
UNIT 1 LEGAL AND STRUCTURAL REFORMS

Structure

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1.1 INTRODUCTION

Law by itself may not be sufficient to bring about development in urban areas; however, legislative support is absolutely necessary for undertaking various measures for improving infrastructure and governance as well as the conditions of the poor in urban areas. Equally important is that such laws should be implemented effectively. The Constitution of India has assigned the subjects pertaining to the urban areas to the State Legislature. In so far as the urban issues are concerned, the legislative powers of the Union are limited only to the following subjects/areas:

- Delhi and other Union Territories
- Property of the Union
- A subject of the state list which two or more state legislatures authorise Union Parliament to legislate
- Amendment of the Constitution of India

In exercise of these legislative powers, the Parliament of India has enacted the following legislations which are administrated by the Ministry of Urban Development, Government of India.

After studying this unit, you should be able to:

- Explain the significance of legislative support in urban development sector;
- Describe the rationale and benefits of urban reforms specifically legal and structural reforms; and
- Analyze the features of legal and structural reforms in urban sector.

1.2 URBAN REFORMS INITIATIVES

The process of urban reforms which tentatively began in the 8th Plan reached its high point when in December 2005 with the launching of Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The JNNURM is basically a reform linked incentive scheme for providing assistance to state governments and urban local bodies (ULBs) in selected 63 cities, comprising all cities with

over one million population, state capitals and a few other cities of religious and tourist importance for the purpose of reforming urban governance, facilitating urban infrastructure and providing basic services to the urban poor. The total budget of the Mission is estimated to be Rs. 1,26,000 crores out of which the central government shall provide Rs. 50,000 crores. It is thus by far the single largest initiative of the central government in the urban sector. The broad framework of the Mission is as follows:

- Preparation of City Development Plans (CDPs) by respective cities with a 20-25 years perspective.
- Sector-wise detailed project reports to be prepared by identified cities listing projects along with their financial plans.
- A Memorandum of Agreement (MoA) to be signed between the central government, state governments and ULBs containing the time bound commitment on the part of states/ ULBs to carry out reforms in order to access central funds under the Mission.
- Funding pattern in terms of percentages would be 35:15:50 (between Centre, States and Urban Local Bodies) for cities with over 4 million population, 50:20:30 for cities with populations between one and four million, and 80:10:10 for other cities.
- Assistance under the Mission to be given directly to nominated State Level Nodal Agencies, who in turn would give the same to state government/ ULB in the form of soft loan or grant-cum loan or grant.
- The assistance thus provided would act as seed money to leverage additional funds from financial institutions/capital markets.
- Public Private Partnership (PPP) to be the preferred mode of implementing projects.

The Mission is comprised of two sub missions, namely, Sub-Mission for Urban Infrastructure and Governance and Sub-Mission on Basic Services to the Urban Poor. The admissible components under both these sub-missions together include urban renewal, water supply and sanitation, sewerage and solid waste management, urban transport, slum improvement and rehabilitation, housing for urban poor, civic amenities in slums and so on. But the Mission document clearly states that: (a) funds accessed cannot be used to create wage employment; (b) land costs will not be financed (c) housing to the poor cannot be given free of cost; (d) privatisation or Public Private Partnership (PPP) will be the preferred mode of implementing projects; (e) a 'reasonable' user fee will be charged from the urban poor for services so as to recover at least 25% of the project cost and (f) the onus of minimizing risks for the private investor would be on state governments/ULBs. The priorities of the government become even clearer when we look at the set of reforms that the state governments and ULBs are supposed to carry out if they wish to avail central assistance under the JNNURM. These reforms have been divided into two parts - mandatory reforms and optional reforms.

1.2.1 Mandatory Reforms

State Level

The state governments seeking assistance under the JNNURM would be obliged to carry out the following mandatory reforms: a) effective implementation of

decentralization initiatives as envisaged in the Constitution (seventy-fourth) Amendment Act, 1992; b) repeal of Urban Land (Ceiling and Regulation) Act, 1976; c) reform of rent control laws; d) rationalisation of stamp duty to bring it down to no more than 5 percent within seven years; e) enactment of a public disclosure law; f) enactment of a community participation law, so as to institutionalize citizens' participation in local decision making; and g) association of elected municipalities with the city planning function.

Municipal Level

At the municipal level following reforms are proposed: a) adoption of a modern, accrual-based, double entry system of accounting; b) introduction of a system of e-governance using IT applications, GIS and MIS for various urban services; c) reform of property tax so as to raise collection efficiency to 85 per cent; d) levy of user charges to recover full cost of operation and maintenance within seven years; e) internal earmarking of budgets for basic services to the urban poor; and f) provision of basic services to the urban poor, including security of tenure at affordable prices.

Apart from these, there is a set of optional reforms common to both state governments and ULBs, any two of which they are supposed to implement each year. These include: a) revision of bye-laws to streamline the approval process for construction of buildings, development sites etc; b) simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes; c) introduction of property title certification; d) earmarking of at least 20-25 per cent developed land in housing projects for economically weaker sections and low income groups with a system of cross-subsidisation; e) introduction of computerized registration of land and property; f) administrative reforms including reduction in establishment cost by introducing retirement schemes and surrender of posts falling vacant due to retirement; g) structural reforms; and h) encouraging public private partnership.

In this section you studied urban reform initiatives. Now, you should be able to answer some questions relating to this section 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 is the broad framework of Jawaharlal Nehru National Urban Renewal Mission (JNNURM)?

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- 2) What are the mandatory urban reforms at State level under Jawaharlal Nehru National Urban Renewal Mission (JNNURM)?

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- 3) What are the mandatory urban reforms at municipal level under Jawaharlal Nehru National Urban Renewal Mission (JNNURM)?

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1.3 URBAN REFORM INITIATIVES: LEGAL AND REGULATORY REFORMS

Some of the legal and regulatory reforms initiated by the government in the urban development sector are narrated below:

1.3.1 Constitution (Seventy-Fourth Amendment) Act 1992

This is a revolutionary piece of legislation by which Constitution of India was amended to incorporate a separate Chapter on urban local bodies, which seeks to redefine their role, power, function and finances. The salient features of this Act are:

- Urban local bodies, to be known as Municipal Corporations, Municipal Councils and Nagar Panchayat depending on the population shall be constituted through universal adult franchise in each notified urban area of the country.
- These shall be constituted for a period of five years and if dissolved earlier, an election to reconstitute it shall be completed before the expiration of a period of six months from the date of its dissolution.
- Not less than one-third of total number of seats in each urban local body shall be reserved for women.
- The Legislature of a State may by law entrust on these bodies such power and authority as may be necessary to enable them to function as institution of local self government, including those listed in the Twelfth Schedule.
- The Twelfth Schedule of the Constitution has listed the following functions of the urban local bodies:

- 1) Urban Planning including town planning.

- 2) Regulation of land-use and construction of buildings.
- 3) Planning for economic and social development.
- 4) Roads and bridges.
- 5) Water supply for domestic, industrial and commercial purposes.
- 6) Public health, sanitation, conservancy and solid waste management.
- 7) Fire services.
- 8) Urban forestry, protection of the environment and promotion of ecological aspects.
- 9) Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
- 10) Slum improvement and up gradation.
- 11) Urban poverty alleviation.
- 12) Provision of Urban amenities and facilities such as parks, gardens, playgrounds.
- 13) Promotion of cultural, educational and aesthetic aspects.
- 14) Burials and burial grounds; cremations, cremation grounds and electric crematoriums.
- 15) Cattle pounds; prevention of cruelty to animals.
- 16) Vital statistics including registration of births and deaths.
- 17) Public amenities including street lighting, parking lots, bus stops and public conveniences.
- 18) Regulation of slaughter houses and tanneries.

In order that the urban local bodies can perform the functions assigned to them, the Legislature of a State shall assign them specific taxes, duties, tolls and levies and authorise them to impose, collect and appropriate the same. Each State shall also constitute a Finance Commission which shall review the financial position of the urban local bodies and recommend the principles which should govern the devolution of resources, including grant-in-aid from the Consolidated Fund of the State of these bodies. The superintendence, direction and control of the preparation of electoral rolls for and the conduct of all elections to the urban local bodies shall vest in the State Election Commission. In each district, a District Planning Committee shall be constituted to consolidate the plan prepared by the urban and rural local bodies. Similarly, for each metropolitan area, a Metropolitan Planning Committee shall be constituted to prepare a development plan for the metropolitan area as a whole.

All the State Governments have either enacted new Municipal Law or amended the existing laws to conform these to the Constitution (74th Amendment) Act, 1992. All the States (except Jharkhand and Pondicherry) have conducted the election to the local bodies. All the States (except Arunachal Pradesh) have constituted State Finance Commissions and most of the Commissions have submitted their reports to the State Governments, recommending significant devolution of resources to the urban local bodies. The national Eleventh Finance Commission has also recommended devolution of Rs. 2000 crores as grant-in-

aid from the Central Government to the urban local bodies. Constitution (74th Amendment) Act 1992 has made the urban local bodies into vibrant self governing institutions. This has ushered in a new era of urban governance and urban management in India. Besides this, Government of India has proposed a series of reforms in related areas to create an enabling legal environment for speedier implementation of urban development schemes and for attracting larger participation of private sector. Some of these proposals are:

- Amendment of Land Acquisition Act, 1894 to speed up the process of acquisition and to de link the process of taking over possession of land from the process of determining compensation.
- Amendment of the Transfer of Property Act, 1882 to bring the concept of categorisation of mortgages in line with recent practices of housing and financial institutions, in particular English Mortgage and Equitable Mortgage, lay down uniform Mortgage documents, introduce speedy and predictable system of foreclosure of mortgages and to give legal shape to rights of owners in multi storied apartments.
- Amendment of the Indian Stamp Act, 1899 and the Indian Registration Act, 1908 to delink the process of registration from the payment of stamp duty, to liberate the registration process from the requirement of various no objection certificates and to rationalise stamp duties on various instruments.

1.3.2 Rent Control Reform

State Level

The rent control laws were initially enacted as temporary acts and short-term measures to overcome transient problems emanating from unusual situations. In many states, these laws incorporated a sunset clause stating the period at which the law will terminate. The provisions in the laws were designed keeping in view the short-term nature of the enactments. Continuation of these acts over a long period without amending such provisions has had adverse consequences like depletion in supply of rental housing, distortions in rental housing market and negative impact on urban finances.

The major provisions of rent laws, which need to be amended, are as follows:

- Control of rents: Under most rent laws, rent is fixed much below the market or economic rent and there is no provision for its revision over time.
- Obligations of landlords and tenants: The landlord is obliged under law to keep the premises in good condition and pay all taxes relating to the property. The tenant is obliged to pay the rent on time, but has no obligation towards even day-to-day maintenance.
- Repossession of the premises by the landlord is permissible only on grounds specified in the law. Main grounds include non-payment of rent; misuse or non-use of premises; requirement of premises by the landlord for repair or for self-use; non-requirement of premises by the tenant; and sub-letting of premises without the permission of the landlord.
- The long judicial process, at times extending over ten to twenty years, denies quick repossession of the property to the landlord.
- Tenancy rights are inheritable under most state (rent) laws. Thus, once a house is let, getting repossession is well next to impossible.

Why is it important to reform the Rent Control Law?

The combination of the provisions listed above leads to the following consequences. Low or negative rate of return from investment in rental housing and decline in supply of rental housing due to:

- Withdrawal of rental housing from existing stock.
- Accelerated depreciation of the premises due to inadequate maintenance.
- Disincentive to new investment in rental housing.
- Reduced supply of rental housing in the “controlled” market segment leads to increased rents in the uncontrolled market segment.
- Ineffective implementation of the rent laws leads to emergence of a black market in rental housing and of unlawful practices like payment of “key money” at the point of entry in tenancy.
- Exclusions of lower income groups from the rental housing market, due to inability to pay high rents in the uncontrolled market and huge deposits as key money in the controlled market.
- Inefficient and wasteful use of scarce resource (rental housing) in the controlled market due to low rents.
- Negative impact on the value of tenanted properties with repercussions on the saleability and/or mortgagability of the premises.
- Contentious relationship between the landlord and the tenant.
- Increased litigation and resort to criminal practices for getting repossession of the house by the landlord and consequent increased administration cost for resolution of disputes.
- Stagnation of revenue from property taxes, which is the major source of revenue for urban local bodies.

1.3.3 Benefits of Reform in Rent Laws for States, ULBs and Citizens:

i) States

- Increased investment in housing will have positive multiplier impact on State Domestic Product (SDP) and will generate additional employment.
- Increased supply of rental housing will lead to reduced rent levels and a decline in number of slums.
- Improved housing situation will reduce the need to allocate government funds for housing and release additional resources for financing other social objectives.
- More efficient allocation of existing housing stock will lead to increased productivity with beneficial impact on economy of the state.
- Decline in the number of rent related litigations.
- Mitigation of social disharmony.

(ii) ULBs (Urban Local Bodies)

Some of the benefits to be accrued to the ULBs are as follows:

- Increased revenue from property tax.

- Reduction in the number of sub-standard housing units leading to improved quality of housing stock in the city.
- Reduced burden on municipal finances on account of diminished need to allocate funds for up gradation of dilapidated housing, etc.

iii) **Citizens**

Some of the benefits of the reform to the common man are as follows:

- Development of a healthy rental housing market.
- Increased accessibility and affordability of rental housing.
- Improved security of tenure.
- Reduction of black money deals on account of unlawful payments (e.g., key money) by landlords or tenants.
- Improved access to housing finance for owners of rented properties.

Recognizing the negative impact and social tensions created by the rent control laws, the Government of India came out with a Model Rent Legislation (MRL) in 1992. Following the formulation of the model rent legislation, many states have repealed their old acts and formulated new ones. These states include Karnataka, Rajasthan, Maharashtra and West Bengal. Several other states are in the process of reforming their acts.

1.3.4 Repeal of Urban Land Ceiling & Regulation Act (ULCRA)

State Level Reform

The objective of the Urban Land Ceiling & Regulation Act, 1976, (hereafter ULCRA) was to facilitate the availability and affordability of urban land by increasing its supply in the market and by establishing an efficient land market. The ULCRA provided for imposition of a ceiling both on ownership and possession of vacant land; acquisition of excess vacant land by the state government with powers to dispose off the land for the common good; payment of compensation for the acquisition of the excess land; and granting exceptions in respect of certain specific categories of vacant land. The ULCRA came into force in 1976 in 64 urban agglomerations spread over 17 states and three union territories (UTs) and covered towns with a population of more than two lakh as per the 1971 Census.

The implementation of the ULCRA in the states and UTs was, however, dismal mainly due to:

- Absence of clarity and too much discretionary powers given to the state governments for granting exemptions.
- Compensation provided for the acquired land was very little, which often led to lengthy litigation disputes. The maximum compensation was Rs.10 per sq. meter and the total compensation could not exceed Rs.2 lakhs per owner. This made landowners reluctant to declare their vacant land as surplus.
- Absence of a mechanism to encourage the entry of the vacant urban land into the land market through appropriate fiscal measures. Land prices in cities reached astronomical heights due to artificial scarcity of land created by ULCRA.

Since the ULCRA has not met its intended objectives, the Government of India decided to repeal the Act with the passing of the Urban Land (Ceiling and Regulation) Repeal Act, 1999. Various states subsequently repealed the Act. The states yet to repeal ULCRA are Andhra Pradesh, Assam, Bihar and West Bengal. Repeal of the ULCRA has been included as one of the mandatory reforms suggested in the JNNURM. States have to commit to repealing it within a committed time frame. It is envisaged that the repeal of the Act would go a long way in reviving the stagnant housing industry and facilitate construction of dwelling units both in the public and private sector.

Rationale for the reform

The following are the principal reasons why the ULCRA should be repealed:

- Vast tracts of land in cities are expected to be released for development. This will bridge the gap between demand and supply in the real estate sector of various states.
- The housing sector will receive a big boost. The increase in the supply of land will improve accessibility and affordability for the urban poor.
- It will tend to improve transparency and efficiency in land acquisition, which would encourage domestic and foreign investment in the real estate sector.
- The administrative fees payable under ULCRA for getting permission for land development, which are sometime as high as Rs.100 per square feet, would be done away with and the benefits passed on to the consumers.

