasing • Public sector loses control over the capital construction and initial mode of operations • Initial contract must be written sufficiently well • The private sector can determine the level(s) of user fees (unless the public sector subsidizes use) • Less public control compared to Build-Transfer-Operate structure • Possible difficulty in replacing private sector partner or determining agreements if bankruptcy or performance default

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			result in cost savings risk shared with private sector period of time • The community is provided with a facility, without large up-front capital outlay and / or incurring of long-term debt • all “start-up” problem are addressed by the private sector operator • Access to private sector experience, management, equipment, innovation and labour relationships may result in cost savings • Risk shared with private sector	
10 Build-Own-Operate	The local government either transfers ownership and responsibility for an existing facility or contracts with a private partner to build, own and operate a New facility in perpetuity. The private partner generally provides the financing	Most public infrastructure and facilities, including water and wastewater systems, parking facilities, recreation facilities, airports, local government administration and operations buildings	• no public sector involvement in either providing or operating the facility • Public sector can “regulate” the private sector’s delivery of a “regulated monopolistic” service area private sector operators the Service in the most efficient manner, both short-term and long-term • No public sector financing is required • income tax and property tax revenues are generated on private facilities, delivering a “public good” • long-term entitlement to operate facility is incentive for developer to invest significant capital	• The private sector may not operate/construct the building and /or service “in the public good” the public sector has no mechanism to regulate the “price” of the service, unless it is a specifically regulated commodity • The good/service being delivered is subject to all federal, provincial and municipal tax regulations • no competition, therefore necessary to make rules and regulations for operations and to control pricing

Source: ‘Public Private Partnership, a guide to local government’, Pg. 13, Ministry of Municipal Affairs, British Columbia cited in centre for civil society, Public Private Partnership: That Government is Best Which Governs least New Delhi, 2007.

The main types of partnership arrangements in the area of urban local bodies are explained in Box

- **Build-Own-Operate (BOO)** - An arrangement whereby a private entity is responsible for the financing, construction and operation of an infrastructure facility and where the private entity retains the ownership of the facility.
- **Build-Operate-Transfer (BOT)** - this is a arrangement where a private entity is responsible for the financing, construction and operation of an infrastructure facility and the private entity transfers the facility to government agency at the end of the specified period.
- **Build-Own-Operate-Transfer (BOOT)** - Here the private entity provides finance for construction, owns, operates, and maintains the facility for a specified period and then transfers ownership to local government. The condition of the asset on transfer must be specified by the public agency.
- **Competitive-Tendering (CT)**- The process of seeking a number competitive tenders for a defined service to be performed under contract.
- **Compulsory-Competitive-Tendering (CCT)** - same as CT, but is carried out through force of legislation or regulation.
- **Contracting-Out** – In this arrangement, the local government contracts with private firms or other agencies to perform particular operation or maintenance functions for a fixed period and for a specified compensation.
- **Co-operatives**- Self governing voluntary organizations designed to serve the interests of their members.
- **Franchising**- In this arrangement, a private partner takes over the responsibility for operating a service and collecting charges and possible for funding new investment in fixed assets, mostly within a defined geographical area.
- **Concession**- An arrangement whereby a private partner entity leases assets for service provision from a public authority for an extended period and is also responsible for financing specified new fixed investments during the period. These new assets then revert to the public sector at the expiry of the contract.
- **Afformage**- In this arrangement, the public authority controls the construction, owns the fixed assets, but contracts out operations, maintenance and billing.
- **Leasing**- An arrangement whereby a private party (lesser) contracts with a public authority for the right to operate a facility (and the right to flow of revenues from providing a specific service) for a specified period of time. The facility continues to be owned by the public authority. Unlike in a concession, the lesser does not have the responsibility for investment in fixed assets.
- **Management Buy Out (MBO)**- The management of well run internal function negotiate the purchase of that function and becomes a private venture.
- **Privatization** – The entire public service is sold to private company.

- Vouchers- Vouchers enable consumers to obtain goods and services free or at reduced cost while retaining the power to choose between competing suppliers.
- Management Contract- An arrangement whereby a private agency assumes the responsibility for a full range of operation and maintenance functions, with the authority to make day-to-day management decisions. Competition may be based partially on the services rendered (as for service contracts) and partially on the performance achieved (as in profit sharing)

The main types of partnership arrangements in the area of urban local bodies are explained in Box

Source: Vinod Kumar and Jasjeet Kaur, 2010, Political economy journal of India, Vol 19, No-2, Page No-59

2.6 CASE STUDIES OF PUBLIC PRIVATE PARTNERSHIP WITH LOCAL GOVERNANCE

2.6.1 Case Study I

NGO Panchayat Partnership Narrative of Panchayat Experience

Sakkarakkottai Gram Panchayat in Ramanathapuram district of Tamil Nadu is a classic case for partnership between the Panchayats and Non Governmental Organisations. The Panchayat president Mr. Noor Mohammed took all such initiatives.

