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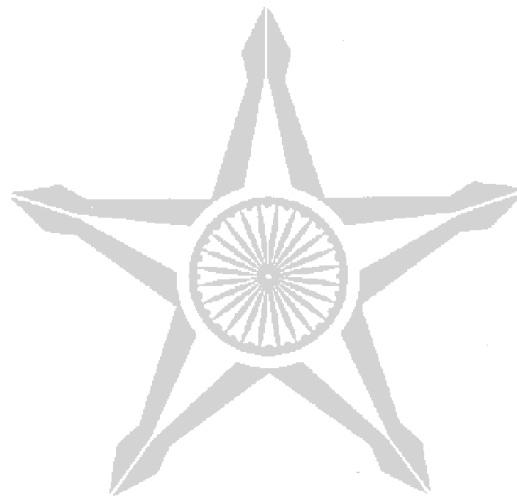
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Local Governments in Andhra Pradesh

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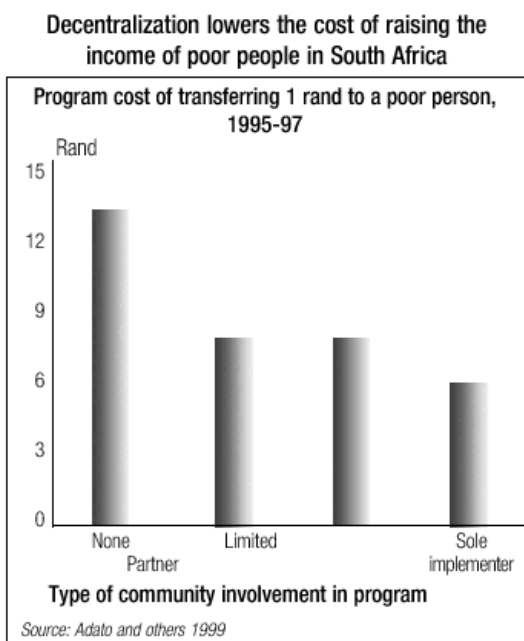
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A large-sized district in India is larger than about eighty (80) nation-states in the world in terms of population. Most of our larger States would be among the large nations of the world. Uttar Pradesh, Bihar, Maharashtra and West Bengal – each would be the largest nation in Europe, if independent. Even a truncated Uttar Pradesh would be the world's sixth largest nation! In spite of huge geographic size of India, the administrative apparatus is highly centralized, which defies logic. As Amartya Sen and Dreze pointed out, "While hierarchical centralization might have been necessary for a handful of foreigners to administer a large and potentially rebellious population, there was no good reason for it to have been consistently perpetuated by the successive governments of independent India. There is much evidence that the poor functioning of local public services in India relates to the centralized and non-participatory nature of their management. Moreover, there is little scope for citizens to voice their demands and criticism in the formal institutional structures."¹

As Amartya Sen and Jean Dreze stated, centralized State institutions are unable to meet the basic requirements of the poor people. Therefore, there is not only a need to decentralize the administrative apparatus, but also empower the local people by strengthening local governments. Decentralization, and strengthening local governments, makes State institutions pro-poor by bringing them closer to the people. In decentralized local-governments, local issues such as provision of amenities assume an important role. As the elected local government officials are close to the people, it will result in better delivery of public services. The major issues during elections to the local governments revolve around provision of public services. Consequently, the delivery of public services will improve, as failure to do so would prove to be politically costly. There will be greater participation of the people in the decentralized form of governance, resulting in empowerment of the poor, as there is easy availability of local information. The availability of local information with the administration also results in better

¹ Maitreesh Ghatak, Maitreya Ghatak, "Recent Reforms in the Panchayat System in West Bengal, Toward Greater Participatory Governance?" *Economic and Political Weekly*, January 5-11, Volume XXXVII, No.1, 2002, p.45

implementation of development policies. For instance, in Bolivia, decentralization gave communities more power to influence their local governments that the composition of local public expenditure shifted in favor of the poor.² This direct and positive relationship between decentralization and economic outcomes is not specific to Bolivia. It is the decentralization of power in China that has contributed to the phenomenal economic growth. The Union and provincial governments followed a policy of positive incentives to the local government run village and township enterprise (by allowing them residual claimancy to the money they make) and negative incentive to keep them on their toes (in the form of refusing to bail them out if they lose money in the intense competition with



such other enterprise).³ Decentralization also reduces the costs of development processes, as there is active participation of people, availability of information, greater accountability and transparency. For instance, in South Africa, community's involvement substantially lowered the costs of raising the income of poor people. See adjacent figure⁴. In India, municipal authorities of Manjeri, Malappuram district, in North Kerala, in collaboration with some NGOs and bankers, were successful in converting the municipality into a booming hosiery manufacturing center.⁵ Similarly, in

West Bengal, the involvement of the people at the local level in the construction and management of various projects has resulted in the dramatic reduction in costs of the public projects, and the execution of these projects was relatively free of corruption.⁶

² World Bank, "Entering the 21st Century: World Development Report, 1999-2000," (New York: Oxford University Press, 2000), pp-107-124.

³ Pranab Bardhan, "Disjunctures in the Indian Reform Process: Some Reflections," <http://www.arts.cornell.edu/econ/indiaconf/Bardhan%20outline.pdf>

⁴ World Bank, "Attacking Poverty: World Development Report, 2000/2001," (New York: Oxford University Press, 2001), p.106

⁵ Pranab Bardhan, "Disjunctures in the Indian Reform Process: Some Reflections," <http://www.arts.cornell.edu/econ/indiaconf/Bardhan%20outline.pdf>

⁶ Maitreesh Ghatak, Maitreya Ghatak, "Recent Reforms in the Panchayat System in West Bengal, Toward Greater Participatory Governance?" *Economic and Political Weekly*, January 5-11, Volume XXXVII, No.1, 2002, p.45

Decentralization increases accountability and transparency of the administration as the report of the Task Force on Panchayat Raj Institutions (PRI) States:⁷

- Local monitoring can be very effective for ensuring that officials perform diligently. Sanctions can also be imposed on defaulting or free-riding community members. Community sanctions are hard to ignore because of the longstanding relationships involved. The close interactions and relations of trust within communities can help make development projects more sustainable. The combination of local information and ability to impose sanctions makes local monitoring and supervision more effective and cheaper for many types of projects and programmes than national level monitoring
- Decentralization makes it easier for people to obtain information on budgets and on the use of funds, thus increasing the transparency of public actions and reducing corruption. In addition to increasing awareness of budget constraints and the need to shape political demands accordingly, this kind of decentralization helps communities hold local leaders accountable for performance

In multi-ethnic and multi-religious societies, decentralization of administration ensures political stability as decentralization ensures greater political participation. Decentralization ensures that political aspirations of ethnic and religious groups are addressed appropriately. As there are significant advantages of local governments, many States across the world have incorporated necessary provisions that strengthen local governments in their constitutions. In spite of this overwhelming theoretical and empirical evidence in favor of empowered local governments, local governments in India have not been empowered sufficiently. The local governments in many States are “governments” only on paper; in reality they are mere appendages of State governments. This is more so in case of Andhra Pradesh.