Some of the specific advantages of repealing the ULCRA for states, ULBs and citizens are as follows:

States

- Increased supply of land and investment in housing will have multiple effects in generating direct and indirect income and employment generation, besides, improving productivity levels and the overall social well-being.
- It will ensure faster granting of building permissions and promote real estate development in selected cities, shorten project execution time, and save on interest. These benefits can be passed on to consumers.
- Large tracts of land that earlier would have required urban land ceiling clearance from the government can now be taken up for construction and development of integrated townships and construction of houses for Economically Weaker Sections (EWS)/Low Income Groups (LIG).
- Decline in number of litigation cases.
- New supply of land is expected to have a moderating effect on property prices.
- It will remove the impediments to land supply and free it from obsessive government control.

ULBs (Urban Local Bodies)

- Increased housing supply will help in mobilizing property tax.

Citizens

- Increased accessibility and affordability of housing for the urban poor.
- Reduced corruption and unlawful payments to get permission for development.

1.3.5 Community Participation Law: State Level Reform

The Community Participation Law (CPL) is aimed at strengthening municipal governments by:

- Institutionalizing citizen participation.
- Introducing the concept of Area Sabhas (consisting of all registered voters of a polling booth) in urban areas.
- Involving citizens in municipal functions like setting priorities, budgeting provisions, exerting pressure for compliance of existing regulations, etc.

JNNURM contemplates the creation of another tier of decision-making in the municipality which is below the ward level, called the Area Sabha. All the Area Sabhas in a ward will be linked to the ward level committee through Area Sabha representatives, who will be representatives of the community. Thus, there will be minimum 3 tiers of decision-making in a municipality, namely, the municipality, the ward committee, and the Area Sabhas. In addition, states may choose to have an intermediary level for administrative reasons, clustering multiple wards into a regional structure between the ward and the municipality.

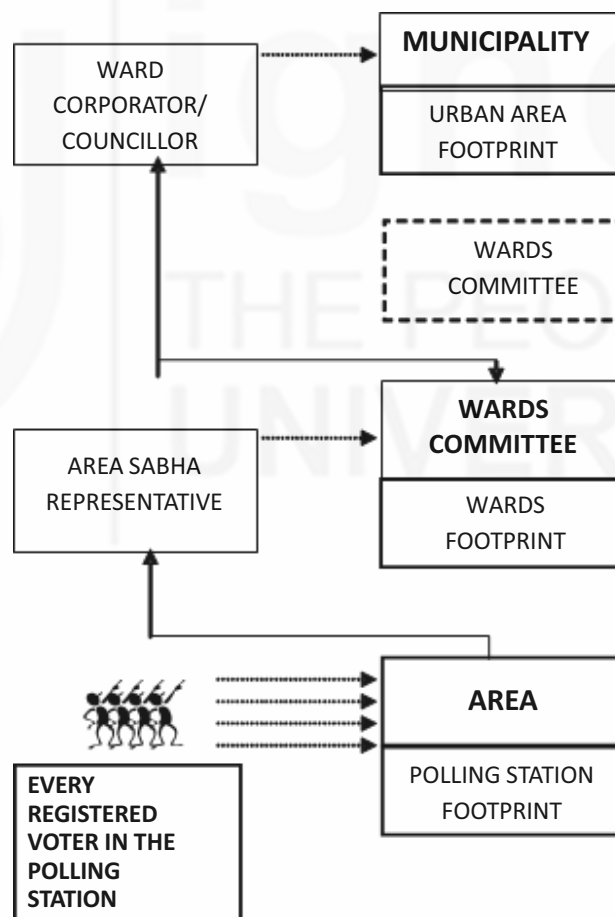


Fig 1.1

The CPL is a mandatory reform under the JNNURM and it refers to making appropriate provisions in the state-level municipal statute(s) for the establishment of such a three/four-tiered structure. The JNNURM makes it mandatory for states to either enact a separate CPL or make appropriate amendments to their existing municipal laws. These enactments will need to ensure clear definition of functions,

duties and powers of each of these tiers, and provide for appropriate devolution of funds, functions and functionaries to these levels. The figure above (Fig 1.1) illustrates the proposed structure. Citizen participation is essential for making democratic processes effective and for strengthening them. It provides a platform to citizens to influence policy/program development and implementation. While various platforms and systems for citizen's participation have developed organically, there is a need to institutionalize them to make them effective and sustainable. The CPL aims to institutionalize such community participation platforms/systems. If implemented in true spirit, it will have the following advantages:

- It will help deepen democracy, facilitate efficiency and sustained socio-economic growth, and promote pro-poor initiatives.
- It will help in improving urban governance and service delivery.
- It will promote transparency and accountability in governance.
- It will improve the quality of decision making, as these would be based on knowledge of local realities and requirements.
- It has significance for regional planning structures like the District Planning Committee and the Metropolitan Planning Committee both of which require citizen participation in planning from the grassroots.
- Citizens will have a say in determining how information is shared, policies are set, resources are used and plans/programs are implemented.

1.3.6 Public Disclosure Law: State Level Reforms

The goal of public disclosure is to institute transparency and accountability in the functioning of municipalities through publication of information pertaining to various facets of municipal governance, namely: personnel, particulars of administrative structure, and finances and operations. The JNNURM envisages the enactment of a Public Disclosure Law (PDL) to ensure release of quarterly performance information to all stakeholders.

The core objectives of the Public Disclosure Law are:

- To provide appropriate financial and operational information on various municipal services to citizens and other stakeholders.
- To promote efficiency and consistency in the delivery of public goods and services by the municipality.
- To enable comparison over time (of a particular ULB) and space (between ULBs) by disseminating information in a structured, regular and standardized manner.

The JNNURM reform toolkit clearly states that “JNNURM requires that municipalities and parastatal agencies will have to publish information about the municipality and its functioning on a periodic basis. Such information includes, but is not limited, to statutorily audit quarterly statements of performance covering operating and financial parameters and service levels for various services being rendered by the municipality.”

The enactment of the Public Disclosure Law refers to making appropriate provisions in the state-level municipal statute(s) and/or other state-level statutes to ensure that these disclosures are mandatory.

Rationale for the reform

Public disclosure is essential for accountability within as well as outside the municipal system for the following reasons:

First, this criterion builds a channel between the local, state and the union levels of India's federal government structure for effective communication through voluntary disclosure of information. This aids the audit of finances and operational performance of ULBs. It also helps create an environment of healthy competition between different ULBs in the delivery of quality of life to their citizens.

Second, by making information accessible to the citizenry, it plays a lead role in enabling them to effectively use the participatory platforms to influence municipal policies. This reform can also be seen as supplementing another key reform criterion of JNNURM, namely, enactment of the Community Participation Law by helping it achieve informed participation. Thus, public disclosure makes ULBs more accountable not only within the federal structure but also to the citizen.

Third, the PDL also allows ULBs to be accountable to a variety of other stakeholders with which it must increasingly interact including lenders, credit rating agencies, donors, private contractors and so on. The creation of a robust platform for the disclosure of municipal finances will facilitate easier evaluation of municipalities in accessing funding from lenders and capital markets, as well as reduce the cost of borrowing over time. This is especially important given that ULBs may need to access market-based financing for at least some portion of their capital investment requirements.

Some of the advantages of a law on Public Disclosure are:

- A PDL will make it mandatory for municipalities to publish information *suo motu*.
- A well drafted PDL will provide clear guidelines to the ULBs/parastatals on the areas and manner of disclosure and hence prevent inconsistencies and conflicts.
- It will enhance transparency and accountability in government processes and in the process check corruption.
- It will help citizens to play an effective role in their local governance through informed participation, thus strengthening citizen-state partnership.
- Access to information will enhance the ability of citizens to exercise a whole range of other rights. In this sense, public disclosure supplements the Right to Information (RTI) Act, 2005, by making available regular information on ULB activities *suo motu* as follows:
 - This will ease the load on the Information Department by reducing the number of RTI requests on such matters.
 - This will ensure the periodicity of *suo motu* disclosure.
 - The reform also provides for the structuring of large volumes of information in an easily comprehensible format.
 - Disclosure of information will bring critical issues to the fore and exert pressure on all stakeholders to resolve them. In other words, such a law will enable an informed and sound analysis of urban challenges, thereby, assisting in identifying and implementing sustainable solutions.

1.3.7 Land Title Certification System: State Reform

Urbanising India urgently requires a robust system to protect land rights. There are two important aspects to land title: the first is the formal recognition by the state of property rights through a system of titles; and second the facilitation by the state, of efficient trade in rights, through a process of registration. Both of these elements exist in India, but in incomplete form.

While Indian law requires compulsory registration of sale of land, the Indian Registration Act of 1908 doesn't ask the registration authority to verify history of the land or ownership from the seller, weakening the protection to the buyer. Hence, land registration is not registration of title, but of deed of transaction. It is a fiscal instrument for the state, allowing it to collect a "fee", not providing the statutory support of certainty to title. Neither does the Transfer of Property Act, 1882 require verification of ownership. In addition, Section 18 of the Registration Act does not demand compulsory registration of all land related transactions. State legislation on land acquisition, court decrees, land orders, heir ship partitions, mortgages, agreements to sell, etc, do not require mandatory registration. The provision related to land in the Indian Contract Act of 1872, does not require contracts to be registered.

All of these forces combine to weaken land records and security of tenure. What we have in India today is a presumed ownership to land which is questionable and can be challenged on multiple fronts: ownership, extent of boundaries, clauses, financial encumbrances, inheritance subdivisions, etc. The formation of modern markets has required the replacement of traditional systems of common property rights and development, with a system that provides for individual rights and the ability to trade these rights. In such a scenario, it becomes important to strengthen formal system of registration and title, of individual property rights. For more information, refer to "Ground Rules" published by India Urban Space Foundation and Ministry of Urban Development, Government of India.

Irrespective of one's misgivings about the long-term implications of modern tenure systems, the edifice of a modern state/market ecosystem is premised on the paradigm of individual land and property rights. Any social or community concerns will have to find answers within this emerging paradigm; for example, the means of protecting group titles, or legal mechanisms of community ownership. Implementing a system of land title certification is one of the mandatory reforms suggested in the Jawaharlal Nehru National Urban Renewal Mission (JNNURM or the Mission hereafter). States are expected to implement the reform within the Mission period.

Rationale for the reform

Guaranteed title certification systems that protect rights to land and property have been developed in most of the democratic developed economies. The essential aspect to guaranteed title is that it relates to so many aspects of the functioning of both state and markets: it helps in social justice programmes like low income housing; it helps in more effective urban planning, in the protection of specified land parcels like environmental or heritage assets; it helps faster implementation of infrastructure projects, it reduces delays in judicial processes and unnecessary litigations; it helps in a more efficient mortgage market, with fewer delinquencies and greater transparency; and so on.

Benefits of the Guaranteed Title reform

Clearly providing security of title through robust records, improved registration and guaranteeing title, are significant next generation reforms on land. After two decades of advocacy and recommendations from Planning Commissions, the country is ready to take a leap towards these reforms. The impact of these reforms will be significant.

Social impact: There will be reliable data on property and land and hence a dramatic reduction in litigations, and encroachments will go down. Government records of land assets that are currently in shambles, will be vastly improved. This in turn will make land available for social development and infrastructure. There will be improved value to property assets, easier access to credit, increasing number of transactions. Transactions on land become simpler, cheaper, quicker, and will be accurate and secure.

Governance impact: Urban planning and management will be immeasurably improved with reliable data of the individual cadastre that will provide the smallest building block on which layers of data can be built. Data at the property level will be the building block for multiple uses, accurate assessment of land market valuation by street, updated voter lists, enforcement of zoning laws, etc. Tax and utilities collection will be better administered and allow fewer loopholes. Infrastructure projects will be done faster with clarity on title, and development policies like Transfer of Development Rights (TDR) will have an enabling environment.

Financial impact: The access to credit through land and property assets is an on-going study. This is especially important for the urban poor, who currently cannot use their property as collateral to access credit, due to lack of certainty of tenure rights. Guaranteed title will unlock the potential of land to generate capital. While the small holdings of the poor might not individually attract credit from formal financial institutions, they could become attractive as aggregated land collateral. For example, the total value of informal urban and rural land Karnataka alone is estimated to be \$90 billion, or Rs. 350,000 crores (extrapolated from Hernando De Soto data on Asia in “Mystery of Capital”)

Sources of revenue to the state and local governments -direct and indirect – will increase substantially -property tax collection, stamp duty for registration, building licenses, company and individual taxes with employment generation in an improved land development and construction sector.

Robust records and secure title bring informal land and property holdings into the formal system. The resultant benefits accrue to the property holders, improved sources of revenue to the local and state governments, and efficiency in social programmes of government.

In this section you studied legal and regulatory reforms in the housing and urban development sector. Now, you should be able to answer some questions relating to this section 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) What are the salient features of Constitution (Seventy-fourth Amendment Act), 1992?

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2) What are the advantages in implementing the Community Participation Law?

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3) What are the core objectives of Public Disclosure Law?

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1.4 URBAN REFORM INITIATIVES: STRUCTURAL REFORMS

JNNURM envisages certain structural reforms that aim at making the institutions of urban management at both the State and City levels more effective. These reforms will be effective not merely by notification of changes in rules and Government Orders, but by actually carrying out these change in institutional structures on the ground. These reforms are significant as they bring long-term and sustainable change, even though their impact may not be immediately visible.

Efficiency and effectiveness of institutions to its external stakeholders (front-end) is critically dependant on the internal capacities of the institution at its back-end. In the context of ULBs, internal capacities would be defined by – Structures; People; Systems and Processes. While reforms in people management, systems and processes are addressed under Administrative Reforms, reforms in inter and intra-organisational issues are addressed under Structural Reforms.

Administrative reforms and Structural reforms must go hand-in-hand. Changes in systems and processes must be commensurately followed-up by changes in structures aligned to the processes, and vice-versa. Structural reforms are envisaged to provide an enabling and supporting institutional context for governance improvements to strike roots and sustain them. They include:

- Reforms in the institutional structures of urban management at the State level;

- Creation of cadre of municipal staff for different disciplines;
- Decentralisation of municipal administration, and synchronisation of internal jurisdictions, organisation structure review and optimisation of staffing patterns;
- Implementation of these reforms requires concurrent actions by both at the State level and ULB level. The Department for Urban Development / Municipal Administration (or its equivalent) in every state should take the lead in enabling implementation of the above mentioned structural reforms.

1.4.1 Rationale, Impact and Benefits of Structural Reforms

1) Rationale for the reform

Strength of an institution lies in its ability to respond to changes in the external environment. The vast and diverse sets of changes that have taken place in the urban context, requires Urban Local Bodies, other civic institutions and State Governments to respond through making long-lasting structural changes. The key rationale for prioritising and undertaking Structural Reforms has been discussed earlier, viz. to enable the accomplishment and sustenance of other reforms under JNNURM in its true letter and spirit. Structural reforms are more difficult to implement, as it creates significant changes in status-quo i.e. it changes hierarchy and reporting relationships, requires realignment of many systems and processes, redefines responsibility, jurisdictions and mandates, and brings in new people into the structure that should be accommodated.

Structural reforms cannot be easily undone or reversed. Therefore, the benefits of such reforms will surely endure beyond the tenure of elected councils, or tenure of elected or administrative leaders who would anchor such changes. One of the key challenges in implementing structural reforms is in managing internal communication, so that all internal stakeholders accept and adapt to the changes.

1) Impact and benefits

Reforms in Institutional structures of urban management at the State level should lead to:	Reforms in Creation of cadre of municipal staff for different disciplines should lead to:	Reforms in Decentralisation of municipal administration, and synchronisation of internal jurisdictions should lead to:	Reforms in Organisation structure review and optimisation of staffing patterns should lead to:
- Clear delineation of regulatory, administrative and capacity development support functions rendered by State level agencies. Gaps, duplication and overlaps in mandates of state agencies resolved. - ULBs having issue-specific clear lines of reporting hierarchy to the State Govt. agencies	- ULBs have full time staff with specialised skills, within the hierarchy of the municipal setup. - Clear career growth path is available to staff. - Experiences are shared across cities through movement of personnel.	- Alignment of political, administrative (managerial) and operational accountability. - Costs, revenues and service delivery standards can be matched for each ward. - Better resource allocation decisions - for both capital expenditure and operational improvements.	- Improved alignment of organisation structure to the demands of municipal mandate. - Pockets of staff deficiency and staff redundancy resolved through redeployment and training. - Service delivery through optimal mix of in-house staff, contractual deployment (outsourcing) and PPP.