He also gave importance to the health and sanitation of the village. After undergoing training in solid waste management, he joined hands with an NGO called Neat and Clean Service Squad (NACSS) to remove the garbage from the village. He said that it was because of the District Collector that he attended a training programme. After that he decided to take a risk in garbage collection. His idea is to undertake a venture which is new and which should attract all and be beneficial to the people. Since his village is very near to Ramanathapuram Town, it carried a heavy waste and the whole village was facing the problem of waste. Then he decided to invite the NGO to help the Panchayat in cleaning the village. The NGO has moved into his Panchayat area and started the work. He got the approval of the people for this new scheme. He created a structure for this new scheme by providing vehicles to collect the garbage and erecting two sheds for processing the waste. A very big open yard has been given to the NGO. He collects Rs.10 per house per month remove the garbage and hands over Rs.23,500/- to NACSS as their service charge. In turn the NACSS, through processing, converts these wastes into manure and this manure is branded as "PUNYA" and sold at a price of Rs.6 per kg. Totally 13 persons are working as full-time employee including one supervisor. These workers are paid by the NACSS from the amount handed over by the Panchayat as collecting service charges. The Panchayat also earns money by selling the manure and the minimum they get is Rs.2000 and the maximum they get is Rs.3000 per month by selling the manure. A shed has been constructed at a cost of Rs.60, 000/-. The Panchayat also gets Rs. 4000/- out of the service charges which they pay the NACSS. Further 13 persons, who earlier worked part-time, now get employment full-time. Through

this the President has saved the village from environmental degradation and the Panchayat also earns wealth from the waste. By this exercise, people have been conscientized on cleanliness. A President can not make a village clean unless the people of the village cooperate. The President said that he has succeeded in his attempt to bring about a culture among the people for cleanliness.

2.6.2 Case Study II

Haryali Kisaan 13 azaar in Ladwa, Kurukshetra

Dcu Shriram consolidated limited has launched Haryali Kisaan Bazaars in around 160 locations in Haryana, Rajasthan and Uttar Pradesh. This Ladwa Kisaan Bazaar has a turnover of Rs 80,000 per day. It provides quality input to farmers and enable the farmers to sell their products in competitive price for the advantage of the farmers. Apart from the farming inputs, usual consumables are also in the same Bazaar. A LPG cylinders supply chain and a petrol station along with a bank are additions to attract more people to this Bazaar. In the absence of government extension services, this Kisaan Bazaar is being used effectively by the farmers to increase their yield and their profit. Panchayat leaders extended all possible help to the Kisaan Bazaar to help the farmers. To help the farmers in the absence of government extension service the elected panchayat representatives used this Kisaan Bazaar. Panchayat has to facilitate the Kisaan Bazaar to organize series of meetings with different stakeholders for development engagement.

2.6.3 Case Study-III

Gitanjali- An Example worth Emulating in Public-Private-Partnership

“Gitanjali Industries” in Mumbai is an excellent example of a public-private-partnership that is owned by Ms. Jain, a lady entrepreneur. This privately owned industry works in coordination with the MCGM for dry waste recycling. It employs 350 waste pickers, who collect various kinds of wastes, such as, Bisleri bottles; scrap iron; polythene bags; and e-waste like television, computer screens, and electronic parts; from six centre in the city. This is transported to the factory site (given by the MCGM) by six trucks and is then sorted by twenty sorters. Each category of waste has its own utility value. The industry has its marketing outlets in ten cities- Bangalore, Belgaum, Gurgaon, Goa, Jammu, Bhubaneswar, Sambalpur, Ranchi, and Mumbai. The industry has adopted twenty-five gutters in the area surrounding its unit, which are cleaned by sweepers; they are also involved in maintaining community bins, from where dry garbage is collected by rag pickers. Ms Jain pays the sweepers for keeping the area clean on a daily basis.

2.6.4 Case Study-IV

Slum Sanitation Programme, Pune

The Slum Sanitation Programme was a major experiment that was carried out in Pune city to build toilets in slums through community participation by giving contracts to NGOs. A partnership between NGOs, CBOs slum dwellers/ users, financial institutions, and Pune Municipal Corporation was forged to enable a sense of ownership, reduction of cost of the project, reduction in time of project, reduction in time of project implementation, and to ensure quality of the project. In built provision of caretaker residence in the toilet block was made and provision of baby toilets was also included. NGOs were asked to dispense with

implementation charges. Regular weekly meetings were held with the stakeholders for monitoring purposes.

220 toilet blocks with about 3,500 toilet seats through NGOs in 1999-2000 were constructed in the first phase. So far, more than 400 toilet blocks with an excess of 10,000 toilet seats have been constructed benefiting 5 lakh slum dwellers in Pune city, assuming that 50 persons can use a toilet seat on a given day.

2.7 LET US SUM UP

Public-Private Partnership (PPP) is one of the important arrangements for achieving the goal of development. The PPP with the local governance is being adopted by many urban local bodies and also Panchayat Raj Institutions in order to effectively implement various projects at the grassroots. This unit covers the mean, scope, role and various principles of PPP. A detail analysis of various types of PPP with local self government and its advantages and disadvantages have been discussed in detail. A few case studies has been presented in the last portion of the unit in order to enable the learner to understand the implementation of PPP model and its benefit to the local self governance.

2.8 REFERENCES AND SUGGESTED READINGS

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2.9 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

- 1) What are the advantages that are enhancing the scope of Public Private Partnership (PPP)?

Ans. The advantages that are enhancing the scope of Public Private Partnership (PPP) are:

- i) It is more efficient than the development formulated and implemented by government alone.
- ii) Public private partnership minimizes costs and maximizes benefits where the public sectors deliver the services with efficiency and effectiveness.
- iii) Public private partner's resources and unique strengths so that results are sometimes attained in less time, at lower costs and with greater sustainability than efforts by any single partner.
- iv) It is believed that both public and private sector brought to their table their own experiences and strengths, making the partnership a solid team with a common vision (B.Lopez, USAID, Guatemala).
- v) Public private partnership is now a days developing as an alternative arrangement of development. According to World Bank the PPPs, maximize benefits for development through collaboration. ADBI consider PPP as alternative development process.

