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Governance and Human Development Experiences and Prospects

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Abstract

It is generally recognised that decentralisation, as practised in Kerala, has not only enhanced her capability vector but also had significant impact on quality, efficacy and inclusiveness of that development. The spectacular performance of Kerala in enhancing the vector of human capabilities owes, as we know, very much to public action that has over time become a way of life for her. It is in the sense of popular demand and public provision we define 'public action', representing participation of both the complementary sides of demand and supply. A dialectical equilibrium between popular demand (backed by a political purchasing power in terms of organisation and mobilisation) and public supply marks development. Recognising the role of the collectivity or the state in creating and sustaining an enabling environment for the individuals to realise their freedom also identifies in effect the correlative duty bearers. So it occurred in Kerala too; despite being autarchic, the two Princely States of then Kerala pioneered a development path through education and health in the name of welfare of the subjects. And with the emergence of the radical popular welfare politics, this development path became so inalienable to Kerala that it continued to be the main state policy, irrespective of its political colour. The present paper examines this trajectory.

Governance and Human Development

Experiences and Prospects

Local bodies in Kerala, though extant for a long period, had very limited powers as local development institutions of self-government and were just acting as conduits for schemes designed and funded by state ministries. With the 1993 Constitutional amendments, Kerala has experienced an exceptional qualitative leap in decentralisation in a big bang ‘campaigning’ mode of participatory planning involving a devolution of more than 35 percent of the plan funds. True to the history of public action in Kerala, the agenda of decentralisation has also been so forced into the public discourse on development that it too appears to have become institutionalised. And this has ensured continuous commitment to decentralisation by all the three successive Governments so far.

It is generally recognised that decentralisation, as practised in Kerala, has not only enhanced her capability vector but also had significant impact on quality, efficacy and inclusiveness of that development.¹ For one thing, it has opened the public sphere for the SCs and women in proportions never seen before. There are 6184 PRI seats reserved for women in Kerala. The local bodies have been found to be much more effective in providing targeted benefits to the poor households, that is, individual beneficiary-oriented programmes such as distribution of seeds, livestock, housing grant, books, uniforms, and so on. It should be stressed that for the first time, village *panchayats* have been freed from the clutches of the Public Works Department in matters relating to the design and implementation of construction works. So too in the case of minor irrigation and small drinking water projects. As already stated, household sanitation that directly contributes to human development has been accorded prime priority by a number of village *panchayats*.

Redefining Public Action

The spectacular performance of Kerala in enhancing the vector of human capabilities owes, as we know, very much to public action that has over time become a way of life for

¹ See for details Chaudhuri, *et al.* 2004.

her. It is in the sense of popular demand and public provision we define ‘public action’, representing participation of both the complementary sides of demand and supply. In the human rights perspective,² the demand side represents the claim of the potential right-holder (that is, the current beneficiary) along with the significance of the necessity and urgency that this claim be fulfilled. The supply side, on the other hand, represents the addressees’, that is, the states’, responsibilities vis-à-vis the beneficiary’s claim.

It is significant to note that the complementary demand-supply dialectics implies an effective demand. Thus public action for development presupposes what we call an ‘effective political demand’, a counterpart of Keynesian effective economic demand for market equilibrium (Keynes 1930). This latter was developed from the Smithian ‘effectual demand’, the demand, which is ‘sufficient to effectuate the bringing of the commodity to the market’, by ‘those who are willing to pay the natural price’ (Smith 1776 [1976]: 73). On this line we postulate, based on the objective development experience of Kerala, an effective political demand to ‘effectuate the bringing’ of the progressive rights realisation that is development. Just as purchasing power actuates effective economic demand, what effectuates public demand is organisation and mobilisation. Thus a dialectical equilibrium between popular demand (backed by a political purchasing power in terms of organisation and mobilisation) and public supply marks development.

The Role of the State

Recognising the role of the collectivity or the state in creating and sustaining an enabling environment for the individuals to realise their freedom also identifies in effect the correlative duty bearers. Thus, “[t]he state, as a primary duty bearer, has the responsibility to do its utmost to eliminate poverty by adopting and implementing appropriate policies. And the accountability of the state needs to be defined in terms of implementation of policies.” (UNDP, 2000: 77). While there is no necessary relationship, a democracy is more likely to help enhance the state’s respect for and protective coverage and promotion of human rights. Besides being an end in itself, respect for human rights leads to enhanced economic and social capabilities (Dasgupta 1993). The first step towards this emerged from the modern welfare state concept, inaugurated in Europe in the mid-19th century with the provision of public elementary education. Though it was purely an instrument in pursuance of the self-interested legitimation function of the capitalist state, it had far-reaching development implications. So it occurred in Kerala too; as discussed elsewhere in this Report, despite being autarchic, the two Princely States of then Kerala pioneered a development path through education and health in the name of welfare of the subjects (*‘prajā kshema thātparyam’*). And with the emergence of

² See Kannan and Pillai (2003 a, b) for more details.

the radical popular welfare politics, this development path became so inalienable to Kerala that it continued to be the main state policy, irrespective of its political colour. Thus the Plan expenditure of Kerala on social services constituted about 24 percent of the total plan expenditure from the First Five Year Plan to Ninth Five Year Plan whereas the all India figure ranges between 17 and 20 percent. The non-Plan expenditure on social services constitutes about 36 percent of the total government expenditure of the state. That resource constraints had nothing to do with the role of the state in this respect is of much significance today: will opens up ways!