2) Generic set of reform initiatives for each reform area

To achieve the goals and objectives mentioned above in each area of structural reform, multiple initiatives will need to be undertaken. Each city and state government will need to contextualise and refine the reform initiative as relevant to its context. The priorities too may differ across different cities. However, it should be ensured that such adoption and prioritisation does not compromise on the goals and objectives of the reform.

A generic set of reform initiatives in each area is listed in the table below. Please note that this set is only illustrative and not exhaustive.

Ref. No.	Reform Area	Generic set of steps / initiatives
A1	Redefining institutional mandates – realigning the functions of multiple institutions that exist at State level.	Mapping functional mandates of all institutions at State level, both as defined in respective acts / articles of association of those organisations, etc. and as practiced in recent past. Identify overlaps and gaps. Classify regulatory, administrative, program management and technical support functions. Evolve revised institutional structure, clearly segregating the above 4 types of functions and eliminating any conflict of interest. Merge entities where appropriate. Reduce administrative redundancies. In large states, decentralise administrative functions (such as that of DLB) to regional offices. Revise the powers, official hierarchy and seniority of heads of the organisations, as per revised institutional structure. Institutionalise reforms being managed by Program Agencies/ SPVs, through mainstream agencies (such as DLB). Draft charters of mutual accountability, defining their roles, inter-linkages and performance accountability to one another. Bring ULB leadership in the governance structures of Program Agencies / SPVs involved in program management and technical support. Prepare a time-bound transition plan from current structure to the revised one. Communicate plan to all stakeholder agencies and obtain their buy-in. Effect changes in staffing structures and patterns aligned to the revised institutional arrangements. Transition plan can be gradual where some functions, staff, commensurate databases and processes are transferred. The time bound transition should be periodically monitored, by senior level (Secretary – UD of State Govt.), and emerging issues addressed immediately.
Creation of cadre of municipal staff for different disciplines		
B1	Creation of Cadre of municipal staff for both Administrative and Technical Functions.	Identify skill gaps – skill areas and number of professionals required. Notify the position vacancies, grade and scale for that position (linked to ULB size, role, etc.). Define qualifications, experience and competencies required. Finalise pay scale, grade (equivalence) with existing cadres, etc.

		Institute a standardised selection process, operated in transparent manner, (for e.g. Govt. of Karnataka's approach for posting municipal cadre officers through counselling). Define performance management process for the cadre. Ensure cadre is able to attract young qualified professionals, with the ability and aptitude to work in public institutions.
B2	Cadre management systems – all systems, processes, rules and norms for managing the cadre.	Define career growth path for cadre officers. Growth should offer higher responsibilities, learning opportunities, apart from higher emoluments. Define process and norms for absorbing existing personnel with related qualifications and experience into the cadre at appropriate levels. Define process that provides balance of authority in cadre management between State level and city level leadership. For all positions, process may be adopted of providing the ULB leadership a panel of at least 3/5 shortlisted names, and final selection by the ULB leadership. Similar balance should be created with respect to transfers, disciplinary action, etc. Institute processes for intensive training to personnel hired into the cadre, and periodic retraining and learning opportunities. Institutionalise processes for managing the cadre with regard to all personnel management functions.
Decentralisation of municipal administration, and synchronisation of internal jurisdictions		
C1	Synchronising jurisdiction boundaries.	All sub-ULB jurisdictions (electoral wards, zones, engineering circles, etc.) should be represented spatially on the city map. Examine the extent of incongruity. Identify bottlenecks to merging boundaries. For network services (water supply, sewerage, SWM) the network design, and logistics may pose peculiar problems in some places. Resolve these problems one by one (introduce intermediate metering in case of water supply, or club more than one ward to constitute a zone, etc.). In case of large cities, divide the wards into few zones (3 / 5), define routine service delivery functions to be monitored from these zonal offices. Zonal offices may also be cost centres to recording service delivery costs incurred in that zone. Transfer adequate powers to zonal administrative and engineering heads, to take decisions for uninterrupted operations. In the event, municipal wards are being redrawn under a de-limitation exercise, leverage the opportunity to alter municipal ward boundaries and synchronise with other sub-ULB spatial units.
C2	Realigning internal organisation structures and processes	Review deployment of operations staff, and realign with new jurisdictions. Alter reporting relationships where necessary. Review flow of information regarding operations from field to Zonal office / Head of Dept. Make appropriate changes.

D1	Staffing review	Provide information swiftly to municipal staff, citizens and all other stakeholders about the change in boundaries. Communicate widely through maps and charts, with adequate level of detail (scale not more than 1:1000). Provide training to all municipal staff about the revised structures, reporting lines. Undertake indepth review of staffing patterns in the ULB, covering staff in position, vacancies, sanctioned posts, etc. Examine skill and experience profile. Compare with norms. Examine ageing profile and examine superannuation rate (by department, level and skill base). Conduct interviews, time and motion studies, and undertake other measures to identify number of personnel required for the job. Also project increase / decrease in requirement if any. Focus on field level service delivery functions, citizen interface points and administrative support roles. Analyse skill availability Vs requirement, to lead to identification of gaps and redundancies. Prepare redeployment plan to bridge gaps and eliminate redundancies. Examine span of control, reporting hierarchy and adequacy of decision-making staff at all levels. Many a times, the Commissioner has a large span of control, with some minor departments such as Nursery / Urban Forestry directly reporting to the Chief Executive / Commissioner. These departments never get adequate attention, and consequently performance and effectiveness of the department suffers. Abolish redundant posts, many of which would have lost relevance. If gaps still remain, explore options of outsourcing staff on contract basis, or outsourcing the activity itself. Many functions can be taken up under PPP, reducing the staffing burden of the ULB. Prepare a detailed and timebound transition plan, with small incremental steps being taken up every day. Communicate the plan, and hold detailed dialogue with staff unions, counsel them and all staff being redeployment on individual basis. Take up measures for people to take pride in new role, improve hygiene factors and work conditions such as providing proper working spaces, uniforms, tools and devices, communication devices, etc. Often these minor issues are neglected, which snowball into larger issues, making transition difficult. The time bound transition should be periodically monitored, by senior level (Mayor and Municipal Commissioner), and emerging issues addressed immediately.
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In this section you studied structural reforms- optional reform. Now, you should be able to answer some questions relating to this section 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) What are structural reforms?

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2) What are the benefits of reforms in decentralisation of municipal administration?

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1.5 LET US SUM UP

Administration of urban local self-governments is an important element in the overall realm of public administration. From an urban citizens' perspective, administration of local governments (Urban Local Bodies – ULBs) impacts their lives far more than any other tier of government. Therefore, legislative and structural reforms institutions of urban local bodies potentially have a significant positive impact on the quality of governance, service delivery and overall quality of life in urban areas. Efficiency and effectiveness of institutions is critically dependant on the internal capacities of the institution. In the context of ULBs, internal capacities would be defined by:

- **Structures** – organisation structures of ULBs, organisation structure of urban development departments of State Government, and hierarchical relationships between the two.
- **People** – human resources who staff ULBs, and systems for developing and managing them.
- **Systems and Processes** – Quality, reliability and effectiveness of systems and processes that are both internal to the ULB, and those that enable the external interface with citizens and other stakeholders.

Technically speaking, legislative and structural reforms cut across various reform elements, and are not a stand-alone reform of a specific aspect of functioning of

ULBs. Reforms in systems / processes have been addressed in a number of reform elements such as –

- Streamlined processes for public disclosure.
- Administration of property taxes under Property Tax reforms.
- Administration of user charges under User Charge reforms.
- Usage of Information Technology under e-Governance, which also requires re-engineering of business processes.
- Implementation of modified accrual based accounting under Accounting Reforms.
- Streamlining processes for building plan approvals.
- Reforms in processes for conversion of land-use, registration of transactions on land and property.

However, apart from all of the above further reforms are required in a few key areas, to enable ULBs function as effective units of urban local governments. Generally, a number of systems and processes for functioning of ULBs are laid down as per Rules notified under the Municipal Acts and Procedures notified through Government Orders, etc. However, many of these systems and processes have become obsolete and redundant over time, and require substantial change. Also for a number of areas procedures are not defined, practices have evolved over time and carried on only on the basis of past-precedence. Therefore, a thorough review of systems and processes is called for in order to address multiple challenges that have emerged over time, such as:

- Municipal boundaries have expanded over time, requiring expansion in the administrative structure of the ULBs to address larger volume of work. Municipal functions have increased and become more complex. Most issues require multi-functional expertise to plan for, develop and manage. Thus the scale and skill requirements of municipal management have changed.
- Information Technology can be significantly leveraged to manage large volumes of data, citizen information, spatial information, etc. Ability of IT software tools to store, transfer and retrieve large amounts of data, makes it possible to simplify and speed up many municipal processes. Information and communication technologies can also be leveraged for easier, faster and more accessible two-way communication with citizens and other stakeholders.
- Many processes have become redundant over time. For e.g. the process of delivery of demand notices for Property Tax is redundant in the changed Self-Assessment System.
- Adding more staff to deal with these changes is not an option, as it is important for ULBs to be cost effective in its delivery of services.
- Citizens have legitimate expectations for higher levels of service and responsiveness by ULBs.
- All the above reasons, therefore require extensive legislative and structural reforms to be undertaken in ULBs.

1.6 REFERENCES AND SELECTED READINGS

- 1) World Bank (2007), *World Development Report*, World Bank
- 2) Kamal Siddiqui (2004), *Mega city Governance in South Asia*, The University of Press Limited.
- 3) O.P.Mathur (1999), *The Challenges of Urban Governance*, NIPFP, New Delhi.
- 4) Marino R. Pinto (2007), *Metropolitan City Governance in India*, Sage Publications, New Delhi.
- 5) Ramesh.K.Arora and R.M.Khadelwal (2008), *Good Governance Initiatives and Impact*, Paragaon International Publishers, New Delhi.

1.7 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1) What is the broad framework of Jawaharlal Nehru National Urban Renewal Mission (JNNURM)?

The broad framework of the Mission is as follows:

- Preparation of City Development Plans (CDPs) by respective cities with a 20-25 years perspective.
- Sector-wise detailed project reports to be prepared.
- A Memorandum of Agreement (MoA) to be signed between the central government, state governments and ULBs containing the time bound commitment on the part of states/ ULBs to carry out reforms.

2) What are the mandatory urban reforms at State level under Jawaharlal Nehru National Urban Renewal Mission (JNNURM)?

- a) effective implementation of decentralization initiatives as envisaged in the Constitution (seventy-fourth) Amendment Act, 1992;
- b) repeal of Urban Land (Ceiling and Regulation) Act, 1976;
- c) reform of rent control laws; d) rationalisation of stamp duty to bring it down to no more than 5 percent within seven years;
- e) enactment of a public disclosure law;
- f) enactment of a community participation law, so as to institutionalize citizens' participation in local decision making; and
- g) association of elected municipalities with the city planning function.

3) What are the mandatory urban reforms at municipal level under Jawaharlal Nehru National Urban Renewal Mission (JNNURM)?

- a) Adoption of a modern, accrual-based, double entry system of accounting;
- b) introduction of a system of e-governance using IT applications, GIS and MIS for various urban services;
- c) reform of property tax;

- d) levy of user charges to recover full cost of operation and maintenance
- e) internal earmarking of budgets for basic services to the urban poor; and
- f) provision of basic services to the urban poor, including security of tenure at affordable prices.

Check Your Progress 2

1) What are the salient features of Constitution (Seventy Fourth Amendment) Act 1992?

The salient features of this Act are:

- Urban local bodies, to be known as Municipal Corporations, Municipal Councils and Nagar Panchayat shall be constituted through universal adult franchise in each notified urban area of the country.
- These shall be constituted for a period of five years .
- Not less than one-third of total number of seats in each urban local body shall be reserved for women.
- The Legislature of a State may by law entrust on these bodies such power and authority as may be necessary to enable them to function as institution of local self government, including those listed in the Twelfth Schedule.

2) What are the advantages in implementing the Community Participation law?

It will help deepen democracy, facilitate efficiency and sustained socio-economic growth, and promote pro-poor initiatives and will help in improving urban governance and service delivery.

- It will promote transparency and accountability in governance.
- It will have citizen participation in planning from the grassroots.
- Citizens will have a say in determining how information is shared, policies are set, resources are used and plans/programs are implemented.

3) What are the core objectives of Public Disclosure Act?

The core objectives of Public Disclosure Act are:

- To provide appropriate financial and operational information on various municipal services to citizens and other stakeholders.
- To promote efficiency and consistency in the delivery of public goods and services by the municipality.
- To disseminate information in a structured, regular and standardized manner for and through urban local bodies.

Check Your Progress 3

1) What is structural reforms?

Structural Reforms include:

- Reforms in the institutional structures of urban management at the State level
- Creation of cadre of municipal staff for different disciplines

- Decentralisation of municipal administration, and synchronisation of internal jurisdictions
- Organisation structure review and optimisation of staffing patterns

2) What are the benefits of reforms in decentralisation of municipal administration?

The benefits of reforms in decentralisation of municipal administration are:

- Alignment of political, administrative (managerial) and operational accountability
- Costs, revenues and service delivery standards can be matched for each ward
- Better resource allocation decisions - for both capital expenditure and operational improvements



UNIT 2 DECENTRALIZATION: AN OVERVIEW

Structure

- 2.1 Introduction
- 2.2 Decentralized Planning Process: Meaning and Importance
- 2.3 Guidelines in Decentralized Planning Process
- 2.4 Software Available for Decentralised Planning
- 2.5 Steps in Preparation of Decentralised District Plan
- 2.6 Steps in Preparation of a Village Panchayat Plan
- 2.7 Steps to be Followed in the Preparation of a Urban Local Bodies Plan
- 2.8 Consolidation of District Plan
- 2.9 Let Us Sum Up
- 2.10 References and Selected Readings
- 2.11 Check Your Progress-Possible Answers

2.1 INTRODUCTION

One cannot find adequate literature on decentralised planning in India. Although, the discussions and deliberations were on even before the days of independence and subsequently after independence in all Five Year Plans, sporadically and sparingly it was put into practice at the ground and of course there were isolated experiments. Hence, inadequate literature on this area. After passing of the 73rd and the 74th Amendments to the constitution of India, decentralised planning gained much currency among the policy makers and administrators. Kerala emerged as model for decentralised planning and the experiences of Kerala were given in a separate unit. In the previous unit we have seen the need for decentralised planning contextually and the importance of peoples participation in the planning process at the grassroots and the approaches of decentralized planning. In this unit of principles and steps in decentralised planning you will understand the general principles to be followed and steps to be taken and followed in the preparation of a perspective participatory decentralised planning from below.

After reading this unit, you should be able to:

- i) Explain the meaning and importance of decentralized planning and process involved
- ii) Discuss various guidelines of decentralized planning
- iii) Explain steps in decentralized district planning
- iv) Describe steps to be followed in the preparation of village plan, urban local bodies plan and integrated district plan

2.2 DECENTRALIZED PLANNING PROCESS: MEANING AND IMPORTANCE

Decentralised participatory district planning involves people of all sections through an appropriate device mechanism and strategy in gathering relevant data, analyzing it to set priorities, matching the set priorities with available budget and schemes and programmes of the state and central government. It involves in defining process of implementation and the setting and monitoring of targets. This plan comprises what different planning units within a district can achieve by envisioning collectively, operating their targets, exercising their skills and leveraging their initiative. In this planning process each planning unit namely panchayats at gram level, intermediate and district levels, municipalities of different categories, line departments and parastatals would prepare a plan for implementation of each of their functions and responsibilities after consultations with people. While collaborating and coordinating with each other, they would not trespass into each other's area of responsibility, unless there are definite gains to be had and with mutual consent. The final plan would result from a buckling together of these unit plans through a consultative process of consolidation. It is the design of government of India.

Box I: Planning Unit

A planning unit is a body that is entrusted with responsibility of planning. In a logically organized system of local government the panchayats and municipalities are easily recognizable as distinct, self contained planning units. In India the position, status, responsibilities, powers, functions, finance, functionaries of Local Bodies vary from state to state. Planning exercises are being done not only by the local bodies but also government line departments and community organizations by making use of the schemes and programmes of the state and central governments. In the same way the donor agencies operate projects through NGOs and they also plan for activities. Keeping all variations the district planning committee has to accommodate all without trespassing the others domain.

Source: Planning Commission, Government of India, **Manual for Integrated District: Planning**
New Delhi: Planning Commission, 2008.