Check Your Progress 2

- 1) Enumerate the basic principles of Private Public Partnership (PPP).

Ans. The basic principles of PPP are:

- a) proper market conditions have to be created;
- b) a competitive environment has to be created;
- c) adherence to rule of law is made mandatory.

UNIT 3 PARALLEL BODIES AND LOCAL SELF GOVERNANCE

Structure

- 3.1 Introduction
- 3.2 Parallel Bodies: Meaning and Concept
- 3.3 Type, Role, and Effect of Parallel Bodies
- 3.4 Non-parallel Bodies
- 3.5 Factors Responsible for Growth of Parallel Bodies
- 3.6 Examples of Parallel Bodies
- 3.7 Let Us Sum Up
- 3.8 References and Suggested Readings
- 3.9 Check Your Progress - Possible Answers

3.1 INTRODUCTION

Ever since human beings started leading a community life consciously, organizations with structural arrangements came into being. The organizations created by the communities looked after land, fisheries, and forest lands. Mostly natural resources are the common property of communities. They are protected, and enriched by the active participation and involvement of the communities that they belong to. In fact, people never developed aspiration to exploit natural resources for amassing wealth. It was only during the British Administration that properties were given to individuals by settlements and land became tradable commodities. Even then, many of the responsibilities had been carried out collectively by the informal organizations created by the communities. After the advent of the modern state system, arrangements for governance were created at the grassroots with active linkages with other, higher level governing institutions at regional and national levels. Yet, grassroots' level governance institutions were not as strong as state and national level institutions. But the institutions for governance at the grassroots level – the Panchayats - along with other organizations and institutions which had been with communities and evolved by the communities over a period of time grew simultaneously and later developed into a formal institution. Most organizations and institutions were created by communities for their own advantage and conveniences. They were all well regulated as per the norms and procedures evolved by the communities over a period of time. These organizations and institutions were called informal institutions after the advent of Panchayat Raj institution which was created by the central government for governance. There is yet another set of organizational mechanisms was created by the government for speedy implementation of many programmes and schemes. They are called committees for centrally and states' sponsored schemes. Thus, there are organizations and institutions evolved by the communities as well as those that are imposed on communities by the federal and state governments through the programmes and schemes functioning at the grassroots. Broadly speaking, there are two types of organizations and institutions at the grassroots level. They are both formal and informal institutions and organizations created by governments and government departments are formal

institutions and organizations created by the communities over a period of time are informal. As a result, there are three set of organizations and institutions functioning at the grassroots level. They are: the constitutionally created governance institutions, like the Panchayati Raj institutions; community created organizations, like temple committees, water bodies management committees, forest management committees, committees to resolve petty disputes within the community and the government created scheme based committees, like the Village Education Committee, Village Health Committee, and Village Water and Sanitation Committee and a number of other such committees. The number of committees and responsibilities of the committees vary from region to region. Committees that are meant to implement centrally sponsored schemes have a uniform character, structure, and responsibilities throughout the country. The committees and organizations are constituted with elected, selected and nominated members.

After reading this unit you should be able to

- explain the meaning and concept of parallel bodies
- describe different types of parallel bodies
- discuss three tier panchayats and two tier parallel bodies
- explain the factors responsible for the growth of parallel bodies.

3.2 PARALLEL BODIES: MEANING AND CONCEPT

Parallel bodies are organizations created by communities and government departments to discharge certain responsibilities in parallel, while the constitutionally created Panchayati Raj institutions are in position, in the same geographical area, to discharge the same set of responsibilities. According to PRIA, the term, ‘parallel bodies’, refers to those bodies whose functional domain overlaps with that of the PRIs, or, which are functioning in such a way as to hinder/support the decision-making process/effective functioning of the PRIs in areas which are constitutionally demarcated to PRIs as per the 11th Schedule. There are arguments after the establishment of Panchayati Raj institutions that the elected local bodies are undermined because of the functioning of parallel bodies. This argument has to be visualized in the backdrop of the 73rd Amendment to the constitution of India. The basic objective of creating this governance mechanism permanently at the grassroots level is by incorporating the same in part X of the constitution to achieve economic development and social justice with the active participation of the people through the participatory micro plan. The objective is to create a responsive, responsible, and representative institutional mechanism for governance administration at the grassroots. It is a constitutionally created institution with constitutionally mandated set of duties and responsibilities. Creation of any other mechanism for administration in the same geographical area with the same set of duties and responsibilities will weaken the constitutionally created governance institutions. This is the strong perception of the scholars of decentralization of powers, governance, and administration. The broader objective of the constitutionally created institutions takes care of all the responsibilities of the committees of the centrally sponsored schemes and the organizations of the communities. The Panchayati Raj system is broad based. It is not leader-centric as we had the same institution before the passing of the 73rd

Amendment to the constitution. Now it is people-centric, development-centric, and participation-centric.