Unquality and 'bad' governance: a moral hazard problem

However, the vector expansion has tended to belie the Pythagorean dictum on one-to-one correspondence between quantity and quality: the quantity increase has by no means led quality improvement, leaving the State just with some apparent achievements in capability, as explained in the last Chapter. This in turn suggests that public action has failed in its truest sense of demand-supply dialectics in ensuring good governance.

An important contribution to the study of governance behaviour comes from the focus on the significance of information especially in a principal-agent relationship framework. In its simplest form of a vertical governance structure, government, representing the public, is seen as the principal and the bureaucracy that facilitates social service provision as the agent in its employ or under its authority. In an extended form, (e.g., of a three-tier hierarchy) the public stand as principal and government (represented by politicians in power) as agent (i.e., supervisor) who contracts with a further agent, the bureaucracy, to supply the vector of services. In its barest terms it is assumed that in a regulatory governance structure, the principal's objective is to maximise some measure of social welfare, while the agent (politicians and/or bureaucracy) aims to maximise their self-interests. Information asymmetry against the principal explains the *raison d'être* of the agent who is better informed or better skilled. The divergence in objectives and the uncertainty or information asymmetry result in two effects³: moral hazard (principal being affected by 'hidden actions' by agent) and adverse selection (principal being affected by 'hidden information' agent has at his command) (Arrow 1985). Hence the principal should structure his contract (compensation scheme) with such incentive

³ The term 'principal-agent problem' appeared first in Ross (1973). The earlier discussion on principal-agent problem in the framework of imperfect monitoring and imperfect information appeared in Stiglitz (1975), Mirrlees (1976), Harris and Raviv (1978), Holmstrom (1979) and others. For excellent surveys, see Hart and Holmstrom (1987), Levinthal (1988) and Holmstrom and Tirole (1989). It should be noted that the principal-agent model was originally employed to analyse insurance, sharecropping, physician-patient relation, law enforcement, etc. It was only with the development of the model in the framework of imperfect monitoring and imperfect information by Stiglitz and others that the model was applied to analyse bureaucracies and hierarchies of organisations.

designs as to encourage the agent to expend the expected effort that will compensate the information asymmetry the principal faces in his maximisation objective.⁴

An Ideal Counter to Moral Hazard

That imperfect information drives a wedge between the principal and the agent, leaving some leeway for moral hazards on the part of the agent, that is, the government, including bureaucracy, implies that the problem stems from the structure and conduct of governance. Hence any solution to the problem must essentially consist in bridging the gap between the principal and the agent and in accomplishing governance in a transparent and accountable manner. An ideal way to this solution is to end the principal-agent duality itself, that the principal becomes the agent herself, that is, participatory development through decentralization. Here the agencies of demand-supply dialectics of public action merge into one – the most ideal stage of achieving development. However, this also presupposes an enabling condition for transparent and accountable accomplishment of governance through the bureaucracy, which necessitates its own reform too. And this is exactly what Kerala has set about in terms of decentralization, including the latest initiative on modernizing government programme (MGP).

Participatory Development

It is true that the role of the state in good governance is immensely significant. However, the vast heterogeneity in the local aspirations and perspectives, needs and responses, tends to leave the direct management of the state responsibility much difficult, if not impossible. It is here the direct participation of the communities in ensuring and enhancing an enabling environment assumes significance. Since it is the local communities that have perfect information on the specific problems they face, the actual and the possible constraints they encounter, and the potential solutions to be explored, their direct participation in the design and implementation of the policies and programmes makes the enterprise fruitful. And in fact this is how the moral hazard problem is solved here – the principal also acts as the agent!

Citizen participation in community decision-making can be traced as far back as to the direct democracy of the city-states of the ancient Greece. This brief historical episode, however, had little direct influence on the theory and practice of modern states. The *panchayats*, an Indian tradition and the town assemblies, an American tradition, were among the early contributors to citizen participation, whereby all of the citizens in the

⁴ The significance of the scope for collusive behaviour in the principal-agent environment is explored by Tirole (1986) and Laffont (1988, 1990).

community got together to decide on issues. In the Indian context it should, however, be noted that the participation in *panchayat* was based on caste divisions and as such it represented internal democracy within each social group, but not across the groups. At an utopian level, the ideal communist society, as conceived in Marxism, as the state withers away, stands as the highest form of decentralised humanist democracy of citizen participation.

‘Participation’ along with ‘empowerment’ had been a dominant concept⁵ in sociology, anthropology and history for a long time before it experienced ‘a renaissance in the 1990s’ (Chambers 1995: 30) through its adoption by political economy. There appeared to be ‘a paradigm shift to participatory development’ (*ibid.*), ‘from top-down to bottom-up, from centralised standardisation to local diversity, and from blueprint to learning process’ (Chambers 1992). It took people as the agency of development rather than solely as the objects or the clients of development. Its adoption in political economy is said to have followed the increasing dissatisfaction with the extent of effectiveness and equity effects of the erstwhile growth-mediated, trickle-down development strategies, leading to ‘ideas about beneficiary involvement’ (Nelson and Wright 1995: 3). The key idea behind the concept of participation is thus decentralisation, which was earlier entirely identified with the core micro system of local governance, for example, through the Panchayati Raj institutions in India.

In other words, community participation in development process can be realised through either a unitary or a federal structure of state functionings. In the former, the state from its central core extends itself and acts through community groups or co-operatives, that is, the organised beneficiaries at the local level. Against this top-down approach, decentralisation of state power and functionings marks the latter. Here the local bodies are empowered to function as local development institutions of self-government, and constitute an autonomous and hence ideal means of targeting and tackling development issues through co-operation and collective action. This in turn implies that the degree of decentralisation of power of a state is an indicator of its concern for and commitment to human development.⁶ It is in this second sense that participatory development is

⁵ Sherry Arnstein (1969) in her seminal work conceptualises public participation as a ladder with each rung corresponding to the extent of citizens' power in determining public projects.