This paper will carry out detailed study of local governments in Andhra Pradesh and will demonstrate that local governments in Andhra Pradesh are “governments” only on paper. This paper has been divided into four sections. The first three sections will deal with devolution of functions, funds and functionaries to local governments in Andhra Pradesh. The fourth section will deal with issues such as making the Legislative

⁷ Planning Commission, “*Report of the Task Force on Panchayat Raj Institutions (PRI)*,” December, 1991, p.16.

Councils as Councils of Local Governments, the size of Panchayats and various accountability mechanisms for efficient functioning of local governments. The paper will also make also make recommendations, which are practical and wide in scope, to strengthen the local governments in Andhra Pradesh.

I

Devolution Of Functions

Andhra Pradesh was one of the first States to constitute local governments through a legislative Act in 1959. The late 1950s and early 1960s saw the rise of local governments in Andhra Pradesh, with all the three tiers functioning vibrantly. However, towards the late '60s, various measures taken by the government contributed to the weakening of the local governments. The constitution of District Development Boards (DDBs), with District Collector as its Chairman, legitimized the supremacy of civil services over popularly elected bodies.⁸ However, in spite of DDBs' abolition in 1970, the supremacy of the bureaucracy over local governments continued. A major step forward in the evolution of local governments was the enactment of 73rd constitutional amendment in 1992. The Act inserted an Eleventh Schedule, with Article 243 (G), and a Twelfth Schedule, with Article 243 (W), in the constitution. Article 243(G) identified 29 subjects that can be devolved to rural local governments, and Article 243 (W) identified 18 subjects to be devolved to urban local governments. The amendment made it mandatory for all the States to have a three-tier Panchayat Raj set up, and with this all the State governments had to bring about a comprehensive legislation, encompassing all the three tiers of the local governments. The Andhra Pradesh Panchayat Raj Act was enacted in 1994. The AP Act satisfied the requirements of 73rd amendment by incorporating various provisions such as five-year term for local governments and one-third reservation of seats for women. It has been more than a decade since the 73rd constitutional amendments has come into force and it is necessary for us to make an assessment on how far the process of democratic decentralization of governance has

⁸ B.S. Bhargava, "Panchayat Raj in Andhra Pradesh," in G.Palanithurai (ed.) *Dynamics of New Panchayat Raj System in India* (New Delhi: Concept Publishing Company, 2002), p.191

progressed in Andhra Pradesh. The National Commission to Review the Working of the Constitution (NCRWC) has, in a consultation paper, commented:⁹

“In Andhra Pradesh, the Gram Panchayat and Mandal Parishads are not required to plan for economic development and social justice. All tiers of Panchayat have been assigned with large number of functions. But, none of them has financial or administrative resources under their control to execute them. The Mandal Parishad has no control over the staff of development blocks, and the Zilla Parishad has no control over the DRDA, which controls huge funds over various poverty alleviation programmes.”

It is not correct to say that a large number of functions have been given to the local governments in Andhra Pradesh. As per the 11th Schedule, 29 subjects can be devolved to the local governments, but the Government of Andhra Pradesh (GoAP) has devolved only 17 subjects, and that too without transferring either the funds or functionaries along with the functions. Only advisory and review powers have been transferred. For instance, GoAP issued a Government Order treating education as one of the devolved subjects. However, a closer examination of Government Order (GO. No. 120, dated 31-3-1999) reveals a different picture. The Order says that the following schemes/departments be transferred to the control of Gram Panchayats for the purpose of planning, implementation and monitoring of the schemes: (1) Education for elderly people and non-formal education. (2) Libraries. The Government Order makes a passing reference that local governments shall have control over the schools. In reality it is the School Education Committees, which control the funds pertaining to construction, purchase of teaching aids and related equipment. Through another Government Order (GO no. 358) in 2000, the GoAP removed all powers with regard to teaching and non-teaching staff from the hands of CEO of Zilla Parishads and vested them with the District Education Officer (DEO). Thus, between the school committee and the DEO, the subject of “education” is completely out of the ambit of local governments.

Moreover, the Andhra Pradesh Panchayat Raj Act 1994, has not provided for any clear delineation of functions for the different tiers of local governments. As a result, there

⁹ National Commission to Review the Working of the Constitution, “*Review of the Working of the Constitutional Provisions for Decentralisation (Panchayats)*,” available at <http://lawmin.nic.in/ncrwc/finalreport/v2b2-6.htm>

exists a certain ambiguity about the functions of Gram Panchayat, Mandal Parishad and Zilla Parishad. This ambiguity is an important factor in the weakening of local governments. A clear delineation of functions between the three tiers will enhance the effectiveness of governance at the local level. It is assumed that what is not specifically devolved remains with the larger tier. On the other hand, the principle should be that what is not specifically reserved is devolved.

Let us take the example of education sector and try to identify the various functions of the three tiers of local government on the basis of *Principle of Subsidiarity* cited above. Currently, the State government has devolved only the functions of adult and non-formal education to the local governments. The functions pertaining to primary and secondary education have not been devolved, which is retrogression even from British times. It is important that the State government devolve all the functions pertaining to primary, secondary, adult and informal education to local governments. After the complete devolution of functions pertaining to education sector to local governments, the functions can be sub-divided among the three tiers.

The absence of clear delineation of functions in the above stated manner would result in overlapping of functions, duplication of work, conflict over functional domain and lack of proper oversight mechanisms. In order to overcome the above stated problems, the role of Gram Panchayat, Mandal Parishad, and Zilla Parishad, with respect to various schemes and programmes, should be clearly specified. A model of such delineation of functions, with reference to education sector, between various tiers of local government is provided below:

Subject: Education

Gram Panchayat

- Location of school and construction of school should be the function of village level Panchayats through the Gram Sabha.
- Nutrition programmes should be entirely managed by the village level Panchayats with the help of Gram Sabha.
- The Gram Panchayat should select suitable candidates for girls hostel.

Mandal Parishad

- Primary education will be transferred to Mandal Parishads.
- As regards vocationalisation of education, Mandal Parishads should identify location of work sheds for vocational education.
- Mandal Parishad will decide upon the location of girls hostel.

Zilla Parishad

- Provision of teaching and training material should be the function of Zilla Parishads for which they should identify and promote resource centers.
- In nutritional programmes, Zilla Parishad should arrange for linkages in respect of supply of food grains and its transportation.
- For secondary education, regarding educational technology and computer literacy, Zilla Parishad should arrange for the supply of hardware and its maintenance. Zilla Parishad should arrange training of teachers in consultation with Directorate of Education and State Council Education Research and Training (SCERT).
- For secondary education, regarding educational technology and computer literacy, the Zilla Parishads should do the selection of teachers.
- As regards vocationalisation of education, Zilla Parishad should carry out the survey with help of District Education Officers.
- Appointment and training of special teachers for disabled education should be done by the Zilla Parishad.

An important aspect in the devolution of functions to local governments will be the role of State government. The State government, even after the devolution of various functions, should provide continuous support to local governments. The following are some of the areas where the state government will still have an important role in the realm of primary and secondary education.