There is yet another argument from the perspective of promoters of parallel bodies that the parallel bodies are really with serious stakeholders and relevant to the functioning of the bodies. There will not be any non serious player in the transaction of these bodies. The members of the parallel bodies are the real stakeholders, gaining advantage out of their participation. Hence, one will find effective participation of the stakeholders in all the deliberations of the committees. Real participation takes place only in the parallel bodies. On the other hand, the Panchayati Raj is a generalist institution where one will find not only generalists but also non serious players. Panchayats cannot deliver profit to all the individuals. The members are politically oriented and they look at issues from the perspective of political parties, not from development perspectives. Further, parallel bodies are special purpose vehicles designed to manage specific programmes of both central and state governments. The centrally sponsored schemes of the central ministries have evolved specific devices of constituting focused committees for effective implementation of schemes and programmes. The major argument in this regard is that while constitutionally created and mandated Panchayati Raj institutions are in place at the grassroots level to achieve development and social justice, the centrally sponsored schemes, MLAs and MPs conveniently bypass the Panchayati Raj institutions. This is being viewed as factor that weakens the Panchayati Raj institutions. This is to be understood in a broader perspective, namely, the purpose for which scheme related committees are constituted, emergence of community based organizations and the logic behind the standing committees of Panchayati Raj institutions. In reality, all three set of institutions and organizations function on the ground in the same geographical area. It is all the more important to visualize that to what extent convergence could be achieved among these organizations and institutions from the perspective of effective and efficient delivery of services and goods.

After reading this section, you might have gained idea about the meaning and importance of parallel bodies, its meaning and basic concept. Now you would be able to answer the questions given in Check Your Progress-1

Check Your Progress 1

Note : a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit

1) What do you understand by Parallel Bodies?

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3.3 TYPE, ROLE, AND EFFECT OF PARALLEL BODIES

The parallel bodies can be broadly categorized into the following types.

- i) Committees of the centrally sponsored schemes
- ii) Community based organizations
- iii) Three tier Panchayats and two-tier parallel bodies

3.3.1 Committees of the Centrally Sponsored Schemes

From the inception of the Planning Commission in Delhi the culture of evolving the centrally sponsored schemes had been in vogue. There have been many exercises and evaluations about the schemes and programmes with the objective of reducing the number and quantum of centrally sponsored programmes. But, contrary to expectations, the number of schemes have increased and the quantum of resources allocated to those schemes has also increased. On one hand, effective pleas are made for the reduction in the number of centrally sponsored schemes, and, on the other, conditions are created in such a way that the centrally sponsored schemes cannot be reduced, and, instead, they are increased. Hence, the centrally sponsored schemes are in place. As a result, the committees created for the effective implementation of the centrally sponsored schemes are active and vibrant at the grassroots level. These committees are not permanent and statutory. They will be in place as long as the schemes are alive and in operation. One will find active participation in these committees. There are valid reasons for creating these parallel bodies, and some of them are: i) to ensure participation of the beneficiaries in the process of implementation of the schemes, to achieve maximum impact; ii) to provide technical input for effective implementation of the schemes; iii) to ensuring efficiency in implementation of the schemes; (iv) to achieve convergence of the schemes meant for poverty alleviation and rural development. It is to be understood that the meaning of decentralization of powers never restricted that powers should be decentralized only to the lower level governance institutions. Powers can be decentralized even to quasi government bodies, civil societies and even to the private also. The prime objective is that people should get effective, efficient, quality service. Now, we will move on to view community based organizations.

Effect of parallel bodies on centrally sponsored schemes

Parallel bodies created by centrally sponsored schemes and the community based organizations have stunted the development of the Panchayati Raj institutions. Panchayati Raj institutions are permanent bodies, but the parallel bodies are created for a specific task, and for a specific period. Schemes are mostly regime based. Once the regime is over, the scheme closes. Thus, the parallel bodies created through centrally sponsored schemes are temporary in nature and *ad hoc* in character. Yet, these bodies are effective as they have resources and are powerful.

While arguing in favour of scheme-based committees against Panchayati Raj, corruption, ineffectiveness, poor capacity are being presented as reasons for not preferring Panchayati Raj. But the same are also applicable to the parallel bodies also, as revealed by studies. The parallel bodies do not have gender equality as

they do not have adequate number of women in the committees. The Panchayati Raj institutions, however, have the provisions to maintain gender equality. Panchayati Raj institutions are in the hands of the elected representatives of the people, whereas the parallel bodies are in the hands of the officials. The 73rd Amendment to the Constitution of India has brought women and Dalits to governance, but the parallel bodies have undermined these leaders. Instead of strengthening the women and Dalit leadership, the parallel bodies have weakened them.

3.3.2 Community Based Organizations

After the departure of the colonial power, the modern state system provided an institutional mechanism to govern and administer society and achieve development based on the western model of parliamentary democracy. The Afro-Asian countries borrowed this model and implemented it without much adaptation to suit the local conditions. The Afro-Asian countries are known for their strong traditional structures for community governance. One would find strong resistance to reform in certain parts of society, and, more particularly on governance at the grassroots level that is based on representative democracy. That is why we find a new syndrome of modernity in tradition and tradition in modernity in many of the socio-political processes of society. In one aspect, the modern state has to be very determined about dismantling certain structures and practices to enable the marginalized to emerge as respected citizens and claim their entitlements. It is unfortunate that beyond enacting legislation and evolving policies, the State has not shown vigour in translating the legislations and the decisions into reality. Further, in Afro-Asian countries people do not understand the importance of representative democracy. Despite its being in practice for several decades, people do not understand the process of governance under representative democracy excepting 'voting'. As a result, the governing mechanism is superimposed on society on the premise that if the state apparatus is expanded, all developmental responsibilities will be handled effectively, and, thereby, society will be modernized and equity and equality will be achieved.

The government, through its policies, programmes and schemes has not been able to achieve the planned target. So, micro institutional structures working at the grassroots level were identified as effective instruments for delivering services. To achieve local development and to achieve social reconstruction to address the issues of social justice, local institutions are considered appropriate. This was the new premise found out throughout the world. But, the local institutions have to be reformed as they are traditional in character and not inclusive and gender sensitive. Hence, it was planned to create local institutions to achieve development legitimately, and to perform the functions of the local institutions evolved by the communities. This new initiative is the result of the failure of the governments in delivering services and goods, because, in many of the developing countries, state systems became weak and cannot manage reforms.