⁶ According to Arnstein, citizen participation involves "the redistribution of power that enables the have-not citizens, presently excluded from the political and economic processes, to be deliberately included in the future; means by which they can induce significant social reform which enables them to share in the benefits of the affluent society" (Arnstein 1969: 216).

recognised today, with a second phase added to it that goes down to a still micro level of participation in self-help groups and user groups.

In what follows we discuss the experience of Kerala in these ventures.

The Kerala Experiences

The Administrative Reforms Committees

The welfare-oriented development strategy Kerala has been following implies effective and efficient delivery of social services through government officials particularly in sectors relating to education, health, social security and food security. In order to counter the possible moral hazard problem and to work out the development strategy, the State has been spending an increasing proportion of its revenue on the salaries of its public servants. However, it is now generally recognized that “serious inadequacies have crept into the reach and quality of the public services” with the “decline in the service ethos of government servants, the growing indifference of the staff and the increasing laxity in supervision..”⁷ It is in fact in the face of such accumulating sorry state of affairs that Kerala has instituted three Administrative Reforms Committees (ARCs) since its formation in 1956. The first Committee, under the chairmanship of late Shri E.M.S.Namboodiripad, the then Chief Minister, was constituted in 1957, the second Committee, under Shri.M.K.Vellodi, ICS, in 1965, and the third in May 1997, with the then Chief Minister Shri.E.K.Nayanar as its Chairman.

By the time the first ARC was constituted, there was a strong desire at the political level to make the administration people-oriented by inducing in it greater commitment and motivation for selfless work and to restructure it to facilitate implementation of progressive measures like decentralisation, land reforms etc. The Committee outlined the process of planning from below, a democratic decentralisation process, so that officials and elected representatives could work in harmony for the greater betterment of the society. However, these ambitious plans mostly remained only on paper, with no signs of decentralization striking root and the bureaucracy still remaining inaccessible to the common man, such that the second Administrative Reforms Committee openly expressed its anguish at the slow pace of administrative reform in the State. The second Committee had also to take stock of the challenges of a growing welfare State with focus on human development, particularly health, education, social security and food security. The story however continued and the third ARC also noted with abguish that “fundamental reforms like democratic decentralisation, rationalisation of staff and department structures, merit promotion, office discipline, redefinition of secretariat functioning both in the

⁷ Government of Kerala (1998: Paragraph 1.3.2)

administrative and finance wings, creation of Kerala Administrative Service, financial discipline particularly in creation of staff etc. could not be fully implemented.” (Government of Kerala 1998: Chapter 1, Para 1.2.1 First Report of the Administrative Reforms Committee)

Box 4: *Lighting Up Remote Hamlets – Mini and Micro Hydel Projects*

Despite cent percent rural electrification, achieved long back, more than 15 percent of the households in Kerala still remain unelectrified, most of them being in remote hilly areas all along the Western Ghats. Electrifying these households from the grid involves problems of accessibility and high costs, on account of low density and long distance to be covered. The Electricity Act 2003 lays down that the appropriate government shall endeavour to supply electricity to all areas including villages and hamlets. The Act envisages formulation of two policies: a National Electricity Policy permitting standalone systems (including renewable and non-renewable sources), and a National Policy for Rural Electrification for purchase of bulk power and its local distribution in rural areas.

Micro- and mini-hydel power stations (up to 100 kw capacity) have already proved to be a useful standalone source for lighting up villages in remote, mountainous terrain in Jammu and Kashmir, Himachal Pradesh, Uttaranchal, West Bengal, and Andhra Pradesh as well as in Kerala. About 198 small hydel sites have so far been identified in Kerala with a total capacity of 467 mega watts (MW), of which 10 sites (with a capacity of 72 MW) have so far been set up, most of them in Idukki district, and another 10 (with 73 MW) are under construction (Government of Kerala 2004). It should be noted that the decentralisation drives have opened up ample opportunities for exploiting the potential available for harnessing mini- and micro-hydel projects. Given the enabling environment, several local bodies have taken up initiatives to develop locally available sources of energy with people’s participation. What is more significant to stress here is that the persistent scourge of time and cost overruns in the power sector of Kerala has had no room in such initiatives!

The process of governance has, however, experienced considerable constraints and tensions. It is ironical to note that the hierarchical organisations such as employees associations, trade unions, students organisations and the co-operative bodies that stand for participation have not been enthused to support and strengthen this participatory

development through decentralisation process. Much worse, many organisations, especially, the associations of government employees, have been openly antagonistic, as revealed in their opposition to several attempts to deploy departmental staff to various tiers of *panchayati raj* in line with the recommendations of the S. B. Sen Committee, set up to recommend measures for the implementation and institutionalisation of the decentralisation process. Given such dismal failures to restructure and re-deploy the bureaucratic system, a demand has now arisen for the establishment of a Development Administrative Service along the lines of the Indian Administrative Service.

The absence of a sound administrative support has, however, created a critical vacuum that has often led to conflicts between an 'inexperienced' political executive and an 'experienced' administrative executive. To counter this vacuum, 'key resource persons' and 'expert committees' have been inducted. Moreover, the powerful and large rent-seeking departments in government, particularly in public utilities such as irrigation, public works, water supply and electricity distribution, have not been ready to give up their considerable powers. This in turn has limited the powers of the *panchayats*, especially at the block and district levels, in creating and maintaining critical infrastructures.