India is at a critical and unique juncture where participatory decentralised planning is felt imperative and it receives much attention from all segments of the society. It gains currency at all levels. To operationalise this exercise more scientifically and in scale and mobilize people of all segments of the society, the innovations in information and communication technology help is inevitable and essential. In every sense the time is ripe for preparation of participatory decentralised plan from below. Local institutions, needed technology, man power and resources are available now along with the guidelines for preparation of plan from every local institution and to consolidate the same at the district level through the District Planning Committee. By making use of the opportunity, people's felt needs could be fulfilled and better outcome and results could be achieved in terms of human development indicators. In the whole process, people will be mobilized for development tasks and level of awareness and capacity of the people could be enhanced. Participatory district planning is multi dimensional in nature and hence it calls for adoption of sequence of steps to achieve meaningful targets.

2.3 GUIDELINES IN DECENTRALIZED PLANNING PROCESS

The decentralized planning process follows certain guidelines which are delineated below:

There are certain key principles to be followed in the whole process of planning at the grass root level. They are non negotiable principles. A new mind set is needed for every one who is involved in the process of decentralized planning. Following are the principles;

- i) Ensuring the participation of stakeholders
- ii) Bridging regional disparities
- iii) Keeping ecology and environment in the backdrop
- iv) Strengthening the planning machinery at all levels
- v) Building the capacity of the functionaries
- vi) Transforming a vertical planning process in to a horizontal process
- vii) Using the ICT effectively for participatory planning
- viii) Global vision and local action
- ix) Proper assessment of resources
- x) Law of subsidiary
- xi) Downward accountability

i) Ensuring the participation of stakeholders

The prime objective of this plan is to make the unreached, neglected and marginalized to participate in the process of planning. The poor do not find time to take up responsibilities and they concentrate more on their livelihood. Hence, it is necessary to mobilize the marginalized for development action. By involving them in the process of decision making and planning confidence is instilled in the minds of the poor that they are also being considered as a factor to reckon with and by doing so the whole process is made inclusive. It requires new mind set and special skill for the leaders and the functionaries of the local bodies to bring them to the new exercise for inclusion.

ii) Bridging Regional Disparities

With in a district, wide variations are noticed among the regions. While seeing the blocks from the perspective of human development indicators, one will find the wide variations among the blocks within the district and variations among the districts within a state and among the states within a country. Removing such variations within the district should be one of the key principles and perspectives of decentralized participatory district planning. The district planning committee has to look into the disparities among the regions, while micro plan is developed. Allocation has to be ensured according to the needs of the region.

iii) Keeping Ecology, Environment in the Backdrop

You should know that we are living in a context where ecology and environment are in peril. Global warming and climate change will affect food production and disturb the eco system. Against this back ground, when decentralised rural planning is initiated, it should be done in the backdrop of ecology and environment. Natural resource conservation, protection and enrichment are key elements to be considered for decentralised participatory planning. While planning is initiated in the context of globalization liberalization and privatization, activities have to be chalked out on the available new opportunities with the aim of achieving economic development and prosperity. While doing so care has to be taken to protect ecology, biodiversity and environment. Optimum utilization of natural resources has to be kept in mind.

iv) Strengthening the planning machinery at all levels

Since planning at grassroots has been made mandatory, planning units at every level right from Gram Panchayat to District Panchayat, and Town Panchayat to municipal corporation have to be created and strengthened. Planning, monitoring and evaluation are to be done continuously and for which the units have to be equipped with staff, needed technology and resource support. Unless otherwise planning at grassroots will be adhoc and irregular and not people centric participatory planning.

v) Building Capacity of the Functionaries

Capacity building is an imperative need for effective functioning of the planning units. The key functionaries both elected representatives and officials have to be trained and oriented periodically in the new process and principles of evolving decentralised micro plan for poverty alleviation and development of the poor and marginalized sections. For collection and analysis of data and prioritization of activities at grassroots, they need perspective, understanding and vision. In order to make the functionaries capable, capacity building exercise is an imperative need.

vi) Transforming a vertical planning into horizontal process

Planning exercises have to done both horizontally and vertically. So far the line departments, mission units, donor projects and local bodies act in their own orbit without bringing any synergy. Now the weaknesses of the process is realized and synergy is the missing link and the need for such a link is felt and hence institutions working in a given geographical space have to work together keeping their autonomy intact. This is crucial for the success of the micro plan. By doing this synergization, every unit gets advantage. In a village, gram panchayat health committee is functioning, health mission unit is also working, a small NGO getting funds from a donor agency is also working in the same area and health department personnel is also functioning. All are working on the health issues. But they are all working not together but separately and they are accountable to their departments. But now in the planning exercise, all the units are brought together and work together by keeping their autonomy intact and towards acting the target and goals. So the vertical processes have to be transformed into a horizontal process.

vii) Using ICT effectively for participatory planning

At present information is power. People can be empowered through information. Information are essential need for planning. Data generation, validation, maintenance, updation should be done in a scientific way and for which the new technologies are needed. Every planning unit be it a Gram Panchayat or a small town panchayat, they are to be connected with newer technologies for transfer of information, generation of data and analysis of data. ICT can be used effectively not only to collect, collate, transfer and analysis of data but also for updation, maintenance and validation of the same. Moreover information dissemination has to be done in an effective way for wider mobilization of people for development activities and for which it helps immensely. Moreover it helps to maintain transparency.

viii) Global Vision and Local Action

We have millennium development goals. They are to be achieved. Countries have to work for it through their policies, programmes and resources allocation. But activities have to be carried out only in the society. So work has to be done only at the grassroots. Macro issues have to be tackled through micro actions. Be it literacy, poverty reduction, malnutrition or anemia or HIV, they are to be tackled massively by the involvement of people locally. If macro issues are broken and disaggregated it is easily manageable at the micro level. If each gram panchayat is empowered functionally and financially to tackle issues of health and education many of the MDG targets can be achieved at ease. Vibrant local actions are necessary. The beneficiary syndrome has to be changed and it is the look out of the people to participate in the process of development and act on the issues.

ix) Proper Assessment of Resources

Local units are traditionally spending units. Now it has to be changed. Available local resources have to be assessed and mobilized. Natural resources, human resources, and material resources available within the jurisdiction of the local governance units have to be assessed and accordingly decisions have to be taken for resource mobilization. The whole planning exercise will yield result only if resource planning is done properly. Fund flow mechanism has to be tracked and assess the resources available at the unit. Resources identification and tracking is the basic works in the process of planning at the grassroots.

x) Law of Subsidiarity

Every unit is autonomous and hence things that could be done at the lowest level could be allowed to be done at the lowest level. It should not be replicated or duplicated at the next level. From that perspective, planning exercise has to be carried out at the grassroots. We find overlapping of activities among the institutions and they are to be avoided. By doing so resources and time can be saved. Over a period of time capacity, skill and capability will be increased.

xi) Downward Accountability

In a traditional sense, in our governance and administration, accountability is built upwards. Every unit is accountable to the higher level unit and in the

same way every official is accountable to his / her superior official in terms of his / her roles and responsibilities. Now it has been reversed and accountability is built towards the stakeholders. They are empowered to evaluate the activities through the process of social audit. All units working at the ground are autonomous in their functional jurisdiction. Hence the units can work together without trespassing into the jurisdiction of the other. So far we have seen the basic principles that one has to follow while preparing the micro plan. Now we will move on to the next aspect the available software for preparation of micro plan.

After reading and understanding the concept of decentralized planning process, now attempt the question 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) Bring out the basic principles in decentralised participatory planning.

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2.4 SOFTWARE AVAILABLE FOR DECENTRALISED PLANNING

For planning exercise data generation, data validation and data analysis tools are so important and imperative needs. For continuous exercises, data storage, retrieval, validation and updating modern tools are imperative as it will reduce the wastage of time, resources and manpower. Hence using modern technology is unavoidable and necessary also.

For the preparation of decentralised participatory planning, government and other agencies have developed software and many of them are in use and they are listed hereunder:

- i) **“Plan plus”** is software developed by the NIC for the Ministry of Panchayati Raj Government of India to simplify and strengthen the decentralised planning process. It is well developed interactive local language software. It is suitable software for both the local bodies and line departments of the government.
- ii) **“National Panchayat Portal”** <http://panchayat.gov.in>. This is also developed by the NIC for the Ministry of Panchayati Raj, Government of India. It is a dynamic website for all panchayats. It provides data pertaining to panchayats. The whole responsibility of managing the content can be undertaken by the panchayats themselves.

- iii) **“Gram ++”** is a software developed by the IIT of Mumbai and it enables integration of numerical data on to a global information system for spatial display.
- iv) **“Riddhi Soft”**. This software is developed by a private company and it provides a cost effective and versatile GIS platform for local planning.
- v) **“DISNIC”**. It is also a software initiative aimed at collecting extensive data on local resources in a detailed village wise data base.
- vi) **“NIC’sGIS”**. The NIC has an in house GIS system that accesses data from remote sensing sources and provides detailed topography, soil; land use and water cover details which is ideal for watershed and agricultural planning.
- vii) **“PRIASOFT”**: It is a yet another software developed by the NIC taking into account the accounting formats developed by the CAG for panchayats accounts. It can be customized for meeting the requirements of state specific systems of accounting for panchayats.
- viii) **“CDAC”**: It is software specifically designed to provide Indian language interfaces that can be adopted and interlinked with other software for easy multi language use.
- ix) **“Performance Tracking System”**: It is developed by the centre for Good Governance, Hyderabad for easy monitoring of implementation targets on a user friendly MIS platform. It is useful for monitoring plan implementation and it permits feedback to flow back in to the planning process.
- x) **“District Information and Planning System”**. It is developed by a private vendor and it integrates GIS applications with data and permits resource allocation to preferences indicated by the people.
- xi) **“NRDMS”**: The Natural Resources Data Management System is a three decade old initiative of the Ministry of Science and Technology to provide natural resource data gathered from remote sensing source for local planning. The data is available on GIS maps in districts covered by the system.

2.5 STEPS IN PREPARATION OF DECENTRALISED DISTRICT PLAN

- i) **Stock Taking**: Preparation of a district stock taking report for presentation in the district planning committee is the first step. This becomes the basis for vision building exercise for the whole district. Where is the district in terms of poverty, employment, health, education, productivity and where it wants to reach have to be understood. Once the existing reality is perceived and understood and from where target can be fixed and strategy can be worked out. To build vision for the district, the existing conditions have to be projected through scientific data. So this is the first exercise in the preparation of the decentralized district plan.
- ii) **SWOT Analysis**: In the vision building exercise a SWOT analysis has to be made. Based on the SWOT analysis vision for development has to be developed in the backdrop of the national and state goals. The distance

between the current status and the goals fixed can be assessed and accordingly strategy could be worked out to bridge the gap between the two.

- iii) **Vision Building:** The District Planning Committee based on the existing conditions in human development indicators and the report of the SWOT analysis visioning exercise has to be done for the whole district. The vision should indicate the target to be reached and the approach to be followed based on the National and State Governments vision and approaches. MDG should be in the backdrop of the visioning exercise.
- iv) **Vision Dissemination:** Communicating the district vision to different planning units functioning down below the district planning committee is the prime task of the District Planning Committee and making them to fix their vision and target to realize the vision of the district is the next task. Each and every unit of planning should have clarity on the vision of the district. To achieve the vision each and every unit has to fix their target in the form of vision.
- v) **Finance Tracking:** Simultaneously communicating the resources available for development action to different units is crucial for planning. It is not a mere document. It is set of implement able targets and reachable goals. Hence available resources have to be communicated to different agencies. There are multiplicities of agencies involved in development action. The total amount spent by various agencies in a specific geographical location should be communicated to the different units of planning.
- vi) **Enabling the Planning Units:** Enabling the planning units at different levels namely gram panchayat level to District panchayat, town panchayats to municipal corporations, village mission units to district mission, field office at the grassroots to district office of line departments to collect data pertinent to the needs of the people based on the participation of stakeholders.
- vii) **Preparing the Plan:** At every unit the collected data have to be analysed, prioritization has to be done through a wider consultation by conducting development seminar and match the needs with the available resources come through various agencies.
- viii) **Plan Integration:** Integrating the plan documents of the different units of planning and creating a district plan document. At a gram panchayat level plan of the field office of the line departments, mission units of the scheme mission and donor agencies have to be integrated. In the same way block panchayat plan has to be created through the process of integration. Likewise integration of plans has to be done both for rural and urban planning units at different levels.
- ix) **Monitoring and Evaluation:** Establishment of monitoring systems and social audit mechanisms to ensure effective implementation of the district plan is the final step in the process of decentralised district planning. So far we have seen the steps to be followed for the preparation of district plan.

After reading and understanding the various steps in preparation of decentralized planning, now attempt the question 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 steps to be followed in preparing the decentralised district plan

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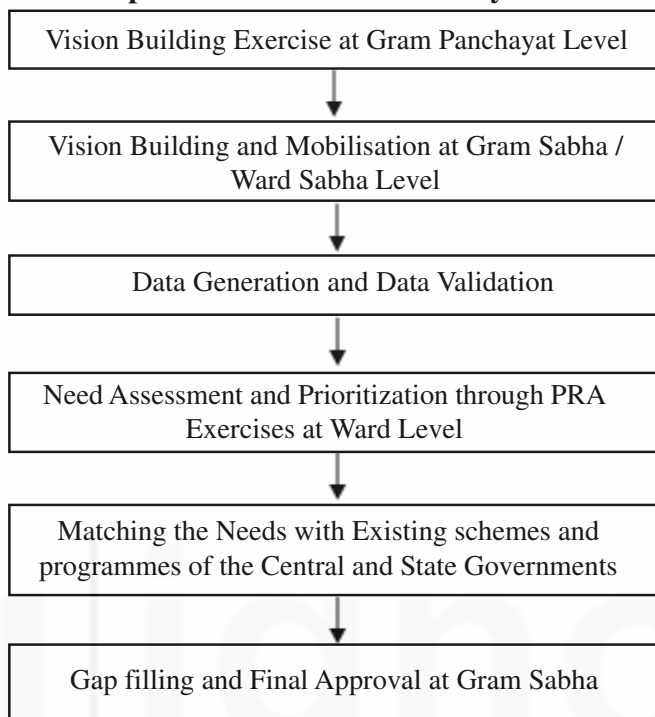
2.6 STEPS IN PREPARATION OF A VILLAGE PANCHAYAT PLAN

The village panchayat planning process comprises the following steps:

- i) **Vision Building Exercise:** Having got the district vision, the village panchayat has to take stock of the existing conditions of the people in terms of human development indicators. Where is the Gram Panchayat in terms of poverty reduction, education, health, agriculture productivity, employment and so on has to be captured. On each goal the panchayat has to fix the target based on the district vision. Thus the vision of the panchayat has to be stated.
- ii) **Gram Sabha Discussion:** Vision of the panchayat has to be discussed with the people in the Gram Sabha. People have to be mobilized and sensitized to think of the development issues. Through a process of discussion in the Gram Sabha the major issues to be tackled will be listed and they are the targets.
- iii) **Data Generation and Data Validation:** Relevant data have to be generated from the community and borrowed from the line departments and other agencies from their data bank for the purpose of preparation of village plan. The collected data have to be scrutinized and validated.
- iv) **Need Assessment and Prioritization:** Through participatory Rural Appraisal method needs have to be assessed and the prioritization has to be done. Major issues have to be tackled will be identified and fixed as targets. The whole exercise has to be done through organizing a development seminar in each Gram Panchayat.
- v) **Matching Exercise:** The Gram Panchayat has to identify the available resources through various institutions and match them with the needs of the people.
- vi) **Gap Filling Exercises:** After matching the available resources and the felt needs of the people, the gaps have to be filled up where the role of the panchayat is crucial. Schemes and programmes can be easily linked to achieve target. The gap has to be filled up with the own resources or to borrow the same.