- Defining school curriculum, so that it is not only context-specific in an agrarian setting but also meets the standards of global education.
- Ensuring a common performance evaluation procedure for all the students in the State.
- Training for teachers of secondary and primary levels and institutions for enhancing professionalism in teaching. Today, there is great paucity of quality

teacher training institutes, and to expect the local governments to fill this lacuna will be inappropriate. Education training is a complex area that requires specialized training, which only the universities would be able to provide. Such training institutes need to draw their resources not only from the State but also from across the country.

Even in other devolved subjects, the State government will continue to have an important role to play. For instance, in agriculture sector, all the research activities will be carried out by the State and Union governments. Similarly, in fisheries, the State and Union governments will have a major role to play in running various research and extension activities. Based on these principles – of clear functional delineation between local governments and state, and among different tiers of local governments – all functions enumerated in eleventh schedule must be transferred to local governments.

II

Finances

The efficiency and autonomy of the local governments is contingent on the availability of adequate financial resources at their disposal. Article 243 G endows the Panchayats at appropriate level to prepare plans for the socio-economic development and social justice. Article 243 H of the constitution provides for financial decentralization in the form of tax assignments, revenue sharing, and grants-in-aid. Article 243 H States, the State legislature may, by law:

- Authorize Panchayats to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedures and subject to such limits.
- Assign Panchayats such taxes, duties, tolls and fees levied and collected by the State government for such purposes and subject to such conditions and limits.
- Provide for making such grants-in-aid to the Panchayats from the consolidated fund of the State.
- Provide for constitution of such funds for crediting all money received respectively, by or on behalf of the Panchayats and also withdrawal of such moneys therefrom.

Article 243-I provides for a Finance Commission at the State level to review the finance of local governments and determine principles that govern the sharing of resources

mobilized by the State, between State and Panchayats. The intention of these three constitutional provisions (Article 243 G, Article 243 H and Article 243-I) is to ensure substantial financial autonomy and make to local governments viable units of governance. However the sections pertaining to financial devolution in Andhra Pradesh Panchayat Raj Act 1994 are to the contrary. Take for instance Section 77 of Andhra Pradesh Panchayat Raj Act 1994, it states:

- The budget of Gram Panchayat will be prepared by the executive authority (*who is an official of State government*), and will place it before the Gram Panchayat. Gram Panchayat has to make suggestions, modifications or approve the budget within one month.
- After Gram Panchayat approves the budget, District Panchayat Officer (DPO) can make “suggestions” or “modifications” and return it to Gram Panchayat for approval.
- If in the course of the year if Gram Panchayat finds it necessary to alter to alter the budget to meet unforeseen requirements it has to observe the same procedure stated above.

The procedure adopted in the budget making at the Mandal and Zilla Parishad is more or less similar. Thus in all the tiers of local governments it is the State government officials who prepare and initiate budget proceedings. Local governments and their representatives merely react to the plans prepared by the officials of State government, instead of preparing their own plans. It is because of these procedures, local governments are finding it difficult to address the basic requirements in villages.

The financial autonomy of local governments is being negated as there is no specific formula on the basis of which finances are devolved to local governments, and there is no consultation between State government and local governments on the principles that need to be adopted in financial devolution. Further, local governments in Andhra Pradesh have very little financial resources at their disposal, which is in marked contrast with the situation in Kerala. Today, Kerala is the most financially decentralized State in India, with as much as 35-40 percent of plan expenditure being earmarked for local governments. On the contrary, the financial decentralization in Andhra Pradesh is far from satisfactory, the reason being the reluctance of State government to devolve required financial resources to local governments. The State government is opposing

even Union government's direct funding of Panchayats for implementation of certain schemes. The Tenth Finance Commission had recommended that Rs. 90 crores be given to local governments, of which 70 percent was the Union government share and 30 per cent was to be released by the State government as a matching grant. While the Union government released its share, the State government did not release its share. In order to implement various social welfare programmes, State government releases various types of grants. However, the Panchayats, in turn, have to transfer these grants to the social welfare department and other welfare units run by different departments.¹⁰

In absolute terms, there has been an increase in the grants that are being allocated to

the local governments in Andhra Pradesh,

from Rs. 663.98 crores in 1987-88, to Rs.

2123.65 crores in 1997-98. But, there has

been a perceptible fall in the percentage of

grants to the revenue of the State from

30.19 percent in 1987-1988, to 23.70

percent in 1997-98. See the adjacent

table.¹¹ Among the three tiers of local

governments, Gram Panchayat has

substantial taxation powers in comparison

to Mandal Parishad and Zilla Parishad,

which depend almost completely on

resource transfers from State and Union

government. Transfers from State and

Union governments are shown as revenue

Sl No	Year	Revenue of State from Taxes and Non-Taxes	Grants Released to PRIs Including Share Government of India	Per centage of Grants to the Revenue of the State
1	2	3	4	5
1	1987-88	2199.02	663.98	30.19
2	1988-89	2464.74	761.52	30.89
3	1989-90	2804.37	870.63	31.04
4	1990-91	3101.62	812.26	26.18
5	1991-92	3689.40	1111.20	30.11
6	1992-93	4006.66	1412.72	35.25
7	1993-94	4748.98	1447.28	30.47
8	1994-95	5176.09	1373.51	26.53
9	1995-96	6678.77	1545.41	23.14
10	1996-97	7950.71	1712.05	21.53
11	1997-98 (BE)	8559.49	2123.65	23.70

Note: BE-Budget Estimates
Source: M Gopinath Reddy, Status of Decentralized Local Bodies, Post - 73rd Amendment Scenario, Economic and Political Weekly, March 22-29, Vol XXXVIII, No. 12 and 13, 2003, p.1287.

resources of local governments, but they have little discretion over them as they are given for a specified scheme or in the form of tied grants or matching grants. The expenditure of State governments' programmes like Janmabhoomi was also being shown as local governments' expenditure on various developmental activities. The line departments are carrying out various functions and the expenditure under various heads

¹⁰ "Rajiv Gandhi Task Force Report, 2000," As cited in M Gopinath Reddy, Status of Decentralized Local Bodies, Post - 73rd Amendment Scenario, *Economic and Political Weekly*, March 22-29, Vol XXXVIII, No. 12 and 13, 2003, p.1288.

¹¹ "Rajiv Gandhi Task Force Report, 2000," As cited in M Gopinath Reddy, Status of Decentralized Local Bodies, Post - 73rd Amendment Scenario, *Economic and Political Weekly*, March 22-29, Vol XXXVIII, No. 12 and 13, 2003, p.1287.

such as primary health and primary education. In Andhra Pradesh, the share of local governments expenditure in total government spending in rural areas in 1998-1999 drops from 10.5% to 5.3%, if one deducts those funds that are not clearly controlled by local governments.¹² As there is no clear demarcation of State schemes and district schemes, most of the schemes that local governments tend to implement are that of State government. Further, substantial proportion of the local governments' resources are spent to meet the wage bills of employees. The fiscal statistics of local governments depict a dismal picture. The own revenues of local governments in Andhra Pradesh constitute a mere six percent of the total revenues of local governments in 1997-1998, which means that local governments depend on grants from above. This financial dependence implies that local bodies are not "self-governments" but are functioning as agents of State and Union governments. Local governments in Andhra Pradesh spend a mere 17 per cent on core services such as water supply, street lighting, sanitation and roads, while expenditure on general administration amounted to almost 83 percent of the local government's total spending in 1997-1998.¹³ The average income of Gram Panchayats in Andhra Pradesh is approximately Rs. 1.3 lakhs, which barely meets expenses on salaries, electricity bills and day-to-day expenses.¹⁴

Mandal Parishads

Amount in Rs.