It goes without saying that a viable approach should have been a progressive evolutionary introduction of decentralisation in its practical phases rather than a big bang. Decentralisation becomes meaningful only with the empowerment of the local body, which in turn but cannot be bracketed with just devolution of power and distribution of resources; they are of course the necessary conditions, but not sufficient. The local body should have the independent practical 'power' to utilise the Constitutional and economic power devolved upon it; that is, it should be sufficiently informed and equipped for its task in good governance. Thus, the first phase of empowerment consists in a progressive process of education and training, and only with this, empowerment of a local body in its full sense is realised – having power to make use of its power for good governance. Such a mechanism would have avoided the practical problems of inadequacies in the 'development plans' as encountered in general, and thus dispensed with the 'expert committees'. It should be noted that a lot of dust was kicked up in the name of the expert committees on allegations that they were 'packed' only with the party cadres of the regime. In addition to this political interests domination, the expert committees in effect may be viewed as representing the traditional top-down mode of development, the very awful anti-thesis of the intended bottom-up approach in good governance.

The Constitutional Amendments (Requirements)

Even though Article 243-B of the Indian Constitution deals with setting up of Panchayats at three levels, viz., Village, Intermediate (Block) and District, India had been characterised by a system of two-tier (Central and State) governance till the 73rd and 74th constitutional amendments in 1993. The 73rd amendment, which came into force on April 20, 1993, and sought to help the *panchayat* become, in the real sense of the term, 'an institution of self-government', has provided for a three-tier system in States wherein there is the *grama sabha* at the village level, the intermediate *panchayat* at the block level and the district *panchayat* at the district level. The local development plans are prepared at the ward level of the *grama sabha* with maximum participation of the public belonging to that ward. Such need-based plans proposed by each ward are then considered by the *grama sabha* (village *panchayat*); if they fall within the powers granted to the *grama sabha*, then the plans are taken up for implementation; if not, they are moved up to the next higher body competent to sanction them. The 74th Constitutional amendment has provided for the setting up of District Planning Committees (DPC) in each district of the State with the aim of helping the district prepare a plan encompassing both rural and urban areas.

The Amendments listed 29 functions of government to be handed down to local bodies (*panchayati raj* institutions, PRIs). This marked an initiation of a paradigm shift to participatory development, 'from top-down to bottom-up', from centralisation to decentralisation in governance. Its adoption in political economy is said to have followed the increasing dissatisfaction with the extent of effectiveness and equity effects of the erstwhile growth-mediated, trickle-down development strategies. In decentralisation, people are taken as the agency of development rather than solely as the objects or the clients of development. Here the local bodies are empowered to function as local development institutions of self-government, and constitute an autonomous and hence ideal means of targeting and tackling development issues through co-operation and collective action. This in turn reflects, both in theory and practice, significant potential for human development and implies that the degree of decentralisation of power of a state is an indicator of its concern for and commitment to human development.

The real test of the effectiveness of such Constitutional mandate of decentralisation, however, depends on the success of those States that took up this task seriously. Kerala was one such State. Though *panchayats* had been in existence in Kerala for several decades, they had been rendered insignificant with little role in the social and economic spheres of the State by irregular elections, inadequate resources and ineffective public concern. However, the Constitutional amendments came in as an ignition especially in the left political sphere of the civil society of Kerala. There were further compelling

internal dynamics that contributed to the political acceptability and commitment to the task of decentralisation. There was emerging an awakening to the limits to the so-called 'Kerala model', which was at a crossroads. The expectation was that the spectacular achievements in social development would, and should, lead to much higher levels of economic development than achieved so far. But that was not around the corner and the wait continued.

Decentralization was thought of, if not as a panacea for all ills, as a way out of this logjam. It was expected to facilitate local level development by mobilising both people and resources to strengthen the productive base, especially in the primary sector by creating and maintaining public and collective goods such as in land and water management and agricultural extension. In fact, the urge for decentralisation went beyond this. The aim was the establishment and institutionalisation of local self-government. It was in 1957, after the victory of the then undivided Communist Party in state elections, that an agenda of decentralisation, based on the recommendations of the First Administrative Reforms Committee (of 1957), probably motivated by the ideals of commune, was first formulated in the form of a bill for enactment. With the dismissal of this government in 1959, the bill met an untimely death, however, not unlike the historic land reform bill. While the land reform agenda went through a series of revisions and compromises before being finally enacted in 1971, the agenda of decentralisation remained stalled because successive governments abhorred the idea of decentralizing their power. Though there were some attempts at the national level at initiating some amount of administrative decentralization through local bodies or Panchayat Raj institutions – one in the context of Balwantarai Mehta Committee of 1959, and the other in the context of Askoka Mehta Committee of 1978, yet unlike Karnataka and West Bengal, Kerala's coalition politics could not accommodate decentralisation seriously, let alone give a lead. A minor exception was the short-lived experiment of the creation of district councils during 1990-91.