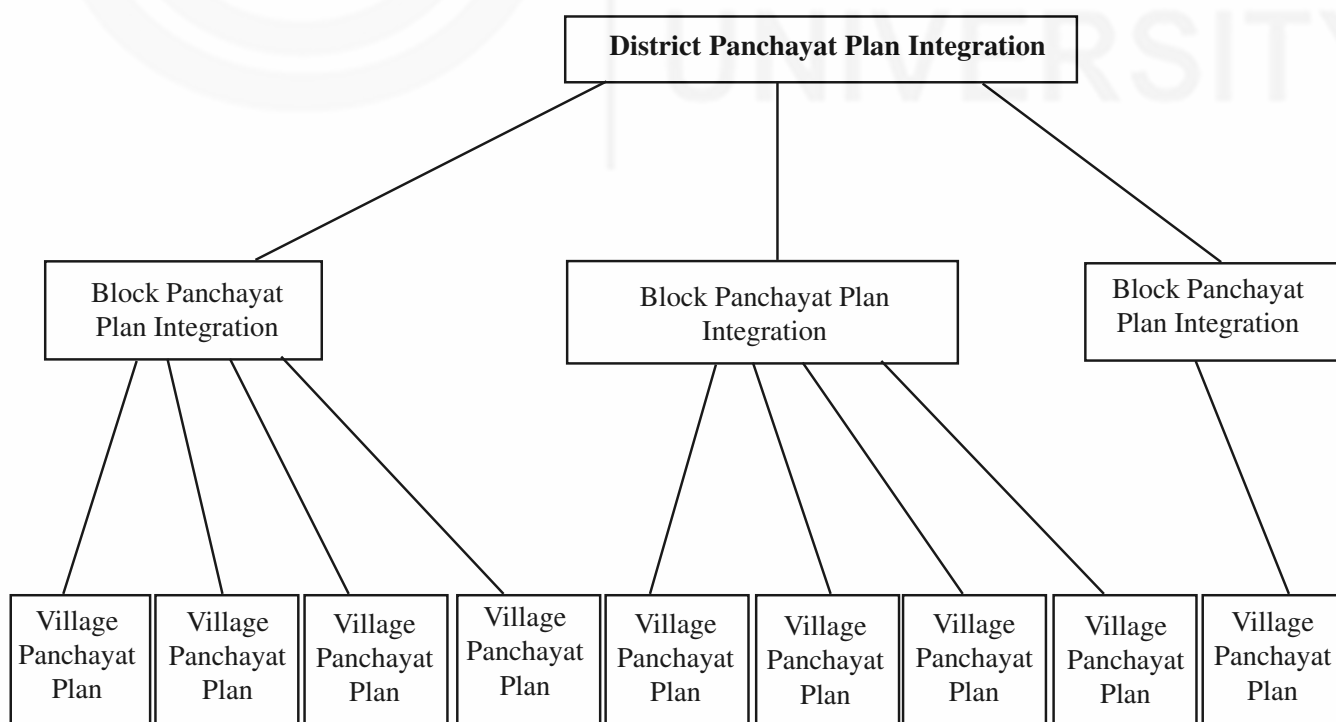
vii) Draft Plan Approval: After completing the above steps, the plan document has to be placed before the Gram Sabha for discussion and approval. Once it is approved it is a legal plan document of the Gram Panchayat.

Preparation of a Gram Panchayat Plan



Once village plans are approved, the approved village plans are consolidated at the block level. The approved plans of the blocks are integrated and consolidated at the district panchayat level. They are shown in the form of an organogram below:

Consolidation and Integration of Rural Plans



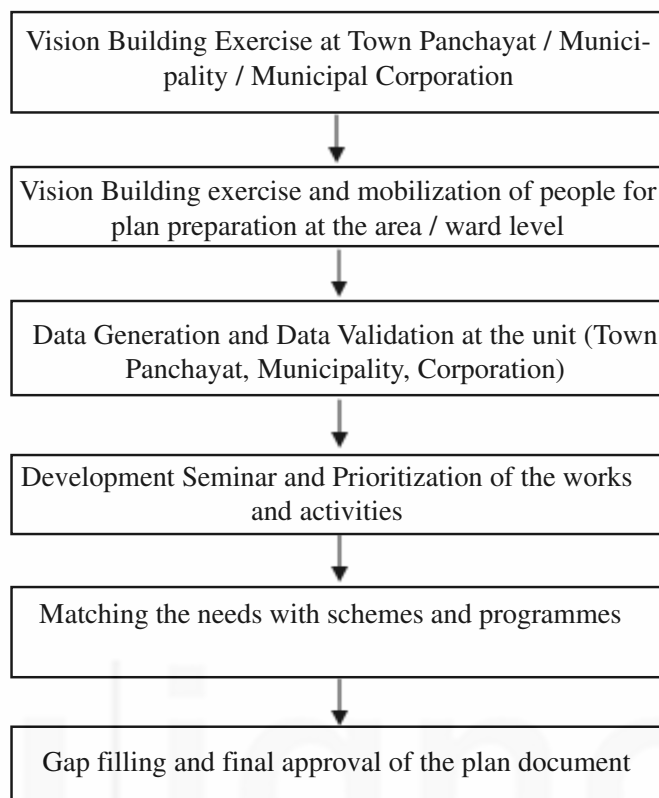
2.7 STEPS TO BE FOLLOWED IN THE PREPARATION OF A URBAN LOCAL BODIES PLAN

Unlike the rural planning process, urban planning exercise has to be done separately for each unit whether it is a town panchayat, or a small municipality or a big municipal corporation. They are all separate entities and they are not linked with each other functionally. The plan prepared by these institutions will be integrated separately at the district level. They are consolidated only at the district level in the District Planning Committee. Whereas in the case of rural local bodies they are integrated and consolidated every next level as they are in a continuum. But urban local bodies are functioning separately. Following are the steps to be followed in plan preparation in urban local bodies:

- i) **Vision Building:** Vision building exercise has to be done in every Town Panchayat, every municipality and in every corporation based on the district vision document. For the vision building exercise yet another document is necessary. The existing conditions of the people in terms of the development indicators. By doing this exercise every Town Panchayat, Municipality and City Corporation should have a vision document.
- ii) **Mobilization of People:** Vision building exercise has to be done in every ward and every area with the active participation of the people of all sections. Poor people's presence and voices are important. The vision of the institution and the district has to be shared with the people through an exercise. It is a process by which people have to be mobilized and sensitized on the issues of development.
- iii) **Plan Preparation:** Data generation, data validation and data analysis have to be done for the whole unit. For prioritization, development seminar has to be conducted at the institutional level (Town panchayat, Municipality and corporation). Once development seminar is over, the needs have to be matched with the schemes and programme of the central and state governments and with available local resources.
- iv) **Gap Filling Exercise:** It has to be done by the institution itself and finally the plan document has to be approved by the competent body in the respective institutions and all the plan documents will be consolidated and integrated at the district planning committee level.

The above process is explained through an organogram.

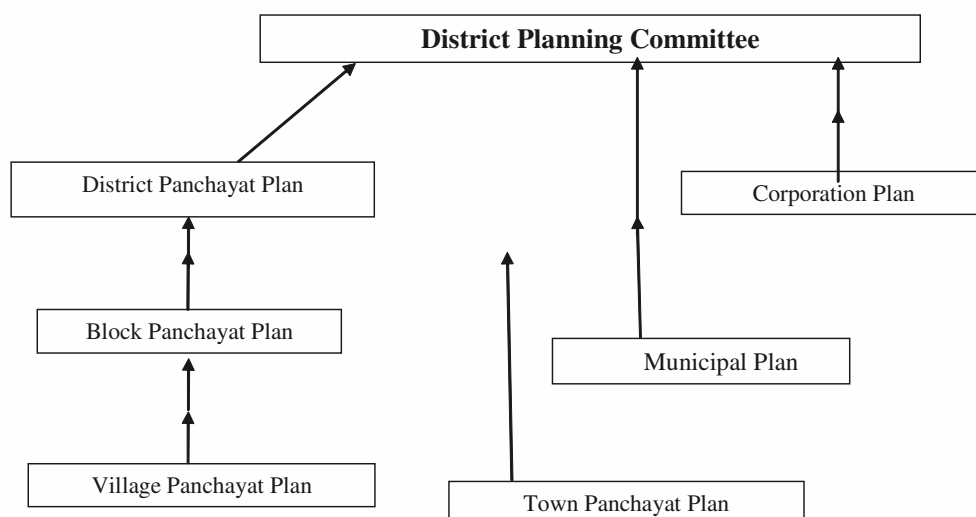
Preparation of an Urban Plan



Urban local bodies whether it is town panchayat, or a municipality, or a city corporation, they are independent of each other. There is no linkage among these units. So the plans of these local bodies are consolidated only at the district planning committee. The rural plans consolidated through the district panchayat and the plans of the town panchayat, municipality and city corporation will be consolidated and integrated only at the District Planning Committee.

2.8 CONSOLIDATION OF DISTRICT PLAN

The District Planning Committee has to integrate the rural plan document from the District Panchayat and the urban plan documents from town panchayat, municipalities and corporations. Once they are integrated and they are to be formally approved by the District planning committee after the development seminar conducted at the district level. It is explained in the following organogram:



Here it is to be noted that the mission units, line department units and civil society initiatives are to be integrated in the respective level of the planning units wherever the units are functioning.

After reading and understanding the steps to be followed in the preparation of a urban local bodies plan, now attempt the question 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) How a urban local body for instance a municipality prepares a participatory decentralised perspective development plan?

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2.9 LET US SUM UP

In this unit we have discussed the meaning and importance of decentralised planning and the process involved in it. What are the guidelines of decentralised planning, have also been seen in this unit. So also the steps to be followed in decentralised district planning, village plan and urban local bodies plan have been discussed.

2.10 REFERENCES AND SELECTED READINGS

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2.11 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Check Your Progress 1

1) Bring out the basic principles in decentralised participatory planning.

The basic principles in decentralised participatory planning are:

- i) Ensuring the participation of stakeholders
- ii) Bridging regional disparities
- iii) Keeping ecology and environment in the backdrop
- iv) Strengthening the planning machinery at all levels
- v) Building the capacity of the functionaries
- vi) Transforming a vertical planning process in to a horizontal process
- vii) Using the ICT effectively for participatory planning
- viii) Global vision and local action
- ix) Proper assessment of resources
- x) Law of subsidiary
- xi) Downward accountability

Check Your Progress 2

1) Explain the steps to be followed in preparing the decentralised district plan.

The steps to be followed in preparing the decentralised district plan are:

- i) Stock Taking
- ii) SWOT Analysis
- iii) Vision Building
- iv) Vision Dissemination Finance Tracking
- v) Enabling the Planning Units
- vi) Preparing the Plan
- vii) Plan Integration
- viii) Monitoring and Evaluation:

Check Your Progress 3

1) How a urban local body for instance a municipality prepares a participatory decentralised perspective development plan?

Following are the steps to be followed in plan preparation in urban local bodies:

- i) **Vision Building:** Vision building exercise has to be done in every Town Panchayat, every municipality and in every corporation based on the district vision document. For the vision building exercise yet another document is necessary. The existing conditions of the people in terms of the development indicators. By doing this exercise every Town Panchayat, Municipality and City Corporation should have a vision document.
- ii) **Mobilization of People:** Vision building exercise has to be done in every ward and every area with the active participation of the people of all sections. Poor people's presence and voices are important. The vision of the institution and the district has to be shared with the people through an exercise. It is a process by which people have to be mobilized and sensitized on the issues of development.
- iii) **Plan Preparation:** Data generation, data validation and data analysis have to be done for the whole unit. For prioritization, development seminar has to be conducted at the institutional level (Town panchayat, Municipality and corporation). Once development seminar is over, the needs have to be matched with the schemes and programme of the central and state governments and with available local resources.
- iv) **Gap Filling Exercise:** It has to be done by the institution itself and finally the plan document has to be approved by the competent body in the respective institutions and all the plan documents will be consolidated and integrated at the district planning committee level.

UNIT 3 DECENTRALISED PLANNING PROCESS

Structure

- 3.1 Introduction
- 3.2 Decentralized Planning: Meaning and Concept
- 3.3 Principles of Decentralized Planning
- 3.4 Meaning of Popular Participation
- 3.5 Goals of Decentralized Planning
- 3.6 Actions and Ways Needed for Decentralized Planning
- 3.7 Ways of Practicing Decentralized Planning
- 3.8 Let Us Sum Up
- 3.9 Key Words
- 3.10 References and Further Suggested Readings
- 3.11 Check Your Progress-Possible Answers

3.1 INTRODUCTION

Multilevel planning, planning from below, decentralised planning, peoples planning, participatory planning, district level planning, integrated district planning and planning at the grassroots are being used interchangeably by the practitioners and policy makers. Broadly speaking they are one and the same and they are not new to India. The moment the centralized planning was initiated, decentralised planning was also thought of from the first five year plan period itself. The whole discussion emanated from the arguments initiated by Mahatma Gandhi on Panchayati Raj. He is the author of decentralisation and bottom up approach of planning and development. He was responsible for a major debate on Panchayati Raj in Indian National Congress during the freedom struggle which ultimately extended to constituent assembly first and planning commission subsequently. Methodology, approach strategy, institutional mechanism may vary from period to period. The basic objectives and broader meaning are the same. But the new exercise started in many of the states under the new dispensation 'decentralisation' is due to the creation of 'District Planning Committee' constitutionally in each and every district in India. It is to be remembered here that the planning commission at the centre and the planning boards at the states are not the creations of the constitution of India. In order to make it clear to every one that it is a constitutional mandate to prepare plan below from the lowest unit of governance and administration namely gram panchayat or town panchayat. District Planning Committee is created in the constitution of India.

This unit will make you to understand the context, the objectives, the goals, the reasons for involving stakeholders (people) in the process of planning and the approaches adopted in decentralised planning.

After going through this unit, you should be able to:

- explain the meaning of decentralized planning

- describe the principles of decentralized planning
- judge the need for decentralized participatory multi level planning
- discuss the role of the stakeholders (people more particularly the poor) participation in the process of decentralised planning
- and discuss the ways of practicing decentralized planning

3.2 DECENTRALIZED PLANNING: MEANING AND CONCEPT

Decentralised planning is a strategy suggested over a period of time to prepare perspective development plan from the lowest unit of governance and administration with an objective of meeting the felt needs of all sections and all regions of a country with vast variations in terms of socio economic conditions and wider cultural diversity. Decentralization and decentralized planning is a worldwide phenomenon in recent years. According to Hanumantha Rao, decentralization through the involvement of local level representatives institutions in the formulation of planning for development as well as their implementation is being advocated in the interest of efficient utilization of resources and for ensuring more equitable sharing of benefits from development. As opined by Arvind Kumar, decentralization is referred to as a process of sharing of powers by the central ruling groups with other groups, each having authority within the specific area or the state. Though it had been discussed, debated and argued and justifications were given, from the first five year plan period onwards, real impetus was given throughout the country only after incorporating a provision in article 243ZD in the Constitution of India. The debate was also on among the academics and policy makers for sometime whether the planning unit can be created for decentralised planning activities either at block level or at district level. Now it is created at the district level constitutionally and it is recognized as a mandatory process by which people have to be involved in the preparation of plan from the village panchayat constitutionally.

3.2.1 Historical Background

Even before the dawn of independence, micro level planning or decentralised planning was thought of and discussed after the publication of a document “District Development Scheme: Economic progress by Forced Marches“ in 1939 by M.Visvesvaraya. It was the first attempt made in this country to evolve methodology for decentralised planning. In his attempt Visvesvaraya chalked out an action programme for the economic development of the rural areas. His aim was to engage people to ensure security to the people for food, clothing recreation, amusement and to work for their skills. To achieve the above he suggested a few steps namely, a) people to work systematically and scientifically to increase production in close cooperation with the community; b) conducting a survey to assess the economic conditions of the people and identify the problems and suggest avocation which gives profit; c) every district should have institutional structure to promote such a kind of development activities; d) spread elementary education among adults to create informed citizenry and thereby efficiency, improvement and prosperity could be achieved. To perform the above he suggested creation of a council called District Economic Council, a plan, budget and schedule of activities. This was the first visualization of decentralized planning in India before achieving independence.

The first two five year plan documents had unequivocally and emphatically argued for decentralised planning but they did not put into practice as the two plan documents had not spelt out the needed mechanism to prepare decentralised plan. The third Five Year Plan though took some initiatives to prepare district and block plans, in some of the states, they were not integrated in to the state plan. Only in the fourth Five Year Plan guidelines have been evolved for the preparation of district plan. Based on the guidelines several states have prepared their district plans but they could not integrate them with the annual plan of the states barring Maharashtra, Gujarat and Karnataka. The Fifth Five Year Plan talked much about block level planning. In this regard a working group was constituted in the central planning commission to suggest ways and modalities for planning from below. Based on the guidelines issued by the Planning Commission some of the states have prepared block plans with the help of private agencies. During this period another land mark event took place for strengthening of Panchayati Raj. A committee on Panchayati Raj popularly called Ashok Mehta Committee was constituted to review the progress of Panchayati Raj Institutions. The committee submitted its report in the year 1978. The committee also recommended that unit for planning should be at the district level.