Even in a modernized society, traditional institutions still do look after the affairs of the community, such as temples, community properties - especially commons – and, more particularly, water and local disputes. They also operate a huge corpus fund. Since there is an accepted and standard mechanism to operate a fund from the corpus fund in a transparent way, the community reposes confidence in the leadership. While looking at the basic principles of these traditional

structures one finds modern indicators of good governance, namely, accountability, responsiveness, and transparency, but not inclusion of gender and marginalized groups.

Whenever the bureaucracy is effective, it interferes in the functioning of the traditional structures while the traditional structures disturb the normal functioning of the constitutional structures at the grassroots. Wherever there is synergy between the two, the bureaucracy plays a supportive role. The traditional institutions which are vibrant in some places by their performance and credibility are able to bring the constitutional bodies under their fold for which the community is also supportive. By doing so, the corpus of the traditional structure is enhanced by using the commons of the constitutional institutions.

The people who are the major source of support to both institutions conduct a balancing act by extending support to both in many places - extending active support to traditional institutions and passive support to constitutional institutions. In some places where there is active social conflict and the affected people are the marginalized, they extend support to the constitutional Panchayat and discourage the traditional Panchayat. In a few places, both are in action and intense conflict prevails between the two with the support of two groups supporting them. People know the roles of both institutions. If they feel both institutions are active and deliver services reasonably, they extend support to both, because people are economically and politically rational. In the event of failure of the state structure in the delivery of services, people have no option and, hence, whatever mechanism is available at their level has to be supported. Whenever the conflict is intense between these two bodies within a geographical area, where the constitutional Panchayat is co-terminus with the traditional Panchayat, civil society and the media have to play an active role to expose the malady and seek the intervention of government institutions. It has been demonstrated that local institutions are vibrant and capable of achieving local development, but, at the same time, local development should be on an equitable basis. To achieve this, the constitutional institutions have to be strengthened. The search is on throughout the world to find ways and means of strengthening the constitutional institutions.

The Effect of Parallel Bodies on Community Based Organizations

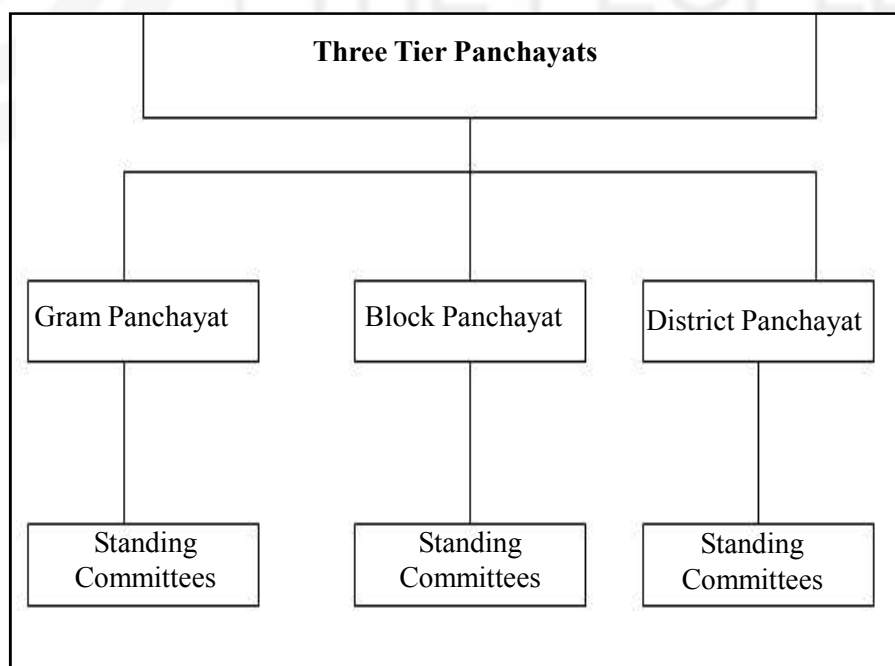
Community based organizations have strength and weaknesses. After the advent of Panchayati Raj institutions, in many places they have added strength to Panchayati Raj institutions by supporting them in delivery of services and goods. For the effective participation of the people in implementing schemes and programmes, the community organizations have contributed not only mere manpower, but, also, needed resources from their corpus. This synergy takes place where the communities are modernized, and democratized. This synergy happens in urban districts and industrialized districts. The same community based organizations are in conflict with the constitutional panchayats, as they want to retain some of the tasks and responsibilities which are assigned to the constitutional panchayats. More particularly some of the properties of the panchayats are with community based organisations. The newly elected representatives are in the process of retrieving the same from them and as a result, conflict arises between two bodies. It is evident from the panchayats where dalits and women are elected to gram panchayats as presidents. This conflict is more acute in backward and agriculture districts. Whenever the state government