The debate on decentralisation, however, continued. An important contribution to this debate and preparatory work at the local level came from the work of a large, well-spread voluntary organisation, the Kerala Sastra Sahitya Parishad (KSSP), better known as people's science movement to the rest of the country.¹ Developmentalism, as represented by the work of KSSP and a number of emerging independent groups and organisations, has been in sharp contrast to the dominant paradigm of development politics that functions solely through bargaining. The former stressed people's participation, awareness creation, popularisation, sensitising structures of government to people's needs, and the need to debate alternatives to existing models of development. The issues it took up were crosscutting, broad-based and relevant to the common people. The perennial issue of inefficiency and corruption was major one. Access to and enhancing

The following facts on the transfer of the development functions along with the concerned functionaries to the local governments summarise the quantum and quality of decentralisation in Kerala:

- i) In the Health sector: all institutions other than medical colleges and big regional speciality hospitals have been placed under the control of the local governments.
- ii) The entire public sanitation and almost the whole rural water supply scheme are now under the local government responsibility.
- iii) In the Education sector: high schools in rural areas have been transferred to the District Panchayats and lower primary and upper primary schools to Village Panchayats; and in urban areas, all schools have been transferred to the urban local bodies.
- iv) In the Agriculture and allied sectors: the following are now in the domain of the local government functions – (a) Agricultural extension including farmer oriented support for increasing production and productivity; (b) Watershed management and minor irrigation; (c) Dairy development; (d) Animal Husbandry including veterinary care; and (e) Inland fisheries.
- v) All the poverty alleviation schemes, including the centrally sponsored anti-poverty programmes, are now planned and implemented through the local bodies.
- vi) In the field of Social welfare: barring statutory functions relating to juvenile justice, all the functions are now carried out by local governments. The Integrated Child Development Scheme (ICDS) is fully implemented by Village Panchayats and Urban Local Bodies. Similarly, care of the disabled has become a local government responsibility to a substantial degree.
- vii) All the welfare pensions are now administered by the local governments.
- viii) Connectivity (roads), except highways and major district roads, has now become a local government responsibility.
- ix) The responsibility for promotion of tiny, cottage and small industries is now mostly with the local governments.

the quality of education and health care were two other common concerns, as was the adverse impact of environmental degradation. While women's issues were highlighted, it is 'women's groups' which were, and still are, in the forefront of this agenda. People's participation was sought to be advanced through taking up local level development work. It should however be noted that the emergence of this kind of politics of development had had a national context, especially since the mid-1970s, as evidenced in the then movements spearheaded by organisations of environmentalists, women, dalits and adivasis.

The latter, development politics, on the other hand, stresses 'bargaining' by organising and mobilising homogenous interest groups such as workers, government employees, farmers, castes and communities in hierarchical organisations. Such bargaining model has found favour with political parties, irrespective of their hue and colour. It is the apparent tension between these two paradigms, as we will see below, that is now manifest in the controversies surrounding the decentralisation process. It should, however, be noted that while developmentalism represents the larger social interests, development politics panders to self-/group-interests; though the two appear contradictory and conflicting, the very fact that the individual/group is an integral part of the society necessarily stands to equate and integrate the two interests. In the case of Kerala, with the unique multi-dimensional participation by every individual in the social life, as we have already explained, this identification in principle is easy to follow. However, short run tension does persist.

The 1993 Constitutional amendments required that the State enact conformity legislation, and in 1994, the Kerala Panchayati Raj Bill was introduced. A comprehensive general Govt Order issued in September 1995 placed a large number of Govt institutions, officials and personnel, both professional and ministerial, under the control of the local govts. And in 1996, after the LDF came back to power, a Committee on Decentralization of powers (popularly known as the Sen Committee) was appointed and its final report was submitted in December 1997. According to the Committee's recommendations, comprehensive amendments were enacted in 1999 to the Kerala *Panchayati Raj* Act of 1994 and Kerala Municipality Act of 1994.

Decentralized Planning

Along with the appointment of the Sen committee on decentralization of powers, the LDF government also initiated in 1996 a drive for decentralization in a big bang campaign mode, known as People's Planning Campaign (PPC: '*Janakeeya Aasoothranam*') The

The significant features of Kerala's financial devolution to local governments are:

- i) The quantum of Plan funds earmarked for local governments has been unique in the country in the sense of being the highest, with the rural local governments getting a 70 to 85 percent share in accordance with the rural population and the District and Block Panchayats sharing only the remaining more or less equally.
- ii) Around 90 percent of the Plan funds have been given in a practically untied form to the local governments to prepare and implement their own projects within certain broad policy framework, stipulating that at least 40 percent of the funds (10 percent in urban areas) be invested in productive sectors and not more than 30 percent (50 percent in urban areas) on roads, and at least 10 percent be earmarked for gender sensitive schemes. The broad policy framework has also fixed a consensual upper ceiling for subsidies in different categories of schemes.
- iii) The entire Plan grants are fully investible (that is, without involving any staff salary or other administrative cost commitments, which normally take away 20 to 25 percent of the Plan at the State level).
- iv) Since the entire Plan grants due to local governments are separately budgeted in a document given as Annexure IV of the State Budget, which is passed by the Legislature, the grants remain non-divertible for other purposes by the executive.
- v) There has been designed a flow of funds procedure, by which the funds flow in four instalments. A local government is expected to spend at least 75 percent of its allocation during a year, failing which the next year's allotment gets reduced by such shortfall.

word 'decentralisation' or '*panchayati raj*' was, surprisingly, nowhere in circulation.). It started with a landmark Government decision, at the beginning of the Ninth Five Year Plan, to earmark an amount of more than 35 percent of the outlay of the Ninth Five Year Plan towards projects and programmes to be drawn up by Local Self-Government or Panchayat Raj Institutions (PRIs).