Sixth plan document also reiterates the importance of local level planning. For the first time in planning, recognition was accorded to reliable, updated, timely, Scientific data for micro level planning. Thus data generation at the micro level gained importance. It also stressed the need of strengthening Panchayati Raj Institutions and of involving people in the process of implementation of development programmes. During the same period, a working group was set up in planning commission on district planning and the same submitted its report in the year 1984. The working group provided a detailed guideline and methodology for the preparation of plan at the district level. This working group unequivocally reiterated the need of such a plan at the district level. The Seventh Five Year Plan also reiterates the need of decentralised district plan as recommended by the working group of the commission. It is also recommended that the decentralised planning has to move from district to block. The Eighth Five Year Plan emphasized the need and relevance of the decentralised planning along with peoples participation through peoples institution. Ninth Five Year Plan document made it as an objective to promote and develop peoples participation in planning through democratic institution like Panchayati Raj Institutions. The district development plans will have to be prepared through the institutions of the District Planning Committee which is the creation of the Indian Constitution. 243ZD of the constitution enables for creation of District Planning Committee. Yet much progress was not achieved. Tenth and Eleventh Five Year Plans are pushing the concept of decentralised planning through a centralized drive. Thus decentralised planning was much discussed and debated subject over a period of time but less practiced at the ground. It is to be registered here that Kerala is a model the whole country for pushing decentralised planning through its powerful campaign approach.

Decentralised Planning: Chronology of Events and Committee Reports

Decentralized Planning Process

S. No.	Year	Item	Ideas and Concepts
1.	First Plan 1951-56	C o m m u n i t y Development Blocks	To break up the planning exercise into national, state, district, block and local community levels
2.	Second Plan 1956-61	District Development Councils	Drawing up of village plans and popular participation in planning through the process of democratic decentralisation
3.	1957	Balwant Raj Mehta Committee	Village, Block, District Panchayat institutions established
4.	1967	A d m i n i s t r a t i v e Reforms Commission	Resources to be given / local variations accommodated, purposeful plan for area
5.	1969	Planning Commission	Formulated Guidelines; detailed the concept of the district plan and methodology of drawing up such a plan in the framework of annual plans, medium – terms plans and perspective plans
6.	1978	Prof. M.L. Dantwala	Block level planning to form link between village and district level planning
7.	1983-84	CSS/Reserve Bank of India	Strengthen district plan / district credit plan
8.	1984	Hanumantha Rao Committee	Decentralisation of Functions, powers, finances; setting up of district planning bodies and district planning cells
9.	1985	GVK Rao Committee	Administrative arrangements for rural development; district panchayat to manage all development programmes

Source: Report of the Expert Group; **Planning at the Grassroots Level: An Action Programme for the 11th Five Year Plan**

One has to understand why decentralised planning is brought to practice constitutionally. What are all the merits we find in decentralised planning have to be explained. Before coming to the merits of decentralised planning we have to understand the demerits of the centralized planning. Though ‘decentralised planning’ as a concept is in discussion from the dawn of independence, we practice in India is centralized planning.

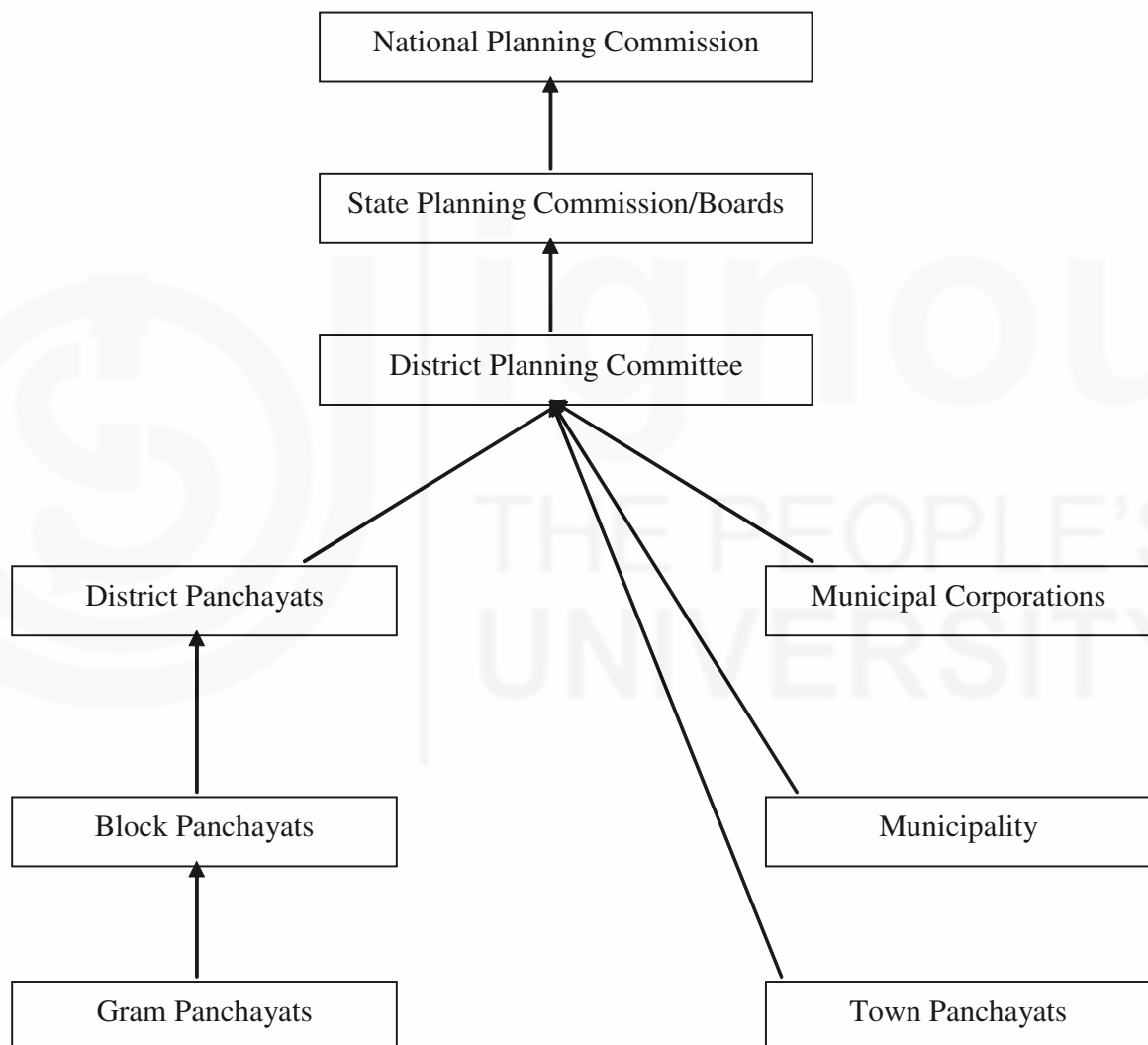
In the centralized planning process macro targets for socio- economic development had been fixed periodically and strategies and programmes had been evolved and implemented and yet unmet needs are increased, inequality increased, regional imbalance has grown, gap between the people and governance is increased and peoples kill and knowledge are not utilized properly and

profitably. To overcome all those problems decentralisation is through off. One has to understand the advantages and merits of decentralised planning.

3.2.2 Institutional involvement in Decentralized Planning

In this context in India 73rd and 74th Amendments to the Constitution were passed and provided opportunity for the people to participate in the process of preparing micro plan from the villages to the District level. The institutions at the grassroots are created with a provision to include women and the other deprived sections. Thus the plan has to be prepared from the lowest unit of governance to highest level. It is explained through an organ gram below:

Governance Units involved in Planning



3.2.4 Merits of Decentralised Planning

Decentralized planning enjoys strategic advantages over that of centralized planning. According to Rondinell(1983) true decentralization could reduce bureaucratic red-tape, reduce delays, overcome administrations indifferences towards their clientele; improve quality of service, act as effective channels of communication between national government and local communities, promote

greater participation of people in planning and decisionmaking. Some of the merits of decentralized planning are discussed below:

- 1) Spatial level specific requirements and needs of the people will be met through the decentralised planning;
- 2) Efficiently resources will be utilized and wastages could be reduced and thereby the gap between the supply and demand can be narrowed down;
- 3) Greater sustainability can be achieved through the decentralised planning;
- 4) Decentralised planning is cost effective as solutions are found out locally with the involvement of the stakeholders;
- 5) Elite capture of the programmes will be eliminated;
- 6) Corruption in Rural Development and Poverty Alleviation programmes can be reduced;
- 7) Poor can emerge from livelihood to achieve economic development;
- 8) Poor can build vision for their development;
- 9) Resources and skills available locally will be utilized profitably for the advantage of the stakeholders;
- 10) Natural resources will be protected preserved and nurtured;
- 11) People capacity will be enhanced;
- 12) Possibility for matching the needs of the people and schemes of the governments;
- 13) People's felt need will be met;
- 14) It will bridge the gap between people and bureaucracy and thereby government is brought closer to the people;
- 15) Regional imbalance will be reduced;
- 16) People's talents will emerge and they will be utilized for community development;
- 17) Productivity will be increased;
- 18) Development will be made people centric;
- 19) Greater mobilization of resources internally; and
- 20) Partnership will be achieved between the people and development agencies.

All the above are the advantages and merits of the decentralized planning. They are drawn from the limited experience of decentralized planning prepared in different places. From the above one could visualize the potentials of decentralized planning. But to realize the potentials of decentralized planning lot of efforts are needed from the state governments and local bodies and more particularly the civil society. It could be possible when movement is built up from below for mobilizing the people for participation in the development process. According to Narayana (2000), the success of decentralized planning depends on following factors: (i) the degrees of willingness of political leaders and bureaucracies to

support decentralization and transfer responsibilities; (ii) degree of dominant behavior, attitudes and culture conducive to decentralized decision making and administration mechanism; (iii) proper designing of policies and programmes; and (iv) adequacies of financial, human and physical resources.

After reading and understanding the concept of decentralized planning, now attempt the question 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) Evaluate the merits of decentralised planning

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3.3 PRINCIPLES OF DECENTRALIZED PLANNING

There are certain principles which are imperative for the success of decentralized planning. They are: a, principle of functional clarity; b, principle of financial availability and autonomy; c, principle of decentralized administration; d, principle of public participation; and e, principle of integration.

3.3.1 Principle of Functional Clarity

Decentralised planning would be effective only when all the institutions and organizations involved in planning process are clear about their roles and responsibilities. Planning process involves multiplicity of institutions and they are to work with each other and enable each other. It is possible in the government sector only when adequate clarity is given to the role every institution has to play. It not only involves government but also civil society and other agencies. Having trained in narrow specialization and compartmentalization bringing synergy among the institutions is not so easy. There should not be any conflict or overlapping among the institutions and organizations and they should be mutually helpful and harmonious. Precision and clarity are needed for all involved in the preparation of plan.

3.3.2 Principle of Financial Availability and Autonomy

Institution which are having earmarked responsibilities should have adequate resources and autonomy to spend the resources to discharge their responsibilities. Activities which are earmarked as per the plan document to the units should have financial autonomy to spend the resources on earmarked activities. At every level untied funds and autonomy to spend the money are imperative for the preparation of implementation of decentralised and participatory planning.

3.3.3 Principle of Decentralised Administration

To perform the decentralized function, adequate administrative powers have to be devolved to achieve efficiency. Many of the occasions even for a small scheme to be implemented at a lower level all nighty gritty will be worked out at the point where the schemes are evolved and resources are allocated. When the conditions are different at the ground, they could not implement properly and as a result one will find wastage of money and another is corruption. Hence no rules can be laid down at the higher level for operation at a lower level. Rules can be evolved at the appropriate level for operation of project and activities. In such a way administrative flexibility should be given to different units of governance.

3.3.4 Principle of Public Participation

For achieving success and efficiency in decentralised planning public participation is an imperative. Even this public participation has to be achieved through the process of empowerment as the marginalized and deprived sections could be involved in decision making. The public participation should not be a mobilized participation but an empowerment participation. Normally in the mobilized participation the participation will raise voice. But it is not their voice. It is a voice of somebody who mobilized them. In empowered participation, the individuals at their will participate and reflect their voice. Problems of the poor, excluded and marginalized could be reflected only through empowered participation.

3.3.5 Principle of Integration

Hallmark of decentralised planning lies in integrating and harmonizing the plan documents of different sectors and units at all levels. It requires appropriate framework and skill to integrate the plans from the lowest level. To make the plan document operation able only through the process of harmonizing and synthesizing the plan documents. Village level plans are integrated at the blocks and block plans are to be integrated with District plans. While integrating plans of different units both urban and rural sectoral plans of different units will be harmonized with district plan.

After reading and understanding the principles of decentralized planning, now attempt the question 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 basic principles of decentralised planning

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3.4 MEANING OF POPULAR PARTICIPATION

The whole exercise of decentralised planning has to be done only through the participation of people and more particularly the poor. Here it is necessary to understand the meaning of popular participation. Popular participation in the development process first noticed in the developed societies as they had high literacy rate, increased democratic institutions from the top to bottom and the increased spread of communication. Popularly it has been described that modern societies are participatory and traditional societies are non participatory. Because it was a well established truth and fact that in the developed countries more number of people involved in decision making process whereas in the developing countries only elites involved in decision making process. But the concept and practice have been changed in the Third World Countries after 1990's. The concept 'Popular Participation' gained currency in the academic circle and literature towards the end of 1960s and 1970s. It is in response to a dominant top-down, blue print development paradigm, arguments emerged for the importance of a development process which began with the needs and knowledge of the people themselves. The seed for the new thinking on participation was sown by Paulo Freire through the book 'Pedagogy of the oppressed' projecting an argument that development process is not a gift received from outside but is a process of transformation gained through critical reflection and action by the people themselves. Paulau's approach was picked up and shared by not only development activists, new generation academics but also the national leaders. They argued that knowledge and skill of the people have to be used for the development of the community. The demand for popular participation was strengthened by popular movements in the south. Thus popular participation was seen as a process through which those who had been excluded from the decision making process affecting their lives asserted their demands for inclusion. It is defined as 'the organized efforts to increase control over resources and regulatory institutions on the part of groups and movements hitherto excluded from such control.

The above definition and explanation are about challenging the existing order in decision making power. But in the 1980's arguments had been slowly changed in the development discourse and practice and popular participation was considered as a form of involvement by the beneficiaries who could help large development actors better achieve their goals. The conventional argument for participation is that with the active participation of the beneficiaries or stakeholders projects would be better targeted and made more appropriate to needs of the local population, ownership would be built, resource contributed, and programmes would become more sustainable over time. Though space is created for peoples knowledge and involvement in development planning and implementation, this beneficiary approach still maintained.

During the 1990s with the mainstreaming of participation in large scale development programmes terms like the 'excluded' or 'beneficiary' began to give way in mainstream development discourse to use neutral terms as 'stakeholders'. Thus the World Bank has defined the concept participation is a process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them. Subsequently the same concept 'Participation' is being perceived deliberately not as an opportunity to be beneficiaries but as a right of the citizens. A renewed emphasis has been

added to include the so far marginalized groups in the process of development and governance. Many aid agencies have made it clear that it is enabling people to realize their rights to participate in, and access information relating to, the decision making processes which affect their lives. But it has some pre-requisites. They are:

- a) the presence of democratic institutions which have got the representation for the poor;
- b) the institutions should have the inclusive character based on values of equality and non-discrimination
- c) the institutions should have accountability mechanism to ensure and promote rights.

In the same line of argument UNDP report in the year 2000 argues that the fulfillment of human rights requires democracy that is inclusive in character and nature. When the participation is conceived as a right, the argument moves from rights of beneficiaries and rights of stakeholders to rights of citizens. It is more of political ideas stems from the argument that citizens have not only rights they have responsibilities also. Participation of poor and marginalized as citizen has several problems and challenges in the societies where inequality and discriminations, and patriarchy are high.

3.4.1 Advantages of Participatory Plans

- 1) Participatory planning gives ownership to the stakeholders and hence the project or development initiative is taken off the ground immediately.
- 2) It provides the needed exact information about the problems and issues from the stakeholders with the active participation of them, for the planners.
- 3) It makes the stakeholders to accept the change willingly to transform themselves and transform the community and society at large.
- 4) It reduces the cost as it uses local manpower with local skill and local knowledge and most often unused resources. Hence it is cost effective.
- 5) It reduces the time also as the stakeholders involve consciously in the whole exercise of development programme and completion of the programme and project will be quick. Because stakeholders are interested in seeing the results and implications.
- 6) It increases efficiency and effectiveness. Because the stakeholders have the perception that they are going to get benefits out of the programme, people want to maximize the benefits and hence they want to maximize the efficiency.
- 7) It envisages a self mentioning mechanism which reduces the cost. Stakeholders are getting benefits and hence monitoring is integral and continuous. It is the most efficient way of monitoring the progress and process of the project.
- 8) It not only achieves the target outcome but also educates the people. Thus participatory planning is an educative process. It contributes to human resource development.