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Gen. Admn	4011028 (86.51)	437528 (87.62)	4792075 (88.46)	5220094 (87.37)	6049788 (89.55)	6156600 (90.99)	7230902 (91.94)	7832594 (92.27)	10556366 (92.51)	11787412 (93.49)
Exp. On Obligatory & Discriminatory Services	304140 (6.56)	295423 (5.92)	278852 (5.15)	285419 (4.78)	412187 (6.10)	419259 (6.19)	426739 (5.43)	434652 (5.12)	634963 (5.56)	634963 (5.04)
Exp. On Devpt. Grants	321238 (6.99)	322697 (6.46)	345882 (6.38)	469230 (7.85)	293422 (4.34)	189982 (2.81)	206710 (2.63)	221449 (2.61)	219310 (1.92)	185367 (1.47)
Total	4636406	4993548	5416809	5974833	6755397	6765841	7864351	8488695	11410639	12607742

Source: World Bank

The above table demonstrates that Mandal Parishads, during 1999-2000, have spent approximately 93 per cent of their revenues on 'general administration,' while the expenditure on 'obligatory and discriminatory services' and on 'development' was a mere six percent. Further, the expenditure on development grants declined from 6.99 percent in 1990-91 to 1.47 percent in 1999-2000. This clearly demonstrates the absence of

¹² World Bank 2000, "Overview Of Rural Decentralization In India, Volume II," available at <http://www1.worldbank.org/wbiop/decentralization/saslib/Volume%20II%20Rural%20decentralization%20in%20India.pdf>

¹³ "State Wise Revenue and Expenditure of All PRI's (All Tiers)," *Panchayat Raj Update*, Vol.8, No.3, March 2001, p.7.

¹⁴ Abdul Aziz, "Democratic Decentralisation: Experience of Karnataka," *Economic and Political Weekly*, September, 23-29, Volume XXV, No.39, 2000, p. 3521-3525.

devolution of finances to local governments, which is hampering the effectiveness of local governments in implementing development programmes in rural areas. National Institute for Rural Development survey in 96 villages, spread over 12 States, demonstrated that potential revenue raising capability per capita of a village Panchayat in Andhra Pradesh is as high as Rs. 57.31, next only to Kerala with Rs. 75.51.¹⁵ It can be inferred from the findings of the report that local governments can raise 40-50 percent of their own resources, if adequate powers are given to do so. Therefore, the paucity of funds that local governments experience is mostly due to inadequate tax assignments of the State government, absence of support staff to collect these taxes and unviable size of villages.

Recommendations:

In order to overcome the fiscal crisis of the local governments, the following recommendations may be adopted.

- The State budget under each head should be divided into:
 - 1) State wide
 - 2) District-wise
 - (i) Here allocations for each district should be shown separately.
 - (ii) By bringing together a district allocations under various heads a district budget will evolve. This district budget can have amounts under
 - a. Control of department for valid reasons based on principles decided before
 - b. Schemes transferred to Zilla Parishad for execution but still government schemes
 - c. Devolved funds

In regard to (b), Zilla Parishad will have the powers of the head of the department. The amounts for (c) will be given as lump sum grants-in-aid. Experience here, earlier as well as in other States, would show the b+c would be about 40% of total government budget. The State budget shall disclose details of wage and non-wage components in respect of all schemes/items of expenditure included in the State budget under State plan, centrally sponsored schemes and non-plan expenditure

- The State government should release grants-in-aid to the district planning bodies to enable them to utilize the funds even after the close of the financial year.

¹⁵ M.A. Oommen, "Rationalising Fiscal Federalism vis-à-vis Rural Local Governments," *Panchayat Raj Update* Vol.9, No.9, September 2002, pp.6-7.

Preparation of link document sector-wise, for each district, in respect of the schemes transferred to the district planning body, showing the provisions for the year and accounts of the year preceding it, besides scheme-wise budget estimates for State plan, centrally sponsored schemes and non-plan estimates, will help in better utilization of funds. No savings of one district will be diverted to another district.

- All amounts devolved by the State and Union Finance Commission to local governments should be passed on to them subject to only such conditions as the commission may have prescribed.
- The Zilla Parishad should have the powers for re-appropriating amounts from one item to another within the budgetary allocations for the district, subject to the conditions that savings under non-recurring or capital items shall not be diverted by local governments for recurring expenditure
- Savings on recurring expenditure can be diverted to non-recurring expenditure
- Strong auditing norms should be prescribed for all local governments. Local fund audit should be strengthened and the audit function should be independent of the local government.
- Local governments should be given powers to raise loans. Santhanam Committee, in 1963, suggested that PRI's should be given power to borrow or raise loans. The committee suggested that Local Governments Finance Corporation should be established for this purpose. Finance Corporation is usually meant to provide finances for remunerative schemes. In case local government institutions have some projects that are of remunerative nature, it should be possible for them to pose these for financing to the various financing agencies already available. In the changed financial scene in the country today, nothing prevents local bodies from going to the market or financing agencies for loans for viable schemes. However, the weaker local governments have to be guaranteed or subsidized by government. The Local Governments Finance Corporation can perform such a function. The Reserve Bank of India (RBI) had suggested a body for borrowing by State governments.
- There is no system of monitoring how much was collected of the taxes in the GP, and whether the complete share of such collections has been given to GP, as for example, entertainment tax. The District Panchayat Officer is expected to monitor the total quantum of collections from GP and to ensure that the total share due is

received and is also again duly redistributed to the GP. Similarly, the surcharge on stamp duty and the land revenue cess have to be monitored and distributed similarly. It is, therefore, recommended that there should be monitoring cells, attached to the DPO and the DDO which will be charged with the responsibility of monitoring and properly distributing the collections to the GP and Mandals and Zilla Parishads.

- Proper infrastructure for maintenance of accounts/database at all levels of local governments should be provided. Eleventh Finance Commission made the following observations in this regard:
 - a. Articles 243J and 243Z of the constitution expect the States to make provisions by way of legislation for maintenance of accounts by the Panchayats and the Municipalities and for the audit of such accounts.
 - b. The Comptroller and Auditor General (CAG) should be entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts and their audit for all the tiers/levels of Panchayats and urban local bodies.
 - c. The report of the CAG relating to audit of accounts of the Panchayats and the Municipalities should be placed before a committee of the State Legislature, constituted on the same lines as the Public Accounts Committee.
 - d. An amount of Rs.4,000 per Panchayat per annum, on an average, should be adequate to meet the expenditure on maintenance of accounts on contract basis, if the staff/facilities are not available within the Panchayat. The amount of Rs. 4,000 indicated is only suggestive, and may be vary for different States and for different Panchayats within a State, depending on local conditions.
 - e. Provision for maintenance of accounts of village level Panchayats and intermediate level Panchayats in Andhra Pradesh (Rs. in lakhs)