By the People's Planning Campaign (PPC), kicked off along with the financial devolution, the PRIs were given a significant role in planning function; each PRI was asked to prepare a comprehensive area plan with public participation. In addition to identifying the local needs and proposing projects, the *grama sabhas* were also expected to select the implementing agency, mostly the local committees of the beneficiaries themselves, and the contractors, only in their absence. This in turn has helped revive the sort of the earlier 'Labour Contract Co-operative Societies', whereby the public works have been undertaken by the co-operatives of the local beneficiaries themselves, ensuring enthusiastic public participation in completing many of the major works.

The State Planning Board chalked out a five-phase programme of activities, and went into a high-speed mode of functioning unheard of in government organisations. In the first phase, *grama sabhas* were convened and people at the local level mobilised to assess the local felt needs. In the second phase, 'development seminars' were held in every village panchayat, followed by formation of 'task forces' for the preparation of 'development projects'. 12,000 task forces were formed that worked out to around 12 task forces per village *panchayat*. Close to 120,000 people participated in these task forces. In the third phase, 'development reports' were prepared according to a format suggested by the State Planning Board, giving details such as the nature of activities envisaged and financial and organisational aspects.

Despite such quantitative achievements, a review by the State Planning Board showed that "the task forces did not function as effectively as was expected. The main weakness was that adequate number of experts could not be attracted to the task forces. The participation of officials was also far from satisfactory. The training given to the task force members was also inadequate. An interim review of the projects prepared revealed numerous weaknesses, particularly with respect to technical details and financial analysis. Accordingly, a number of rectification measures like project clinics, reorientation conferences, etc. were organised. All these created unforeseen delays in the final plan preparation." (Government of Kerala 1998: 201)

By the time the fourth phase started, the financial year 1996-97 was over. This phase, from March to May 1997, was expected to prepare five-year plans for the *panchayats* based on their development projects. This was no easy task since it involved prioritising

projects, assessing resources and institutional capacity, weaving the plan into the development strategy of the state, coordinating it with other village *panchayats* within the block and district level developmental framework and spelling out mechanisms for supervision and monitoring. The mettle of people's planning was too frail for this task.

The fifth and final phase was meant for the preparation of annual plans for block and district *panchayats* by integrating the lower level plans and, presumably, to developing their own plans that would be complementary to the village *panchayat* plans.

Given the delays and inadequacies in the preparation of village *panchayat* plans, this exercise could not be undertaken. To quote the Planning Board, the lead agency: "As a result, there were many instances of duplication of planning activities and also critical gaps between the various tiers" (Government of Kerala 1998: 201). Even when projects and plans were available, most of the works involved technical human power or infrastructure, that the District planning committees did not possess, to ensure 'technical soundness and viability' of the development plans. And this necessitated an additional phase exclusively for appraising the projects and plans technically and financially and the State Planning Board constituted 'expert groups' in each district and at the State headquarters comprising retired technical experts and professionals, encouraged to volunteer and certain categories of mandatory officers. These expert committees were initially an advisory organ of the district planning committee in matters of appraisals of the plans and projects as well as a body to render technical assistance to the PRIs. Later, however, the expert committees were given the power to issue technical sanctions within certain limits.

Within this 'democratic' decentralisation movement came up the still-micro level of participatory development through the self-help groups (SHGs), established at the local neighborhood level, comprising 10 to 20 below poverty line individuals, usually women. The SHG proposes a production project such as a cooperative to manufacture umbrellas, soap, sandals, candles, incense, ready-made clothing, or electrical equipment; or a service such as a cooperative store or a teashop. Once the project is approved by the village *panchayat*, financing sources are matched together: micro financing by the participants themselves through a rotating credit association and a low-interest loan from a state or national bank are then supplemented by the village *panchayat* from its decentralization funds. It should be noted that these SHGs as well as the ward committees in effect represent co-operatives, and as explained earlier, represent only a government-backed agency for a top-down unitary mode of participatory development.

The Repercussions of A Big Bang

The initial difficulties partially flew from the massive nature of the programme. It was revealed that the *panchayats* could not spend more than 10 percent of the earmarked funds by the end of the first year of people's planning, that is, by end-March 1997. The government initially extended the expenditure period by three more months; when this was found inadequate, the period was extended upto 31 March 1999, that is, an extension of two years, understandable given the massive exercise based on a 'campaigning' mode.

During the second year too, the *panchayats* could not spend more than 10 percent of the earmarked funds of around Rs.750 crore,ⁱⁱ and the period of expenditure was extended by another three months to the end of June 1998, with the stipulation that unspent balances would be deducted from future allocations. By end-June 1998, however, the *panchayats* formally reported 95 percent expenditure, with the bulk of the funds withdrawn during the final month. This was made possible through an interesting innovation. The *panchayats* withdrew the amount from the government treasuries and deposited it either in public sector organisations (such as the State Electricity Board), which were supposed to execute work for them, or in their bank accounts. And these were shown as 'expenditure'! For the third year, 1998-99, the funds earmarked were Rs. 970 crore, and the allocation for the fourth year, 1999-2000, was enhanced to Rs.1020 crore, though project preparations were not yet finalised even after eight months of the financial year. The story thus stumbled along.

The Faces of Opposition

Obviously, the 'campaigning' mode was seriously flawed especially in the context of raising people's expectations to levels beyond the system's capability to respond. But before these could be properly assessed and remedial measures initiated, the atmosphere was marred by allegations, not only from the opposition partiesⁱⁱⁱ but also from the coalition partners of the CPM, that political nominations abound right from the Planning Board to the village level task forces and expert committees. Instances of corruption and favouritism were levelled against many *panchayats*.