3.5 GOALS OF DECENTRALIZED PLANNING

Decentralised participatory planning has got some fundamentals and they are popularly called as goals. The goals are the referral points and lens to look at the whole process of decentralised participatory micro plans in the backdrop. They are; a. economic development b. social justice, c. welfare d. environmental protection e. coordination f. peoples involvement.

3.5.1 Economic Development

The plan should be developed in such a way that it has to achieve economic development by increasing the production in agriculture, land reforms, small irrigation system, animal husbandry, dairy and poultry and fisheries. Economic development is the key in this process. To achieve economic development, the whole process should rely on peoples knowledge, skill and integrated use of appropriate technologies.

3.5.2 Social Justice

The benefits of economic development should reach the various categories of the community, particularly, it should reach the poor and the socially weaker and marginalized sections. Further, the plans should facilitate increased income by providing employment opportunities to the socially disadvantaged and the marginalized. At every level components for women and Dalits could be integrated into the plan or sub-plans could be created for Dalits and women.

3.5.3 Welfare

The plan should incorporate schemes for providing infrastructural facilities like road, water supply, housing, street lights, waste disposal, and also social welfare schemes like education, welfare of women, children and cultural activities. In the neo liberal framework, state moves away from the basic welfare activities and hence in order to overcome that deficiency, welfare activities should be made integral of the decentralised plan.

3.5.4 Environmental Protection

The plans should have the component to protect nature and environment. It should not cause damage to the eco-system, flora and fauna. It should have devices to manage natural resources. It should aim for creating green, clean and thus eco-friendly villages.

3.5.5 Coordination

The plan should ensure the total development and growth of the entire unit by incorporating all the development plans of the concerned area, plans of the respective departments, schemes for individual benefits, schemes that are implemented by the government departments, schemes that are implemented by banks, NGOs and other development agencies.

3.5.6 People's Involvement

The plan should be on the basis of collection of data, confirmation of the same, assessing the needs, evolving activities and prioritizing the same with the active involvement of the citizens. At every level people have to be involved and people

should own the plan. For this purpose people have to be mobilized and more particularly the poor and other marginalized sections. When they are mobilized for participation, it should reflect opinion and voice of the poor and not the voice of others. Hence mobilization of people should be on empowerment mode and not as beneficiaries. This process of mobilization is different from that of political mobilization. Often political mobilization reflects the voice of the mobilizers not the mobilized.

3.6 ACTIONS AND WAYS NEEDED FOR DECENTRALIZED PLANNING

Following are the imperative activities needed to initiate vibrant decentralised planning:

- a) There should be an organic linkage among the three layers of planning units namely District Planning Committee, State Planning Commission and Central Planning Commission.
- b) Planning units must be created at different levels of governance down below the District and District Planning Committee is only the integrating and consolidating unit.
- c) Data generation mechanism, data updation and data validation process have to be done at all levels up to the level of the District Administration.
- d) Capacity Building for the Elected Representatives and the officials involved in planning has to be conducted periodically.
- e) Enabling information flow from the lowest unit to the highest unit of planning and vice versa has to be done.
- f) Planning machinery has to be created at every level where planning executive is done.
- g) Decentralised planning module has to be prepared and it is to be followed at every level.

3.7 WAYS OF PRACTISING DECENTRALIZED PLANNING

For effective decentralised participatory planning civil society organizations, retired government officials and academic institutions can support the Gram Panchayats and other layers of local governance for the preparation of participatory micro plan in the following ways:

- To generate data from the field
- To conduct PRA exercise for prioritizing the activities based on the needs of the people.
- To draft the plan document
- To organize development seminar at the grassroots level
- To Mobilise people for participation in plan preparation

- To train Local Body Leaders and Functionaries in Decentralised plan preparation
- To implement the plan activities
- To monitor the implementation of the planned activities
- To evaluate the plan activities through social audit.

3.8 LET US SUM UP

In this unit we have discussed the meaning and importance of the concepts 'decentralised planning' and 'popular participation' in the new concept of globalisation of economy and decentralisation of powers. What are the principles, goals and merits of decentralised planning, have also been seen in this unit. So also the importance and advantages of participatory planning have been discussed. We have seen totally the general background and principles of decentralised participatory planning.

3.9 KEYWORDS

- Decentralisation** : Decentralisation refers to transfer of authority to plan, make decision and manage public functions from the national level to any organization or agency at the sub-national level. This would mean assigning both powers and responsibilities for activities.
- Decentralised Planning** : It is a strategy to prepare perspective development plan with an objective of meeting the felt needs of all sections and all regions of a country with vast variations in terms of socio economic conditions and wider cultural diversity.
- Participation** : Participation is a process through which stakeholders influence and share control over development initiatives decisions and resources which affect them.
- Participatory Decentralised Planning** : It is a process of involving stakeholders in the preparation, design, implementation and evaluation of the plan inclusive of programmes and battery of schemes. The initiatives start from below and they are integrated with National plan.

3.10 REFERENCES AND FURTHER SUGGESTED READINGS

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3.11 CHECK YOUR PROGRESS- POSSIBLE ANSWERS

Check Your Progress 1

1) Evaluate the merits of decentralised planning

Some of the merits of decentralized planning are discussed below:

- i) Spatial level specific requirements and needs of the people will be met through the decentralised planning;
- ii) Efficiently resources will be utilized and wastages could be reduced and thereby the gap between the supply and demand can be narrowed down;
- iii) Greater sustainability can be achieved through the decentralised planning;
- iv) Decentralised planning is cost effective as solutions are found out locally with the involvement of the stakeholders;
- v) Elite capture of the programmes will be eliminated;
- vi) Corruption in Rural Development and Poverty Alleviation programmes can be reduced;
- vii) Poor can emerge from livelihood to achieve economic development;
- viii) Poor can build vision for their development;
- ix) Resources and skills available locally will be utilized profitably for the advantage of the stakeholders;
- x) Natural resources will be protected preserved and nurtured;

Urban Reforms

- xi) People capacity will be enhanced;
- xii) Possibility for matching the needs of the people and schemes of the governments;
- xiii) People's felt need will be met;
- xiv) It will bridge the gap between people and bureaucracy and thereby government is brought closer to the people;
- xv) Regional imbalance will be reduced;
- xvi) People's talents will emerge and they will be utilized for community development;
- xvii) Productivity will be increased;
- xviii) Development will be made people centric;
- xix) Greater mobilization of resources internally;
- xx) Partnership will be achieved between the people and development agencies.

Check Your Progress 2

1) Explain the basic principles of decentralised planning

Some of the basic principles are outlined below:

- 1) Principle of Functional Clarity
- 2) Principle of Financial Availability and Autonomy
- 3) Principle of Decentralised Administration
- 4) Principle of Public Participation
- 5) Principle of integration

UNIT 4 RURAL - URBAN CONTINUUM

Structure

- 4.1 Introduction
- 4.2 Rural-Urban Continuum: Concept and Importance
- 4.3 Rural-Urban Continuum - Kerala Model (*RURBAN*)
- 4.4 Salient Features of the Kerala Model
- 4.5 Factors Promoting Rural-Urban Continuum in Kerala
- 4.6 Let Us Sum Up
- 4.7 References and Selected Readings
- 4.8 Check Your Progress - Possible Answers

4.1 INTRODUCTION

Urbanisation is a process of increasing the proportion of people living in towns and cities, as a result, people move from rural areas (countryside) to urban areas (towns and cities). Usually urbanisation and economic development go hand-in-hand, reinforcing the upward trend from both the sides. People migrate from rural areas to urban areas looking for employment opportunities and as a result of this, the density of population in urban areas increase. The mismatch between the trend in urbanisation and the development of basic services results in scarcity of housing, drinking water, sanitation and other basic services leading to the emergence of slums in urban sector. Thus, an offshoot of urbanisation is emergence of slums.

Kerala is an urban village. The pattern of urbanisation in Kerala, the rural-urban continuum (*rurban*), is facilitated, to a greater extent, by 'provision of social infrastructure', in spatially distributed manner, based on careful public policy of the State Government. It is a continuum of rural and urban areas. The human development approach of the State, popularly known as the Kerala Model, resulted in developing social infrastructure like public distribution system, schools, hospitals, agriculture offices, etc. spatially distributed all over the State. It is important to underline the fact that all these achievements have been made without high level of industrialisation and urbanisation characterised by rural-urban migration. Thus, entire Kerala has become an urban village and whatever the achievement in development is found to be spatially distributed. The Kerala experience, therefore, underlines the importance of 'Provision of Social Infrastructure', in spatially distributed manner, will facilitate the settlement pattern towards '*rurban*' (rural-urban continuum). Such a pattern of urbanisation avoids emergence of slum settlements and deprivations.

After studying this unit, you will be able to:

- describe the process of urbanization
- discuss the rural-urban continuum of Kerala
- explain the features of Kerala Model of Development
- narrate the importance of social infrastructure for encouraging rural-urban continuum

4.2 RURAL-URBAN CONTINUUM: CONCEPT AND IMPORTANCE

Rural-Urban Continuum and ‘Trickle Down’ Effect

The diffusion of the fruits of growth in an economy to all section of the people is known as ‘the trickle down’ effect. Looking at the effect, in terms of space, the diffusion may be seen as the change from the industrial urban centers to the rural countryside resulting in a rural-urban continuum. In other words, the rural-urban differences developed in a unilinear fashion which led to a breakdown of rural urban differences. Thus one can delineate three inter-related aspects of urbanization. One is the sequential sectoral development of the economy. Second is the growing concentration of population in areas where secondary and tertiary activities are located. Third is the diffusion of the development process leading to the disappearance of rural urban differences.

‘*rural*’ means far away from large towns of cities.

‘*continuum*’ – each thing is closely related to the thing that is next to it in the order, but the things at the beginning and end of the order are very different from each other.

‘*urban*’ means belonging to a town or a city. ‘*urbanisation*’ – it is made more like a town, with more buildings, industry and business.

Oxford Learner’s Dictionary

Thus, the rural-urban continuum may be defined as a dynamic equilibrium wherein the development process involves the people in both rural and urban areas and the returns of development are also distributed to the people whose settlement pattern is distributed spatially.

As noted earlier, the state of Kerala can be described as an urban village with hardly any demarcation between urban and rural area. Thus, one of the notable features of Kerala’s development performance is that there is no significant disparity between achievements in the urban areas and the rural areas. The absence of disparity is mainly because of the targeted public policy in developing infrastructure, particularly social infrastructure. The special geographical configuration of towns and villages in Kerala has been favourable for the development of the rural-urban continuum. The distinction between rural and urban areas is less sharp in Kerala than in other parts of the country.

In the case of Kerala, the urban quality of life has improved in terms of availability of water and sanitation, power, health, education, telephones, and the like, while poverty has fallen. These improvements must be viewed against the fact that they have been achieved under the difficult fiscal situations, and with strained human resource for the emerging needs of public management. The policy of the government has been to spatially distribute the settlements by means of providing connectivity to all villages so as to provide maximum convenience to the citizens. In this effort, co-operation of the people and the local self-governments are substantial.

4.3 RURAL-URBAN CONTINUUM – THE KERALA MODEL (*RURBAN*)

A feature of Kerala’s development performance is that there are no great disparities

between achievements in the urban areas of Kerala and its rural areas. The absence of great disparities is because, public action policy is so targeted, public policy has been helped in this regard by the special geographical configuration of towns and villages in Kerala. The distinction between rural and urban areas is less sharp in Kerala than in other parts of the country. The literature is full of references to Kerala's 'rural-urban continuum'; a new Kerala coinage is 'rurban'.

The occupational structure of Kerala's villages also distinguished them from villages elsewhere. There is larger proportion of workers outside agriculture, in waged and salaried non-agricultural occupations, in Kerala's villages than in villages elsewhere. In other parts of India, the inhabited part of a village and the cultivated part – that is, where people live and where the fields are – are easy enough to distinguish. Not so in Kerala, where houses are scattered, not clustered, and are located near cultivated fields. That Kerala's habitation pattern was distinct was noted by writers as early as Ibn Batuta. The origins of the present pattern have been ascribed to the relationship between landowning castes and the unfree tillers of the soil; they have also been traced to features of Kerala's distinct topography, hydrology, and cropping pattern.

The development of road transport since the nineteen-sixties, and particularly after the mid-seventies, has had the effect of accentuating the urbanisation of Kerala's villages. Every village in the state is connected by motorable road. There are, as a result, increased opportunities for commuting to work for members of the non-agricultural work-force who live in villages and work in towns. The growth of retail trade, construction, and other forms of economic activity in villages after the sharp increase in the volume of remittances from workers in the Gulf countries has also contributed to the urbanisation of Kerala's villages.

Kerala's villages are not the same kind of distinct socio-economic unit that village in other parts of the country are; boundaries between villages, which have been demarcated for purposes of administration, are somewhat arbitrary. The average size of a village at the Census of 1981 was 16,967 persons (the all-India average was 911 persons) (Ramachandran, 1996).

An idiosyncratic feature of the development trends in Kerala is the absence of rural-urban polarisation. The public policy has been so targeted that the disparity between the rural and urban area is reduced to the minimum. These developments in Kerala – 'rural-urban continuum' – have resulted in the coinage of a new term 'rurban'. Woodcock, during the late Sixties, described the situation very beautifully in the following way.

Kerala villages bear little resemblance to the tight, squalid settlements of North India which huddle along a single street or in a knot of houses for mutual protection. In spite of their unorganised appearance, the Malayali villages have quite elaborate social structures. Each will have at least one school and a public library; it will have a public health service, trade union branches and political party groups, places of worship (often a temple, a church and a mosque) and always a few tea shops which serve as meeting places for the various communities. Many Malayali intellectuals and officials return to their native villages in middle age and take an active part in local activities, so that there is a cultural sophistication about rural life in Kerala. In many respects, it is urban (Woodcock, 1967, pp.44-45).

About twenty five per cent of the population in Kerala live in urban areas. This is a little less than the National average. However unlike the other parts of the country the Urbanisation in Kerala is not limited to the designated cities and towns. Barring a few Panchayats in the hilly tracts and a few isolated areas here and there, the entire state depicts the picture of a rural-urban continuum. The Kerala Society by and large can be termed as urbanised (Govt. of Kerala, 2002).

Now that you have studied what is meant by trends in urbanization and the rural-urban continuum, 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) Describe the Trends in Urbanisation in the State of Kerala.

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2) Give a Brief Account of Rural-Urban Continuum of Kerala Model.

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3) Describe rural-urban continuum.

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4.4 SALIENT FEATURES OF THE KERALA MODEL

The important salient features of Kerala model of rural-urban continuum are:

4.4.1 Human Development

Kerala's achievements in development are legendary, particularly in quality of life measured in terms of human development index. The index of human development of Kerala is found to be comparable to that of the middle-income countries in the world whereas its per capita income is lower than that of the average per capita income of the low-income countries. Thus, the Kerala model

shows how an economy can achieve high quality of life with low per capita income. Many of the development trends/features in Kerala have been tending towards the capacity building of local level planning, and recently, these centrifugal forces have gained momentum and resulted in sustained improvement in the quality of life, despite very low per capita income.

HUMAN DEVELOPMENT INDEX

The Human Development Index (HDI) is a summary measure of human development. It measures the average achievements in three basic dimensions of human development. As per United Nations Development Programme (UNDP), these dimensions are as follows:

- 1) A long and healthy life, as measured by life expectancy at birth.
- 2) Knowledge as measured by the adult literacy rate.
- 3) A decent standard of living, as measured by Gross Domestic Product (GDP) per capita.

Kerala rank at the top among Indian states with respect to the human development index. The HDI of Kerala found to be continuously increasing from 0.685 in 1991 to 0.773 in 2001. It is interesting to note that there exists an almost uniform distribution of the development within Kerala. Table 2 shows that the district-wise distribution of human development indices of Kerala all lie above 0.740. The highest HDI is recorded in Ernakulam with 0.801 and lowest index is observed for Malappuram with 0.749 which itself lie far above the index compared with other regions in India.