Name of the State	Number of village	Amount	Number of Intermediate Level Panchayats	Amount	Total
Andhra Pradesh	21784	871.36	1093	43.72	915.08

Source: Eleventh Finance Commission Report

- On pattern of utilization of financial grants, local governments should have discretion to use their general funds

III

Functionaries

The local governments in Andhra Pradesh do not have control over functionaries who carry out the development programs under them. The difficulty in giving the local governments any real control over the staff is largely due to the fact that all the staff belongs to the government cadres. This was not always so. Andhra Pradesh inherited a system in which staffs working in local governments were on a local government cadre. This gave power of control to local governments. It was only in the late 1950s that, in response to the demands of staff unions, these cadres were “provincialised.” This effectively made them government employees. Consequently, local governments cannot be made answerable for the various development functions that have been assigned to them, as they cannot control the staff of the implementing agencies. For instance, under Sec. 192 of the Andhra Pradesh Panchayat Raj Act, 1994, the Zilla Parishad has been assigned the following functions:

- Examine and approve the budgets of the Mandal Parishads.
- Distribute funds allocated by the State and local governments among the Mandal Parishads in the district.
- Coordinate and consolidate the plans of the Mandal.
- Advise the State government on all developmental matters and maintenance of services in the district.
- Advise government on allocation and coordination of works among Gram Panchayats and Mandal Parishads.
- Establish, maintain and expand secondary, vocational and industrial schools.

The Zilla Parishad does not have the control over functionaries even to perform the above stated minimal functions. The Zilla Parishad is supposed to establish and promote secondary education. Till recently, Zilla Parishad used to recruit schoolteachers. However, through a government order in 2000, this power has been vested in the hands of the District Education Officer (DEO), who is not under administrative control of the

Zilla Parishad. Similarly, in order to perform the function of consolidation of plans, the Zilla Parishad should have control over Chief Planning Officer. However, the Chief Planning Officer of the district does not report to Zilla Parishad but to the District Collector. Therefore the Zilla Parishad cannot really perform planning functions effectively. As there is no District Planning Committee (DPC)¹⁶, the District Development Review Committee (DDRC) reviews various developmental programmes being implemented in the district. Most of the functions that the Zilla Parishad has to perform have not been devolved and instead, various departments are carrying out these functions. The staffs of these departments are under the administrative control of the respective departmental heads. Even officials such as, District Forest Officer (Social Forestry) and Superintendent Engineer (RWS), carrying out various functions pertaining to the devolved subjects, are not under the control of the Zilla Parishad. Similarly, the Panchayat Engineering Department is a misnomer, as it is under the administrative control of the Commissioner of the Panchayat Raj. None of the three tiers of the local governments have any administrative control over the officials working in PR Engineering Department. The Zilla Parishad has Chief Executive Officer (Class I) for implementing all the decisions of the Zilla Parishad and its standing committee. Zilla Parishad has no technical staff to support its activities and Zilla Parishad staff mostly consists of clerical and other lower rung cadre.

As per Andhra Pradesh Panchayat Raj Act, 1994, community development programmes, agriculture, health and sanitation – establishing and maintaining the primary health centres and maternity centers, education – elementary and basic schools, communications – formation and maintenance of inter-village roads and other functions have been devolved to the Mandal Parishad. However, none of these functions have been transferred to the Mandal Parishad. Community development programme remains with the District Rural Development Agency (DRDA), while cooperatives, agriculture, animal husbandry, health, and rural sanitation remain part of the line department.¹⁷ Even the Mandal Parishad Officer is not only an executive authority of the Mandal

¹⁶ Though Article 243 ZD mandates constitution of District Planning Committee (DPC), GoAP has so far not constituted DPCs. Recently, GoAP has expressed its intention to constitute DPCs.

¹⁷ World Bank 2000, “*Overview Of Rural Decentralization In India, Volume II*,” available at <http://www1.worldbank.org/wbi/ep/decentralization/saslib/Volume%20II%20Rural%20decentralization%20in%20India.pdf>

Parishad, but also for various other departments and agencies such as the District Rural Development Agency (DRDA) ¹⁸.

A major area of concern for Gram Panchayats, of late, has been the emergence of village secretariat. On 1st January 2002, the GoAP launched Grama Sachivalayam (village secretariat) system to strengthen administrative system at village level and to provide various services under one roof at the village level. The then Chief Minister stated that the Sarpanch in the village set-up would be the key person guiding the village secretary and added that village secretaries have to take care of the interests of the respective villages where they are posted. ¹⁹ News reports indicate that even the recently elected government in Andhra Pradesh is keen to pursue village secretariat administrative structure in villages. ²⁰ However, the village secretariat model is facing several problems such as:

- 1) Large numbers of village secretary posts are lying vacant. And candidates without proper educational qualifications are getting posted as village secretaries.
- 2) As many as 60 functions of various departments are to be carried out by the village secretary.
- 3) There are no training programmes to equip village secretaries to perform their functions effectively, including police, Panchayat raj, revenue, health, and agriculture.
- 4) While numerous functions have been given to village secretary, survey settlement register, registers pertaining to water ayacut register, prohibitory order books have not been handed over to the village secretary. There is no office space for the village secretariat. As a consequence of absence of infrastructure, all the files are getting stacked at the village secretary's residence.
- 5) As most Sarpanchs, especially from lower sections of society, do not have political experience, the village secretary is emerging as a powerful person. The Sarpanch is forced to visit the residence of the village secretary, who is in another village. More importantly, the Sarpanch does not get briefed properly, as all the files are at the disposal of village secretary. The government's attempt at

¹⁸ Till recently, District Rural Development Agency (DRDA), which implements many rural development programs, used to function independently of Zilla Parishad. Recently GoAP has expressed its intention to bring DRDAs under the control of ZP.

¹⁹ "Naidu Launches Village Secretariat System," The Hindu, January 02, 2002

²⁰ "Revival of Village Officer System Likely," The Hindu, November 19, 2004

giving joint cheque-power has become a source of friction between Sarpanchs and village secretaries.

- 6) Village secretaries are living in villages located at a distance from the village they are working. The news reports indicate that the number of villages with regular availability of village secretary is just a few hundred. As the village secretaries are not staying in their assigned villages, collection of taxes, land revenue, water cess is getting affected.

The village secretariat plan has generated legitimate fears that local governments may get marginalized, as the line of control is in the hands of the bureaucracy. Village secretaries are working under Mandal Revenue Officers, who, in turn, are responsible to District Collectors. The District Panchayat Officer does the supervision and control of the village secretary and Divisional Panchayat Officer.²¹ Thus, the elected representatives at the village level are getting marginalized by the village secretariat plan.