Exposed in this dilemma are the paradigmatic limits of development politics in the state. Hierarchical organisations such as employees associations, trade unions, students organisations and the co-operative bodies have not been enthused to support and strengthen the decentralisation process. Many organisations, especially, the associations of government employees, have been openly antagonistic,^{iv} as revealed in their opposition to several attempts to deploy departmental staff to various tiers of *panchayati*

raj in line with the recommendations of the S. B. Sen Committee, set up to recommend measures for the implementation and institutionalisation of the decentralisation process.

The absence of a sound administrative support created a critical vacuum and often led to conflicts between an 'inexperienced' political executive and an 'experienced' administrative executive. Technical support was near absent and hence the involvement of 'key resource persons' and 'expert committees', which in effect reduced the programme into a top-down one, as already explained. The powerful and large rent-seeking departments in government, particularly in public utilities such as irrigation, public works, water supply and electricity distribution, did not give up their considerable powers. That limited the powers of the *panchayats*, especially at the block and district levels, in creating and maintaining critical infrastructures. It is true the short run tension could not be overcome to facilitate the expected integration of the individual/group interests and the larger social interests. As we have already suggested, education and enlightenment was the missing link here.

The Role of the Voluntary Organisations

The peoples' planning variant of decentralisation has also brought into the open the tension between the role of voluntary organisations and the political parties and their affiliate organisations such as trade unions. It is no exaggeration that but for the whole-hearted cooperation and support of voluntary organisations, principally the KSSP with its all-Kerala network and COSTFORD^v (largely in Thrissur district), people's planning would not have been able to do the considerable amount of preparatory work it has done, as for example, in mobilizing people, conducting seminars and camps, working as resource persons, drawing up projects and development reports, organising training programmes and the publication of a large number of books, manuals and guidelines.

But this has invited the ire of political parties who think that their exclusive terrain – with electoral implications – is now being inundated with what may be called independent (of party politics) organisations.^{vi} The dilemma of political parties is now real. It was only the other day that the national leadership of the principal political party (CPM) that has led the decentralisation process in Kerala had labelled all NGOS (including voluntary organisations) as 'agents of imperialism' out to 'deflect from the cause of radical socialist transformation.' (Karat 1984). The same party has now found itself beholden to the commitment and support of voluntary organisations in pushing the agenda of decentralisation. That might perhaps explain why there is no public acknowledgement of the crucial role of these voluntary organisations. Instead, no effort has been spared to deny due credit to their work. The tension between democratic centralism and democratic decentralisation has been very much palpable.

Women Empowerment

There is another factor that, we think, will have equally significant and long-term implications for the politics of development in Kerala and indeed in the country as a whole. This is the role of women. Despite the acknowledged and remarkable contribution of women in Kerala in achieving basic developmental capabilities – as in reducing population growth, enhancing literacy, schooling, child care and life expectancy – social opportunities for enhancing women’s participation in the public realm remain severely constrained.

The one-third representation for women in elected *panchayats* would never have become a reality without constitutional backing. Women in leadership positions in the *panchayats* have often felt that heat from men and some have been forced to abdicate, even though many women representatives are related by family and kinship to men in politics. More important, their political visibility remains low in this ‘socially and politically progressive’ state of Kerala. Nevertheless, the educated, unemployed and unrecognised women, especially the younger ones, are waiting for an opportunity.^{vii} Political parties are sore that women are being mobilised by organisations independent of party politics. The subtle opposition is increasingly becoming open. On this issue at least political consensus is not found wanting. Here again one can discern a paradigmatic challenge to the male monopoly in public action for development.

What Ails the Engine?

Given such political imponderables, it is no surprise that the decentralisation process, or its Kerala variant in the name of ‘people’s planning’, has been faced with fundamental constraints in institutional capacity building. What has been followed so far may be called ‘a big bang approach’, by deciding devolution of 40 percent of plan funds and embarking on a ‘campaigning’ mode to shake up the system. But it was also like putting the cart before the horse, nay, the bullock. *Panchayats* could not cope with the administrative or organisational challenges of spending so much money (nearly one to one-and-a-half crore of Rupees per *panchayat* per annum), and resources have been alleged to be thrown into undeserving and also unaccountable pockets in a hurry to ‘clear the account’ in time, leading to decentralisation of favouritism and corruption.

It goes without saying that a viable approach is a progressive evolutionary introduction of decentralisation in its practical phases rather than a big bang. Decentralisation becomes meaningful only with empowering the local body, which in turn but cannot be bracketed with just devolution of power and distribution of resources; they are of course the

necessary conditions, but not sufficient. The local body should have the independent practical 'power' to utilise the Constitutional and economic power devolved upon it; that is, it should be sufficiently informed and equipped for its task. Thus, the first phase of empowerment consists in a progressive process of education and training, and only with this, empowerment of a local body in its full sense is realised – having power to make use of its power. Such a mechanism would have avoided the practical problems of inadequacies in the 'development plans' as encountered in general, and thus dispensed with the 'expert committees'. It should be noted that a lot of dust was kicked up in the name of the expert committees on allegations that they were 'packed' only with the party cadres of the regime. In addition to this political interests domination, the expert committees in effect may be viewed as representing the traditional top-down mode of development, the very awful anti-thesis of the intended bottom-up approach.

One major problem with this experiment in local level participatory development is that the local bodies and the ward committees under them as well as the SHGs could not develop into an epitome of the concerned local community, but still stands to represent only the powerful political vested interests. That is, the most desired identity between the groups and the local society is lost in practice in the political manoeuvres for power. The very fact that election to the local bodies is conducted on political party basis highlights the scope for decentralisation (and thus dissemination) of the political economy of corruption and rivalry to the local level, contaminating and disrupting the local environment. Serious and wide spread allegations of corruption, nepotism and abuse of political power as well as political horse-trading and extortion have been in the air ever since the start of the 'democratic' decentralisation. The ward committees and SHGs have in most cases been a lower extension of the political party in power of the local body, to the exclusion of others, sometimes the most deserving ones. The funds distributed to the local bodies have mostly remained unaccountable with considerable scope for diversion into personal coffers.