Table 2: Human Development Index (HDI), by District, Kerala, 2005

Sl. No.	Name of District	HDI
1	Ernakulam	0.801
2	Kottayam	0.796
3	Pathanamthitta	0.795
4	Alappuzha	0.794
5	Thrissur	0.794
6	Kollam	0.787
7	Kannur	0.783
8	Kozhikode	0.781
9	Thiruvananthapuram	0.773
10	Palakkad	0.761
11	Kasargod	0.760
12	Idukki	0.754
13	Wayanad	0.753
14	Malappuram	0.749
	KERALA STATE	0.773

Source: CDS (2005), *Human Development Report 2005*, State Planning Board of Kerala Board, Government of Kerala.

4.4.2 Public Action

Kerala's accomplishments show that the well-being of the people can be improved, and social, political, and cultural conditions transformed, even at low levels of income, when there is appropriate public action. In Kerala, the action of mass organisations and mass movements against social, political, and economic oppression and the policy actions of government have been the most important constituents of public action. When understanding the sources of Kerala's current levels of achievement, it is apparent that Kerala has special features in respect of a host of social circumstances. There are many lessons to be learned from Kerala experience for the rest of India and, perhaps, for other developing societies (CDS, 1977).

The support-led process does not wait for dramatic increases in per capita levels of real income, and it works through priority being given to providing social services (particularly health care and basic education) that reduce mortality and enhance quality of life. Amartya Sen has observed that, 'Despite their low levels of income, the people of Kerala, or China, or Sri Lanka enjoy enormously higher levels of life expectancy than do much richer populations of Brazil, South Africa and Namibia, not to mention Gabon' (Sen 2000).

4.4.3 Developing Social Institutions

Social development of a society depends to a greater extent on the development of social institutions and social capital. Social capital is the networking that helps create linkages which in turn forge rules, conventions and norms governing the development process. When a society undergoes change certain institutional factors, which has a spiralling effect on deepening democracy, may gain ground, if the unleashed energy of people deliberately consolidated by the intelligentsia. In the case of Kerala, after the formation of the State in 1956 a notable development in the area of participation of the people was people's science movement. It was basically a conscientisation of the mass; the activists worked above interests of their political affiliation/inclination. This was followed by a total literacy movement. Apart from making the people capable of reading and writing, it was a mass movement for understandings the 'self' and the 'society' in the background of democratic principles. The ordinary people came to understand the importance of human development and to some extent the concept of sustainable development. With emerging demand from below the Government had to provide basic services like education, health, sanitation, etc. Media also played an important role by means of highlighting activities relating to development and also reporting the apparent failures in providing these basic services. The State Government has allocated a substantial portion of its investment for developing social infrastructure like schools, hospitals, etc. In 1996, as noted earlier, participatory planning was introduced and the responsibility of local level development entrusted with local bodies. Again, in 1998, for ensuring comprehensive social protection, *Kudumbashree* (the poverty reduction by prosperity of family through empowerment of women) was introduced.

Now that you have studied what is meant by human development index (HDI) and the importance of Social institutions for development, answer the questions given in *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) Define Human Development Index.

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2) Describe the role of social institutions in development.

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4.5 FACTORS PROMOTING RURAL-URBAN CONTINUUM IN KERALA

Kerala's achievements are an outstanding example of the power of public action. Now we may look at some of the important areas wherein these public actions are taken. Human insecurity is both cause for, as well as an outcome of poverty. Kerala State has been providing a range of welfare programmes aiming to enhance socio-economic security of her people (CDS, 2005). Some of the factors promoting rural-urban continuum in Kerala are described below.

i) Public Distribution System (PDS)

Kerala has universal coverage of public distribution system for providing food-grains, sugar, and other essential materials. The system began even before independence under the rule of *Maharajas*. By 1965, the system was expanded to cover the entire households. In addition to PDS, the State Government intervenes in the market through procurement and distribution of essential commodities with a view to controlling prices. This is done through the Kerala State Civil Supplies Corporation (KSCSC), which has its outlets scattered all over Kerala for distributing the materials. The prices in these shops are lower than the open market prices by a reasonable margin. In addition, by their strong market intervention to sell essential items during festival seasons, such as *Onam*, Christmas, and *Ramzan*, the State is able to provide a measure of stability to the prices of essential commodities.

ii) Free Noon Meal Scheme for School Children

Under this scheme food is distributed free to the targeted groups. The origin of this programme may be traced to the mid-forties, when the princely states of

Travancore and Cochin had established a system of free mid-day meals for poor children in the lower primary schools. The Noon Meal Scheme was reoriented in 1961 and spread throughout the State.

A supplementary nutrition programme is implemented with the help of a large number of women's welfare organisations called *Mahila Samajams* and other organisations in the State. *Anganwadis* and *Balawadis* have been set up with the help of these organisations. Young educated women in rural and urban areas are recruited as volunteers and receive only a monthly honorarium for their service. There is one *Anganwadi* centre for every 1000 population in rural and urban areas and one for every 700 population in tribal areas (Government of Kerala 2005).

iii) Old Age Pensions to Destitutes and Rural Labourers

The scheme is targeted at the poor, based on their social or physical vulnerability or their status as labourers in the unorganized sector. The system of giving old-age pension has come to occupy an important place in the social security provisioning in Kerala because of its coverage progressively being extended to most rural labourers. The four important old age pension for the poor are: 1) Pension to Destitutes and Widows, 2) Pension for the Handicapped, 3) Pension for Old Aged Agricultural Labourers, and 4) Pension for Old Aged Fish Workers. The number of pension schemes now operating in Kerala is around 17.

More than 90 per cent of the aged poor in the State are covered with pension schemes. The assured assistance in old age and other contingencies acts as an incentive to spend on children's continued education, better health care, etc. It also raises the beneficiary's status in the family. There are also schemes for providing marriage assistance to daughters of widows and destitute mothers. There is an insurance scheme called *Mangalya* under which assistance for marriage of adult daughters up to Rs.10,000 is paid.

iv) Housing Security Schemes

Kerala's initiatives in providing housing security deserve special attention. In 1971, the landless labourers were given the right to retain and own 10 cents of land belonging to landed households for whom they worked. Those who could not get such land and were homeless were brought under a massive programme called 'One Lakh Housing' through mobilizing resources from the State Budget, public institutions and voluntary labour. This housing scheme is considered as a landmark in the history of Kerala in social development. At present, various housing schemes, including the provision for purchasing land for the landless, is being implemented by the local self governments.

v) Welfare Funds for Unorganized Sector Workers

Kerala has a unique experience in providing protective social security arrangements for its workers in the informal sector. Successive Governments in Kerala perceived the problems of workers in the informal sector as due largely to lack of definite employee-employer relationships and insecurities arising out of fluctuations in their income. The welfare funds and boards were an attempt to solve this through institutional innovations, including the tripartite fund, with the employer, worker and Governments as its constituents. At present, there are 23 welfare fund boards for unorganized/informal workers in Kerala (in addition,

to the Centrally-administered fund board for beedi and cigar workers). They cover a wide range of occupations and have come to be seen as an important institutional arrangement for providing a measure of social security to informal workers. The benefits vary across funds. However, they seem to cover a number of aspects. Some of the major benefits provided are: Provident fund, gratuity, monthly pension (old age), disability and accident cover, health cover, unemployment relief, educational allowance, housing assistance, marriage assistance and funeral expense.

vi) **Kudumbashree - Poverty Reduction Programme**

The poverty reduction programme in Kerala is known as ‘Kudumbashree’. In Malayalam (the vernacular language in Kerala), ‘Kudumbashree’ means prosperity for family. It is a participatory poverty eradication programme (such programmes are legion in India) of Kerala. What makes a difference in this programme is that it is a community initiative using women’s agency with legal backing, implemented as part of Panchayati Raj System (both rural and urban). Since it is structurally and functionally related to local bodies leakages are minimized. Basically it is an women empowerment programme; but equal importance is given to delivery mechanism. Kudumbashree has an economic base of its own which guarantees autonomy and sustainability. The project is implemented through neighbourhood groups of poor women. It is through a survey, based on nine risk factors, the poor families are identified. It is envisaged that the service of different government and semi-government agencies are to be converged in the programme.

The mission of *Kudumbashree* is “to eradicate absolute poverty through concerted community action under the leadership of local governments, by facilitating organization for the poor combining self-help with demand-led convergence of available services and resource to tackle the multiple dimensions and manifestations of poverty holistically”.

A major departure from conventional poverty alleviation programmes is the process of identification of poor by means of survey based on nine indicators of risk factors. The risk factors are: (1) poor quality of house (2) lack of access to drinking water (3) lack of access to sanitary latrines (4) number of illiterate adults in the family (5) single income households (6) number of individuals getting barely two meals a day or less (7) number of children below the age of five in the family (8) number of cases of alcoholism or drug addiction in the family and (9) Scheduled Caste and Scheduled Tribe family (socially disadvantaged groups). The households with four out of nine factors are considered as poor.

The organizational structure of *Kudumbashree* has a three-tier system. At the lowest level there are Neighbourhood Groups (NHGs) of 15-40 adult women, one each from the identified risk families. Area Development Societies (ADS) are formed at the middle level by federating the NHGs within a ward of a local body. At the local body level, there are Community Development Societies (CDS), federating the ADS in the local body.

Government of India, National Bank for Agricultural and Rural Development (NABARD), and UNICEF support this programme. Two bank-linked self employment programmes of Swarna Jayanti Shahari Rozgar Yojana (SJSRY), viz., Development of Women and Children in Urban Areas (DWCUA) and Urban

Self Employment Programme (USEP), provide Kudumbashree financial resources to encourage beneficiaries of the project to set up micro-enterprises.

A major function of the organization is to act as an informal bank for the poor. Women pool their savings at the weekly NHG meetings. The ADS is authorized to open bank accounts in banks to deposit the savings.

In the decentralised planning process *Kudumbashree* plays an important role. The NHGs prepare a micro plan based on the surveys and discussions. The ADS puts together the micro plans and prepare a mini plan for the ward of Panchayat/ Municipality. A Monitoring and Advisory Committee is formed under the chairmanship of the elected member of the village Panchayat or municipality representing that ward. The CDS is co-terminus with the village Panchayat or Municipality and prepares development plans at the local level by consolidating the plans prepared by the ADS.

vii) *Ashraya* – Programme for Destitutes

This programme is for providing all types of support for the destitute identified by the *Kudumbashree*. Destitute families are the ones which fulfill seven of the following nine criteria: 1) Kucha houses, 2) No access to safe drinking water, 3) No access to sanitary latrine, 4) Illiterate adult in the family, 5) Having not more than one earning member, 6) Getting barely two meals a day, 7) Presence of children below five years, 8) Alcoholic or drug addict in the family, and 9) Scheduled Caste or Scheduled Tribe Family. *Ashraya* is the first integrated programme for addressing issues affecting the poorest of the poor who generally are not covered by any of the designated poverty alleviation programmes and who live in the margins of economy and society and polity. An estimated 2 per cent of the population are reckoned to be under this category. The Kudumbashree Mission, through community-based organisations of the poor, had been entrusted with the task of destitute identification, rehabilitation and monitoring under its poverty eradication mission.

The Grama Panchayats, Municipal Councils and Municipal Corporations are providing a package of care services for destitute families under the *Ashraya*. This will cover food, health, education, water, etc. The care services are designed in such a manner as to dovetail part of the poverty eradication programmes, both centrally and State-sponsored, to meet the specific requirements of the hapless segments of society.

Now that you have studied the factors behind the development of rural-urban continuum in Kerala, 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) Give a brief account of one social security programme.

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2) Give a brief account of Public Distribution System.

Rural–Urban Continuum

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3) What is *Kudumbashree*?

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4) How the Free Noon Meal Programme for Children is organised?

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4.6 LET US SUM UP

Understanding the process of development with special emphasis on spatial dimension is very important for policy making. It is generally believed that urbanisation and economic growth go hand-in-hand – one reinforcing the other. Indeed, cities are considered to be the ‘engines of growth’. However, unfettered growth of cities will usually end up with growing slums and poverty

Public policies, aiming to providing social infrastructure and social security schemes are having an impact on the trends in urbanisation, particularly migration to rural people to the urban areas. Kerala is a model in this respect. The State of Kerala is an urban village having spatially dispersed settlement pattern with social infrastructure equitably distributed. Despite significant development in the area of human development there is no tendency towards the development of mega cities. But what is important to underline the fact that the entire area is having an urban nature, having around fifty per cent people living in urban areas. People are not migrating to cities; with the connectivity, they go to the city and come back and stay at the villages. The balanced growth approach has resulted in development of infrastructure both in rural and urban areas. As a result, the entire area of Kerala is having potential for further development without the evils related to urbanisation like slums. Kerala does not have any slums.

The pattern of development of Kerala may be described as a rural-urban continuum wherein one may not be able to distinguish between rural areas and urban areas. It may be described as *Rurban* (neither rural nor urban).

Looking at the factors behind the development of such a *Rurban* pattern, one can observe very targeted public policy towards the development of social infrastructure and social security measures. Social infrastructures like schools, ananganwadis, health centres, etc. are developed with government investments. Social security measures like pensions, free noon meals, housing schemes, etc. are introduced for reducing insecurity.

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4.8 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1) Describe the Trends in Urbanisation in the State of Kerala?

The urbanization process in Kerala acquired a faster pace during the latter half of the last century. Now about 47.72 per cent of the population in Kerala live in urban areas as against the all India level of 31.16 per cent. Barring a few Panchayats in the hilly tracts and a few isolated areas, the entire state depicts the picture of an urban rural continuum.

2) Give a Brief Account of Rural-Urban Continuum of Kerala Model.?

An idiosyncratic feature of the development trends in Kerala is the absence of rural-urban polarisation. The public policy has been so targeted that the disparity between the rural and urban area is reduced to the minimum. These developments in Kerala – ‘rural-urban continuum’ – have resulted in the coinage of a new term ‘rurban’.

3) Describe rural-urban continuum?

Thus, the rural-urban continuum may be defined as a dynamic equilibrium wherein the development process involves the people in both rural and urban areas and the returns of development are also distributed to the people whose settlement pattern is distributed spatially. The diffusion of the fruits of development of the economy to all sections of the people may be seen as a change from the industrial urban centres to the rural countryside resulting in rural-urban continuum.

Check Your Progress 2

1) Define Human Development Index.

The Human Development Index (HDI) is a summary measure of human development. It measures the average achievements in three basic dimensions of human development. They are 1) a long and healthy life, as measured by life expectancy at birth 2) knowledge, as measured by the adult literacy rate and 3) a decent standard of living, as measured by Gross Domestic Product (GDP).

2) Describe the role of social institutions and social capital in development.

Social development of a society depends, to a greater extent, on the development of social institutions and social capital. Social capital is the networking that helps create linkages which in turn forge rules, conventions and norms governing the development process. When a society undergoes change certain institutional factors, which has a spiralling effect on deepening democracy, may gain ground, if the unleashed energy of people deliberately consolidated by the intelligentsia.

Check Your Progress 3**1) Give a brief account of one social security programme.**

Free Noon Meal Scheme is an important Social Security Programme. Under this scheme food is distributed free to the targeted groups. This can be organised with people's participation. In Kerala a supplementary nutrition programme is implemented with the help of a large number of women's welfare organisations called *Mahila Samajams* and other organisations in the State. *Anganwadis and Balawadis* have been set up with the help of these organisations. Young educated women in rural and urban areas are recruited as volunteers and receive only a monthly honorarium for their service.

2) Give a brief account of Public Distribution System.?

Public distribution system is for providing food-grains, sugar, and other essential materials to the people, particularly poor. It is very popular in Kerala which began even before independence under the rule of maharajas. By 1965, the system was expanded to cover the entire households. In addition to PDS, the State Government intervenes in the market through procurement and distribution of essential commodities with a view to controlling prices.

3) What is Kudumbashree?

The poverty reduction programme in Kerala is known as '*Kudumbashree*'. It is a participatory poverty eradication programme based on community initiative using women's agency with legal backing, implemented as part of Panchayati Raj System (both rural and urban). Since it is structurally and functionally related to local bodies leakages are minimized. Basically it is a women empowerment programme; but equal importance is given to delivery mechanism. Kudumbashree has an economic base of its own which guarantees autonomy and sustainability. The project is implemented through neighbourhood groups of poor women. It is through a survey, based on nine risk factors, the poor families are identified. It is envisaged that the service of different government and semi-government agencies are to be converged in the programme.