Control of Administrative System at the District Level				
ZP controls DRDA	Collector controls DRDA	Other IAS/Indian Forestry Services (IFS)/SAS controls DRDA	DRDA effectively integrated into ZP or abolished	ZP can alter implementation guidelines
NO	YES	YES	NO	NO
Control over Staff working at the District Level				
Class I/II officers report to ZP officers	ZP can recruit, promote, discipline class I/II officers	Class III/IV officers report to ZP	ZP writes ACR for Class I/II officers	ZP writes ACR for Class III/IV officers
NO	NO	NO	NO	NO

Source: World Bank

The Commissionerate of Panchayat Raj controls most of the staff working with the local governments:

“At the district level, the department organization has a Chief Executive Officer and a District Panchayat Officer. Each District Panchayat Officer has about 900 to 1,000 Gram Panchayats in his jurisdiction. There are 1,646 employees in the office of the DPO, and 2,067 employees in the

²¹ Rajesh R, “Naidu’s Village Secretariat Scheme.” www.Panchayats.org/discgroup/dnrm_appri5.htm

office of the Zilla Parishad. At the revenue division level, there are Divisional Panchayat Officers to supervise the work of about 300 - 400 Panchayats. There are 82 Divisional Panchayat Officers in the State. The Divisional Panchayat Officer exercises supervision and control over the Extension Officers (PR & RD) and their offices within his jurisdiction. There are 1,095 Mandal Parishads under the 22 CEOs, having an employee strength of 18,645. There are 21,943 Panchayats in villages having almost the same number of employees.”²²

Thus, the staff available is adequate, but it is under the administrative control of the Commissionerate of Panchayat Raj. The elected officials cannot transfer the officials, or ever write the ACRs. On the contrary, the government of Kerala has transferred agriculture, health, veterinary and primary education departments to the local governments. About 40,590 staff, moveable and immovable properties have been transferred to the Panchayats.²³ The government of Kerala, however, continues to pay the salaries of the staff.

Recommendations:

1. The functionaries, at and below, the district level, pertaining to all the 29 subjects, should work under the control of the local governments. And the officials transferred to the control of Zilla Parishad are to be treated as on deputation. The present service rules governing the functionaries will not be amended. The salaries of the functionaries transferred will be given to local governments as a lump sum grant.
2. The Classification, Control, Appeal (CCA) rules should be appropriately amended to transfer complete administrative control over the local government employees to the appropriate tier of local government. The power to determine strength of the cadre (sanction strength) shall lie with the State government.
3. Various departments and agencies such as DRDA, along with all the personnel and infrastructure, should be brought under the control of local governments.
4. The local government will have the power to relocate or re-deploy the functionaries under its control, subject to relevant rules on the subject.

²² A Project on SMARTGOV, The Commissionerate of Panchayat Raj and Rural Employment, <http://www.geocities.com/apcio2002/smartgovpr.htm>

²³ <http://planningcommission.nic.in/plans/mta/mta-9702/mta-ch10.pdf>

5. Various functionaries, once posted to the district posts, will be placed under the control of the Zilla Parishad acting through its Chief Executive Officer (CEO). Once, a particular official is posted to a particular district, further transfers within the district will be by the CEO or any officer below him to whom he may delegate this power and not the cadre-controlling officer. However, transfers from district to district, will still be in the hands of cadre-controlling officer. Such transfers, however, should be effected with the consultation of the CEO. It should be noted that the relationship between the Chairman of the Zilla Parishad and the Chief Executive Officer should be similar to the relationship between Chief Minister and the Chief Secretary.
6. The Gram Sabhas, as in Madhya Pradesh, should have the right to demand the presence of all its officials – police, health officials, lowest ranking electricity board engineer, primary and middle school head masters, agricultural officers – to give an account of their work. The decisions of the Gram Sabha have to be enforced.
7. With regard to development functions, the supervision will vest within the Panchayat Raj institutions. Mandal Parishads will coordinate and supervise the development activities of the Gram Panchayat, and Zilla Parishads will in turn do so in the case of Mandal Parishads.
8. Once services are effectively decentralized in this manner, there should be statutory District Staff Committees for administrative appeals and grievances.
9. Once the cadre of the local governments is in place, the State government should constitute a Staff Review Commission to identify the departments and agencies that no longer require recruitment of new officials in each district.
10. Ultimately, the local governments should have their own cadre, consisting of both technical and non-technical officials. The recruiting authority for such cadre can be the Andhra Pradesh Public Service Commission, but the appointing authority will be the local government.
11. The working conditions such as norms, rules, and regulations governing the functionaries of the local government cadre will be similar all across the State.

IV

Other Issues

So far we have dealt with devolution of functions, funds and functionaries to local governments in Andhra Pradesh. We have also discussed in detail various measures that have to be taken to facilitate empowerment of local governments. There are a few other issues such as making the Legislative Councils as Councils of Local Governments, the size of Panchayats, stakeholder groups and local government interface, the necessity of district governments and accountability mechanisms, among others, which have to be addressed to facilitate efficient functioning of local governments.

Legislative Councils as Councils of Local Governments.

Art 171 of the Constitution provides for the formation of Legislative Councils in states. Such a Council has one-third members elected by local governments, one-third by Legislative Assembly, one-twelfth by graduates, and one-twelfth by teachers and the rest are nominated by the Governor. This was clearly a transitional and anachronistic provision, in keeping the tradition of constituting quasi-democratic legislatures in colonial era.

With the emergence of local governments as the constitutionally mandated third tier of governance, we need to emulate Rajya Sabha in the composition of Legislative Councils. Just as Rajya Sabha is the Council of States, it is appropriate that Legislative Council becomes Council of Local Governments. The Council can be given veto powers in matters pertaining to rights of local governments. Happily, the composition of the Legislative Council can be changed by a mere law of Parliament, as Art 171 (2) of the Constitution states: "Until Parliament by law or otherwise provides, the composition of the Legislative Council of a State shall be as provided in clause(3)." Clearly, the Constitution-makers envisaged the Council composition being made more democratic in a free India. A provision can be made for any citizen above 30 years of age to be elected to the Council, by the elected members of local governments. Once such a Legislative chamber is in place, there will be continuous pressure on the state government to strengthen local governments and protect their interests.

Changing the composition of the Legislative Council, and making it the Council of Local governments on par with the Council of States at the Union level is a simple, politically feasible innovation. The Constitution makers deliberately gave that power to Parliament, and a simple law under Article 171(2). Now that local governments are constitutionally mandated third tiers of government, this is both logical and proper. Once such a Council is elected by local Government representatives, it will forever protect the interests of local governments, and will keep up the struggle to expand their powers and functions. As a second chamber, it will have leverage on a continuing basis. Such a reform of the Legislative Council is eminently feasible and long overdue.

Territorial Consolidation Of Panchayats

The *raison detré* of decentralization is to bring the government closer to the people and ensure their participation in the governance process. But, how close, is also an important question. In decentralization scheme, the Gram Panchayat was seen as a perfect platform for the direct participation of the people in the governance process. Different States in India have adopted different population criteria for constituting a Gram Panchayat. For instance, the average population size of Gram Panchayat in Karnataka is 5,000 to 7,000, and in Kerala, the average population size of the Gram Panchayat is 30,000, whereas the average size of Gram Panchayat in Andhra Pradesh ranges from 500 to 25,000.

Over the years, the total number of Gram Panchayats have been increasing, and the number of small Gram Panchayats have also been on the rise. However, the growth of Gram Panchayats have done more harm than good to the people in rural areas. Too many elected representatives in a small area, without adequate resources base, have resulted in non-performing GPs. Further, the absence of coordination between the contiguous Gram Panchayat has resulted in deterioration of village administration. The experience in Andhra Pradesh has demonstrated that the small Gram Panchayat faces numerous problems, chief of which is inadequate tax base. In order to overcome the above stated problems, J Vengala Rao committee, way back in 1968, has recommended the following criteria for the formation of GP:²⁴

²⁴ Government of Andhra Pradesh, *Report of The Expert Committee on Panchayat Raj, Institutions*, December, 1991, p.68.