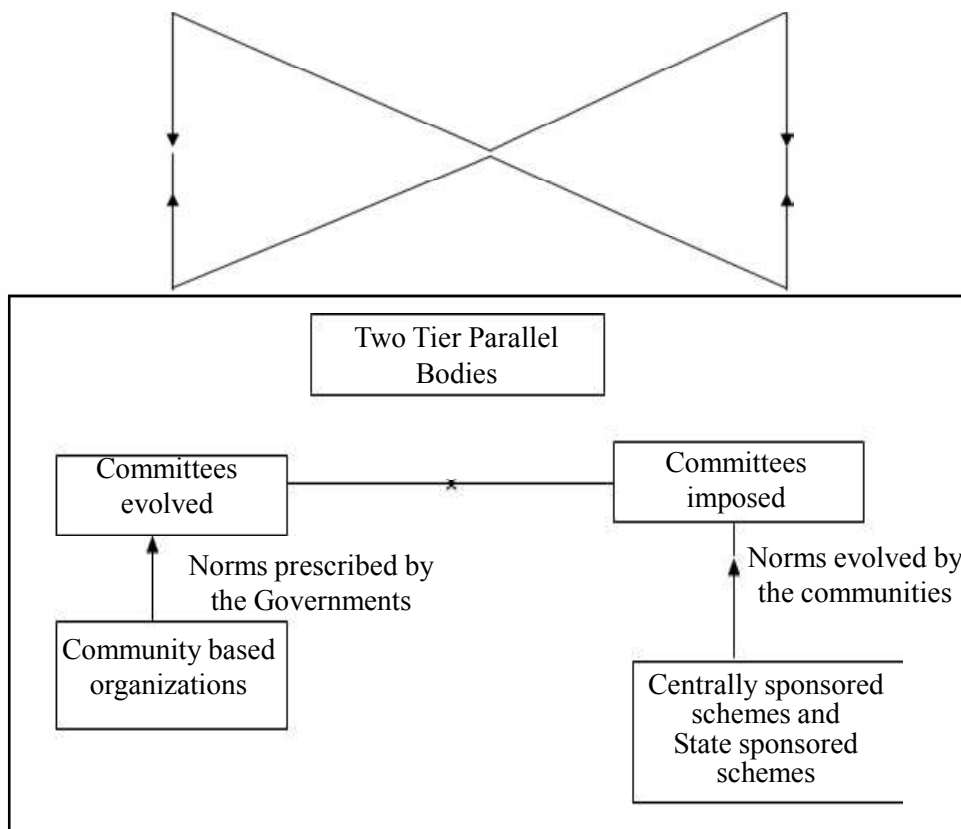
departments are effective in the process, the role of community based organizations is weak and constitutional panchayats are strong, and wherever the government departments are dormant, the constitutional panchayats are weak.

3.3.3 Three Tier Panchayats and Two Tier Parallel Bodies

The three tier Panchayat structure is created through the constitution and thereby it has been incorporated in Part X of the constitution. It is for the governance and administration of a geographical area called a district. In every district, you will find a three tier governance structure. The three tiers are: are Gram Panchayat, at village level; block Panchayat, at middle level; and, district Panchayat, at the district level. The two tier parallel bodies are created by central and governments and communities. Specific committees are created by the central government and state governments for implementation of specific schemes. They are not permanent and they are not constitutionally created as Panchayat statutory committees. These committees will disappear once the schemes and programmes are over. There is yet another set of organizations specifically evolved by the communities over a period of time. They are permanent. Among the committees created by the communities, many disappeared as many of the responsibilities had been taken over by the government. Yet, there are a few organizations that have functioned at the grassroots level for many years without interruption. All these organisations are functioning in isolation and sometimes with convergence and many times with conflicting interests. How they interact with each other, how they conflict with each other, and how they carry out their activities usurping each others' power are areas of study and analysis. Two of these studies are important and interesting. They have covered wider areas both in context and samples. The first study was conducted by Participatory Research in Asia (PRIA), a civil society organization based at New Delhi, and the other is a study conducted by the Ministry of Panchayati Raj, Government of India, based on the data provided by the state governments. The details are being given below in a diagram and in tables.

3.3 Three Tier Panchayats and Two Tier Parallel Bodies





After reading this section, you might have gained idea about the types of parallel bodies, their role and effect. Now you would be able to answer the questions given in Check Your Progress- 2

Check Your Progress 2

Note : a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit

1) Enumerate the various categories of Parallel Bodies.

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3.4 NON-PARALLEL BODIES

Parallel bodies do not include certain organizations, association and groups which perform certain functions at community level which are totally against some of the fundamental principles of the constitution. Those organizations and associations undertake responsibilities of the judiciary and deliver judgments on criminal and civil disputes by establishing their authority through their social base. They are not being discussed. We discuss about organizations, groups, committees, associations and institutions which are recognized by the government for carrying out certain responsibilities in the communities for effective delivery of services and managing some of the assets created by the government for the benefit of the communities.

3.5 FACTORS RESPONSIBLE FOR GROWTH OF PARALLEL BODIES

The factors outlined below are responsible for the growth of parallel bodies.