The Prospects

Democratic decentralisation being a mature stage of participatory development, which in its comprehensive sense is the dynamic chain of progressive realisation of human rights, it goes without saying that its Kerala variant marked a first step towards it. It should be stressed that for the first time, village *panchayats* have been freed from the clutches of the Public Works Department in matters relating to the design and implementation of construction works. So too in the case of minor, really minor, irrigation and small drinking water projects.^{viii} Overall, given such dismal failures to restructure and redeploy the bureaucratic system, a demand has arisen for the establishment of a Development Administrative Service along the lines of the Indian Administrative Service –

paradigmatic challenge indeed to the mediocratic hegemony in the state's bureaucratic system!

A major achievement of the current programme, it must be recognised, is that the agenda of decentralisation has been forced into the public discourse on development. This alone should ensure that future governments are not tempted to walk away from this challenge. The present Congress party-led United Democratic Front (UDF) government, that replaced the LDF Government in 2001 has declared its commitment to the decentralisation process. However, it has displaced the 'Campaign' mode with a 'Project' mode, re-christening the 'People's Plan Campaign' as 'Kerala Development Project'. The emphasis now seems to be on redeployment of the State government staff to the local bodies, training of both the officials and the elected representatives and introduction of accountability in financial transactions. At the same time, the new approach is conspicuous by the absence of any kind of mobilisation of people at the grassroots level that was so characteristic of the 'Campaign' mode.

Political society will have not only to recognise but also to help the development of a civil society where the contributions of independent and collective initiatives are valued and countervailing institutions respected. Ordinary people should be seen as citizens, not clients. Such a shift will, in our opinion, help evolve *panchayat raj* as an institution of local self-government. People expect not only development functions but also civic functions to be brought under *panchayat raj*. In this way the country may pay a small tribute to the original author of the *panchayat raj* whom we honour as the father of the nation. It is ironic that the Kerala variant of *panchayat raj* is conspicuous by its silence on any reference to him.

Despite the grey areas, the *panchayati raj* institution has in effect both an intrinsic and an instrumental value in ensuring an enabling environment for development. It offers a public platform for a vigilant civil society, conscious of its rights and committed to the correlative duties, to act as a watchdog in the common interest. And in the one step forward taken by Kerala, we have a scope for the rise of such a platform. The social terrain in Kerala with a vigilant public, vigorous press, vibrant voluntary organisations and the unutilised and underutilised energies of younger men and women, willing and waiting, is more than ready. A new paradigm of development politics has to emerge and respond to this social reality.

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Notes

ⁱ Though the KSSP is not a politically aligned organisation including social activists of diverse political pursuits, it has been increasingly viewed within Kerala as an organisation with pro-left leanings, especially to the Communist party of India – Marxist (CPM). This could be due to a disproportionate number of its grassroots level activists belonging to the CPM. However, the KSSP has taken independent positions often opposed to the views of the CPM.

ⁱⁱ The amounts given here represent only the funds made available by the State government. The other sources of funds are the centrally sponsored projects, internal revenue, loans from cooperative banks, voluntary contributions and beneficiary contributions.

ⁱⁱⁱ The real political reason for the ire of the Congress Party on the opposition side was that the credit for the decentralisation programme was being appropriated by the CPM in the name of people's planning, neglecting their party's, especially Rajiv Gandhi's, contribution to the 1993 constitutional amendments. It also felt that despite its contribution to the passage of the *Panchayati Raj* Bill in the State Assembly and holding elections under its regime, a different story was being scripted to deny them due credit.

^{iv} This is despite the political hold of the leading parties in the LDF over the associations of government employees. Another controversy pertained to the attempt of the government to enforce timely attendance of employees in offices. A suggestion for introduction of a 'punching system', as in factories, was vehemently opposed by a section of the employees. In such a context, the agenda of redeployment of staff seems a tall order indeed.

^v COSTFORD stands for Centre of Science and Technology for Rural Development, a voluntary organisation, started under the leadership of the late C.Achuta Menon after he relinquished chief ministership. While in power he tried in vain to get the low-cost, but eco-friendly, building technology, developed by Laurie Baker, approved by the government system. But its diffusion accelerated principally due to the work of COSTFORD, which is also engaged in a number of rural development programmes. However, it was largely due to the insistence of Achuta Menon that the government system took cognisance of the need to examine 'alternatives' in construction works. It took exactly three decades for this alternative to be accepted by the government system, albeit limited to local level work.

^{vi} Tornquist (1995) has even gone to the extent, in this context, of identifying these non-political party organisations as the 'next left', instrumental in enhancing development.

^{vii} For example, a meeting convened by a voluntary organisation in Thrissur to discuss 'women's issues' witnessed participation of over 1000 women from the district. More than 5000 women turned up, giving a jolt to the organisers! (Kannan 1999).

^{viii} Even then *panchayats* have not been forthcoming in the creation of such infrastructure. Of the total plan, they have earmarked only 20 percent under the head of 'infrastructure' which almost wholly consists of 'roads and bridges'. There is a distinct preference for 'individual beneficiary-oriented programmes' such as distribution of seeds, livestock, housing grant, books, uniforms, and so on with ample scope for political patronage.