1. A Revenue Village with a minimum population of 1,000 or an annual income of Rs. 2,000 would be separated and constituted as a separate Panchayat.
2. Hamlets or a group of habitations, having a population of 1,000 and above, and away from a revenue village by three miles or more should be separated, irrespective of income.
3. The distance between one village and the other, in a single Panchayat should not be more than three miles.

The then government of Andhra Pradesh did not implement this suggestion, as elections to the Gram Panchayat were due, and also due to resistance from the Sarpanchs. The Ashok Mehta committee, in 1978, referring to the non-performance of the Gram Panchayat, recommended the dissolution of the GP and transferring the functions of the Gram Panchayat to Mandal Panchayat. However, the argument against the large Panchayat, or transferring the functions of Gram Panchayat is that, the direct democracy at the village level suffers. We need to work out a viable size, which reconciles the direct democracy at the village level with financial viability of Gram Panchayat. There have been many proposals that attempted the above stated reconciliation, such as the proposal that envisaged a cluster-village administration, with functionaries working in integrated way at a kendram of 30,000 to 50,000 population. However, the proposal could not make much headway, as it was pointed that the creation of kendrams would result in concentration of power, rather than decentralization. The expert committee on Panchayat Raj institutions, in its report, has sought to address the viability of the Gram Panchayat by suggesting the creation of Gram Panchayat Unions/Sanghams. The expert committee made the following recommendations:²⁵

- Gram Panchayat Unions/Sanghams may be constituted with a population of 30,000-40,000 in the plain areas and 15,000-20,000 in the tribal areas. In such cases, the members of the Union can elect the Chairman of the Union/Sangham from among themselves by rotation every year.
- The headquarters of such Union can be at one of the constituent Panchayats to be selected by each Union by mutual agreement, or in case of differences, by the intermediate tier.
- The membership of this Union should be the Sarpanch and Upa-Sarpanch of the Gram Panchayats concerned, members of each Gram Panchayat at

²⁵ Government of Andhra Pradesh, *Report of The Expert Committee on Panchayat Raj, Institutions*, December, 1991, pp 82-83.

the rate of one for a population of up to 1,500, two for 2,000-2,500, to be elected as members of the Union by the Gram Panchayats concerned.

The smaller Gram Panchayats have to be clustered in the above-stated manner, for proper functioning and for capacity, to afford some assistance in the form of bill collectors and others. Another alternative would be to consolidate the existing small Gram Panchayats and redraw new Panchayats with population size of 40,000-60,000. However, the habitations in the consolidated Gram Panchayats can organize their respective Gram Sabha and enforce the resolutions adopted by that Gram Sabha.

Stakeholder Groups & Local Government Interface

At the local level, we now have stakeholder groups and Non-Governmental Organizations (NGOs), besides the local governments. Many of the stakeholder groups are also constituted by orders of the State government, while at least some of the NGOs have powerful vertical linkages, sometimes internationally also. None of these can be wished away and we have to find a satisfactory *modus vivendi* between them. This will be possible if we are clear about the role of each of these. It must be recognized that the local governments are legitimately elected governments. It is tragic that the government at the higher level itself tries to undermine these elected local governments, but we cannot move forward unless we recognize them and their constitutional role.

At the same time, the fact remains that there are a number of activities in which citizens have a stake directly, and not merely, as a citizen. Here, it will be perfectly legitimate to organize them as stakeholders. Their role then became confrontational with the local governments in which they have a stake. This is a part of checks and balances of our system. The State government must understand that that the local governments are also local stakeholders so far as the State is concerned. The NGOs really have no area left for them that is not occupied by the local government and stakeholder organizations. However, there are some issues and sections of society that all organizations tend to overlook. It is here that a NGO can organize such deprived groups to press their demands before the local governments and stakeholder organizations. There may also be issues which are less relevant because of lack of current attention, which also can be pressed by the NGOs. NGOs generally are well motivated because they are voluntary and not statutory. But they must also remember that they are generally well connected and to that extent represent privilege in the local context.

Numerous stakeholder groups/community-based initiatives dealing with varied subjects such as education, water users association (WUA) are proliferating all over India, including Andhra Pradesh. The growth of community-based initiatives signifies the growth of vibrant civil society. Even the Seventh Plan highlighted the importance of peoples' institutions comprised of stakeholder groups, producers or beneficiaries, which are accountable to local community and have the capacity to both draw up and implement need-based local level plans in close cooperation with the local administration.²⁶ In spite of their growing numbers, the numerical strength and reach of these community organizations is no way near that of local governments. There are many villages where there are no community-based organizations. On the contrary, the 73rd constitutional amendment has ensured that the presence of Gram Panchayat or Gram Sabha is felt in almost all the villages. However, it also needs to be recognized that Andhra Pradesh is unique among Indian States, having 20,000 to 25,000 community-based organizations per district, working in areas such as social forestry and watersheds.²⁷ The creation of Village Watershed Committees and Vana Samrakshana Samithis (VSS) contradicts the claim of GoAP that agriculture, land improvement and minor forests, and soil and water conservation are part of devolved functions of local governments. The independent arrangements for planning and organization of work, accounting for finances and the lack of any kind of accountability to the Gram Sabha have meant that the items of devolution to local governments have, in fact, been given to Watershed Committees and Vana Samrakshana Samithis.²⁸ For instance, Government of Andhra Pradesh issued a GO (No.173, 1996) that provided for industry taking the responsibility for marketing the forest produce. The GO stated such arrangement is valid if there is tripartite agreement between industry, VSS and State government.²⁹ The role of local government, to which social forestry and control of minor forest produce has been devolved, has not been specified anywhere. To State it differently, the State government does not see any role for local governments in the management of natural

²⁶ George Mathew, "Decentralized Institutions, Governmental and Voluntary Sector," *Economic and Political Weekly*, February 27-March 5, 1999 available at

<http://www.epw.org.in/showArticles.php?root=1999&leaf=02&filename=113&filetype=html>,

²⁷ D Bandhyopadhyay, B N Yugandhar, Amitava Mukherjee, Convergence of Programmes by Empowering SHGs and PRIs, *Economic and Political Weekly*, June 29, 2002 available at <http://www.epw.org.in/showArticles.php?root=2002&leaf=06&filename=4623&filetype=html>.