- i) **Participation of Beneficiaries** with the launching of the Minimum Needs Programmes in the Fifth Five Year Plan, both the Central and State governments, as well as various national and international agencies are investing a lot of money in socio-economic development. For effective implementation of these schemes, these agencies have constitution committees and groups at the village level. Two examples of this are the Joint Forest Management Committees (JFMs), and Water User Groups (WUGs). In a study conducted by PRIA, in actual practice these bodies work independently of the PRIs even though the Eleventh Schedule specifies that minor irrigation, water management and watershed development, and minor forest produce come under the preview of PRIs. The bodies are preparing participant lists and implementing these projects. However, in other ways they encroach on the areas of functioning of PRIs. In Gujarat, there is major role conflict between the JFM committees and village panchayats with regard to minor forest produce.
- ii) **Provision of Technical Input/ Expertise** customarily, Panchayati Raj institutions, in general, and village panchayats, in particular, do not have technical experts to handle projects and programme. Because of lack of expertise, these bodies have been created by the governments and external donor agencies for implementation of projects and programmes. However, it is seen that instead of helping and empowering PRIs, these bodies have converted themselves into parallel bodies hampering the development and empowerment of PRIs. These bodies have been encouraged and gained ground in rural and urban municipal areas because of a deficit in available technical manpower with the elected bodies. The technical and human resource development in local self government institution restricts the proliferation of parallel bodies.
- iii) **Ensure Efficiency** the third important function of parallel bodies is its efficiency in the implementation of developmental projects. Vesting power with the Panchayati Raj bodies without concurrent development of capability has given rise to parallel bodies. The efficient and effective functioning of parallel bodies has enabled them to encroach on the functioning of PRIs.
- iv) **Non-existence of Statutory Committees** the growth of parallel bodies can be attributed to the non-existence of statutory committees such as an Education Committee, Health Committee, or Production Committee at different levels of local self government. Besides, even where they do exist, these committees are not adequately empowered to carry out the duties and responsibilities assigned to them by the State Panchayati Raj Act. The parallel bodies are virtually performing all the duties and responsibilities of these committees.
- v) **Bureaucratic Control Mechanism-** It is a fact that in most states, the bureaucratic machinery does not want to delegate power to local self government institutions. They prefer to implement programme through the

parallel bodies rather than through the PRIs. They generally believe that the PRIs do not have capabilities to implement projects and programmes. Indirectly, they do not want empowerment of PRIs. Thus, bureaucratic support is one of the reasons for growth of parallel bodies. The Jannabhoom project, Andhra Pradesh, is one of the best examples. According to PRIA, all local issues related to the functioning of local intuitions and implementation of government schemes came under the Janmabhoom programme, and the functions of the Panchayat were taken over by the Janmabhoom programme through the backdoor.

3.6 EXAMPLES OF PARALLEL BODIES

3.6.1 Summary picture of Parallel Bodies in the 7 states studied by PRIA in 2001, their Areas of Overlap with the PRIs and their Institutional Linkages with the PRIs is given below.

Table-I: Examples of Parallel Bodies given by PRIA

No.	State	Parallel Body	Areas of overlap/ substitution	Institutional Linkage with PRIs
1.	Uttar Pradesh	Water User Groups (WUG)/ Site Implementation Committee (SIC)	- Formulating, developing and approving plans of the area covered by the WUG - Selection of beneficiaries (farmers) - Construction, maintenance and management of link and main drains - Policy decisions like decision on rates of water charges	Village Pradhan may be the ex-officio chairperson of the SIC
2.	Haryana	Gram Vikas Samiti	Supervision of construction of work out of the funds released by HRDF Board, decentralized planning or any other state government scheme	The samiti consists of 4 members of gram Panchayat Chairperson - Sarpanch Elected Members - one Panch each from SC community, BC community and a woman Panch
3.	Kerala	Expert Committee	Preparation of panchayats development plans	Technical advisory body to the panchayats regarding the plans prepared by the Panchayat
4.	Andhra Pradesh	Janmabhoomi	Planning and implementation of development programmes at the local level	Sarpanch and the concerned ward member finds representation in the Habitation Level Committee of Janmabhoomi.

5.	Gujarat	Joint Forest Management	• Cultivation, collection and sale of minor forest produce • Conservation and maintenance of common property resources	• A representative of village Panchayat will serve as one of the member of the mandal committee. • Village Panchayat itself may become a mandal committee for the purpose of JFM.
6.	Rajasthan	Watershed	Minor Irrigation	Panchayats can become Project Implementing Agency (PIA) for watershed projects on priority basis.
7.	Himachal Pradesh	Vigilance Committee	Supervision of gram Panchayat works/schemes costing upto Rs.50,000/-	Supervisory body within gram Panchayat of the works, schemes and other activities of Gram Panchayat.

Source: Parallel bodies and Panchayati Raj institutions (Expertise from the States)< PRIA, December 2001

3.6.2. Summary Picture of Parallel Bodies as Reported by the States in 2007 to the Ministry of Panchayat Raj, Government of India.

Table-II: Examples of Parallel Bodies Reported by a few States

No.	State	Parallel Body	Areas of overlap/ substitution	Institutional Linkage with PRIs
1.	Andhra Pradesh	Institutionalized parallel bodies in a big way. Passed enabling laws to register user groups in different sectors to make them legal entities. Such bodies are created at the district level as well as local level some of them at the instance of donors like World Bank. SHGs are another set of parallel bodies which operate fairly successfully but at the cost of weakening PRIs.	Substituted the function of PRIs in most of the relevant areas	Since most parallel bodies have been created as legal entities there in little scope for institutional linkages with PRIs.
2.	Arunachal Pradesh	Not reported		
3.	Assam	Village Education Committees Watershed Associations Village Forest Committees DRDAs	Substitute the functions of PRIs in the relevant areas	Independent of PRIs
4.	Bihar	Water Users Associations, Mahila Samakhya Groups, etc. DRDAs	Substitute functions in the relevant areas	Independent of PRIs
9.	Himachal Pradesh	The main parallel bodies are DRDAs, Village Forest	Substitute the of functions PRIs	Very weaklinkages

		Development Committees, The Parivar Kalyan Avam Salahkar Samiti, Agriculture Technology Management Agency and DPDC. The State Government is taking action to establish at least one Rural Business Hub (RBH) in each Block. It is ascertained that donor agencies also create parallel bodies. For example, Village Forest Development Committees have been constituted under the forest sector reforms project, undertaken with the cooperation of DFID.		withPRIs.
14.	Madhya Pradesh	The DRDAs continue to exist as separate and distinct bodies, with the President of ZP as its Chairperson. Funds pertaining to major rural development programmes are channeled through the DRDAs. The DRDAs are expected to be facilitating and supporting organizations to the ZPs, providing necessary executive and technical support in respect of poverty reduction efforts. It is reported that the accounts of the DRDAs are captured in the accounts of the ZPs. At the field level, the Gram Swaraj Legislation of 2001 set up a number of sub-committees of the Gram Sabhas directly exercising executive powers. These could be considered as extensions of institutions of peoples' participation, but to the extent that they usurped the finances that were to go to the Panchayats and executed projects directly within the functional domain of the Panchayats, they were considered as the Village Education Committees. The Gram Sabha elects some members of these bodies and the department nominates a few. In some members of these bodies, the Sarpanch is also a member of the committee. In practice these committees have no linkages with the Panchayats and their funding does not find any place in the Panchayat's accounts. In many cases, the funds given to these parallel committees rival those given to the Panchayats.	A lot of overlap and substitution are there	Institutional Linkages with PRIs are weak.
15.	Maharashtra	The main parallel body is DRDA. In spite of the fact that Zilla Parishad have been strong in Maharashtra, the DRDAs have not been abolished. Zilla Parishad President is Chairman of Governing body whereas the	There is serious problem of overlap at ZP level.	Weak Linkages

		Chief Executive Officer is Chairman of Executive Committee of DRDA <i>vide</i> Government order, dated May, 8, 2001. In March, 2004 the post, Project Director DRDA was upgraded to Additional CEO level. Now senior officer in the rank of Addl. CEO looks after the working of DRDA. According to government of Maharashtra this decision will certainly improve the working of DRDA.		
16.	Manipur	The parallel bodies continue to exist in the State of Manipur. The line Departments have their own bodies which have not been brought within the umbrella of the Panchayati Raj institutions. The Central Government has also got its bodies like the structure of the ICDS, the SSA, etc., which are very loosely connected to the PRLs. Even the District Rural Development Agency (DRDA), as stated earlier, though headed by the Adhakshya of the Zilla Parishad is not fully integrated with the former. The State Government of Manipur has undertaken to give due consideration for merging all parallel bodies including the DRDA with the Zilla Parishad.	Serious problem of overlap/ substitute are there	Weak Linkages
22.	Rajasthan	There are parallel bodies like the School Development Management Committee formed by Education Department, Water Sanitation Committee formed by PHED, Social Forest Committee formed by Forest Department, etc. and the donor agencies like World Bank, UNDP, etc. are funding projects of NHOs working as parallel bodies.	Very serious problems of overlap/ substitution	Extremely weak linkages
23.	Sikkim	The State has only one DRDA. The DRDA is an autonomous body governed by a Governing Body at the State level. There are 4 (four) district level co-ordination committees which comprised by MLAs and Zilla Panchayat members. The primary function of the DRDA is the constitution of SHGs of BPL which is done through identification of BPL persons in Gram Sabhas	Serious overlap/ substitution	Weak linkages

Source: Status of Parallel Bodies vis-à-vis PRLs, as Reported by the States up to June 2007.

After reading this section, you might have gained idea about the various types of parallel bodies. Now you would be able to answer the questions given in Check Your Progress-3

Check Your Progress 1

Note : a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit

1) What are the factors responsible for the growth of Parallel Bodies?

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3.7 LET US SUM UP

In this unit we discussed the meaning and concept of parallel bodies. The parallel bodies, although playing an important role in rural development, hinder the functioning of the PRIs in many cases. The parallel bodies are growing because the statutory bodies of the local self government are not functional in many states. The examples of parallel bodies given by PRIA and by different state governments are given in this unit.

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3.9 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

- 1) What do you understand by Parallel Bodies?

Ans. Parallel bodies are organizations created by communities and government departments to discharge certain responsibilities in parallel, while the constitutionally created Panchayati Raj institutions are in position, in the same geographical area, to discharge the same set of responsibilities. According to PRIA, the term, 'parallel bodies', refers to those bodies whose functional domain overlaps with that of the PRIs, or, which are functioning in such a way as to hinder/support the decision-making process/effective functioning of the PRIs in areas which are constitutionally demarcated to PRIs as per the 11th Schedule.

Check Your Progress 2

- 1) Enumerate the various categories of Parallel Bodies.

Ans. The parallel bodies can be broadly categorized into the following types:

- i) Committees of the centrally sponsored schemes
- ii) Community based organizations
- iii) Three tier Panchayats and two-tier parallel bodies

Check Your Progress 3

- 1) What are the factors responsible for the growth of Parallel Bodies?

Ans. The factors responsible for the growth of Parallel Bodies:

- i) Participation of Beneficiaries
- ii) Provision of Technical Input/ Expertise
- iii) Ensure Efficiency
- iv) Non-existence of Statutory Committees
- v) Bureaucratic Control Mechanism

MDV-111: LOCAL SELF GOVERNANCE AND DEVELOPMENT

BLOCK 1 DEMOCRATIC DECENTRALIZATION

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- Unit 2 Local Self Government and Panchayati Raj Institutions
- Unit 3 Local Self Government and Urban Local Bodies
- Unit 4 PESA and its Implementation

BLOCK 2 LOCAL GOVERNANCE AND LOCAL ORGANIZATIONS

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BLOCK 3 DECENTRALIZED PLANNING AND DEVELOPMENT

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BLOCK 5 EMPOWERMENT OF LOCAL BODIES

- Unit 1 Empowerment of Marginalized
- Unit 2 Capacity Building
- Unit 3 Leadership
- Unit 4 Resource Mobilization

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