²⁸ "Panchayati Raj and Natural Resource Management in AP," Discussion Note, Sept 2001. p.13

²⁹ SALR: "Panchayati Raj And Natural Resources Management: How To Decentralise Management Over Natural Resources," available at

<http://www.Panchayats.org/downloads/Andhra%20Pradesh%20SALR%20Report.pdf>

resources that fall under their jurisdiction. While on one hand, the powers of local governments are getting undermined with respect to management of natural resources, on the other, there is absolutely no coordination between the stakeholder groups and local governments, though both perform similar activities in a small geographical space. The reasons for the absence of co-ordination between local governments and stakeholder groups have been summarized below:

Areas of Contest:

- While the representatives of local governments believe that stakeholder groups are undermining their primacy, the stakeholders believe that local governments have no role in the activity in which they are the stakeholders.
- The stakeholder groups consider local governments as “political”, and treat them with contempt.
- The critics of the NGOs point out that the only difference is that while local governments are openly political by an election, stakeholder groups are political by covert infiltration.
- The representatives of local governments generally have low education status and they also lack fiscal powers to implement development initiatives vigorously. On the contrary, stakeholders have an edge over the local governments, as they get support from various NGOs, resulting in greater access to knowledge and latest technological advancements.³⁰ These NGOs again are not accountable locally. Stakeholder groups and community-based organizations are also permitted to receive up to 50 per cent of the funds of JRY and EAS.
- While community-based organizations accuse local governments for non-performance, various reports have pointed out that sustainability of initiatives and maintenance of assets created has been a major problem area for the community-based organizations.
- A major criticism against the community-based organizations has been that they represent only a section of community, unlike an elected body.
- The functionaries of local governments accuse stakeholder groups of receiving favorable treatment from State government. For instance, while tanks larger than

³⁰ George Mathew, “Decentralized Institutions, Governmental and Voluntary Sector,” *Economic and Political Weekly*, February 27-March 5, 1999 available at <http://www.epw.org.in/showArticles.php?root=1999&leaf=02&filename=113&filetype=html>

100-acre command area have been handed over to WUA for maintenance, the smaller tanks are still under the jurisdiction of Panchayat Raj Engineering Department (PRED). While WUA get a share of irrigation tax, Panchayats with smaller tanks neither get resources for maintaining them nor do they have supervisory powers over the works of the PRED.³¹

In spite of the prevalence of discord between the functionaries of local governments and the stakeholder groups, it is vital to institutionalize a mechanism for coordination between these two overlapping interest groups. As they perform similar functions at the grass roots, it becomes imperative to develop functional and institutional linkages between them to facilitate faster development in the rural areas. Some of the areas that are amenable to stakeholder and local government convergence activities are, school education, water users in irrigation, marketing committees, fair price shops, watershed development, joint forest management. Development of functional and institutional linkages should be based on the premise of recognizing the primacy of local governments, as they are the elected bodies, rather than seeing stakeholder groups as contenders of local governments. The following model can be considered for institutionalizing the linkages between stakeholder groups and local governments.³²

- Andhra Pradesh Panchayat Raj Act provides for six functional standing committees at the Gram Panchayat level. The stakeholder groups also perform similar type of functions. Therefore, Gram Sabha shall co-opt one or more members to the standing committee of the Gram Panchayat and, where ever necessary, elections will be held by secret ballot. These co-opted members will fully participate in proceedings of the standing committee.
- Members from the stakeholder group will be co-opted to the mandal level standing committees from amongst the co-opted members of standing committees of the Gram Panchayat for each activity.
- In a similar manner, co-option from members of the stakeholders should be made to the standing committees of Zilla Parishads. Members from the stakeholder groups will be co-opted to the Zilla Parishad level standing

³¹ “Panchayati Raj and Natural Resource Management in AP,” Discussion Note, Sept 2001. p.13

³²This model has been sourced from D Bandhyopadhyay, B N Yugandhar, Amitava Mukherjee, “Convergence of Programmes by Empowering SHGs and PRIs,” *Economic and Political Weekly*, June 29, 2002 available at <http://www.epw.org.in/showArticles.php?root=2002&leaf=06&filename=4623&filetype=html>).

committees from amongst the co-opted members of the standing committees of the Mandal Parishads, for each activity group.

- All funds in respect of devolved functions will be spent with the consent of the standing committees of which the co-opted members of the stakeholders are members.
- The functionaries, in respect of that service, shall be accountable to standing committee.
- The stakeholder groups will function under the overall umbrella of the local governments.

Developing linkages between stakeholder groups and local governments, as stated above, will bring about convergence of various rural development programmes. Successful attempts at involving local governments in the activities of the stakeholder groups are readily available. In Uttar Pradesh, joint forest management was brought under the purview of the Panchayats through a bill. Similarly, in West Bengal, the Chairman of the Zilla Parishad, in consultation with site selection committee, distributed tube wells under a World Bank programme. Further, assurances were taken from farmers that they would purchase water supplied by the Panchayat. The beneficiary committee looks after day to day working of the tube wells, which is a unique feature of West Bengal Panchayati Raj.³³ Such convergence in the activities of the local governments and stakeholder groups is necessary for better implementation of programmes in the rural areas.

District Government

Partly owing to our colonial legacy, there continues to be an artificial divide between urban and rural local governments. As a result, there is no single, undivided government representing all sections at the district level and the people continue to view Zilla Parishad and Municipality as just another body and treat the District Collector as the real symbol of government in the district. The current structure of District and Metropolitan Planning Committees is too weak, and in any case they are non-starters in many States. Therefore, there is a need to amend Art 243-C to provide for a single elected district

³³ George Mathew, "Decentralized Institutions, Governmental and Voluntary Sector," *Economic and Political Weekly*, February 27-March 5, 1999 available at <http://www.epw.org.in/showArticles.php?root=1999&leaf=02&filename=113&filetype=html>

council that will function as a true government for the entire district. Once this is implemented, the District Planning Committee becomes redundant.

Structure of Panchayats

Even though the intent of 73rd and 74th amendments are laudable, there is a general feeling that they created over-structured and underpowered local governments. As real governance is at the State and local levels, there is perhaps a case for giving enough freedom and leeway for the States to design the structure of local governments in their own way as long as rural and urban local governments are elected democratically. Therefore, there is a need to amend Art 243-C and 243-Q and empower the State legislatures to decide the structure of local governments, subject to the overall constitutional provisions.

Reservation for Women

Art 243-D provides for one-third reservation for women in all elected local governments. As a result, millions of women are catapulted into electoral office at the local level across the country. But even before they had a chance to learn the ropes of governance, they are demitting office, as the reserved seats have to be rotated every five years. As this provision is blatantly unfair to women representatives, there is a need to consider amending Art 243-D (3) to enable women representatives to seek two terms from the same constituency. Similarly, offices reserved for other categories also can be given a two-term reservation, so that there is incentive of re-election and leadership is developed properly.

Accountability Mechanisms

Whenever, we recommend strong local governments, there were many commentators who say: "Oh, the local governments are corrupt to the core, any new funds to them will only lead to further embezzlement of funds".

While the concern to ensure accountability in administrative apparatus is valid, the solution of not devolving any funds or functions to local governments is not a correct approach to ensure accountability in local governments. Let me illustrate this by an example. In the recent stamp scam, many senior functionaries, including senior police officials and ministers in couple of states have been implicated. As corruption of unimaginable proportions in police departments in various states has come to light,

should the Union government take over the police functions in these states? The answer to such a question would be a definite no. Similarly, the higher tiers of government should not usurp the functions of the local governments under the pretext of proven corruption in the past or possible corruption in the future. The Union and state governments can and should devolve funds and functions making every effort to ensure accountability in local governments. The following four measures can be considered for ensuring accountability in the local governments.

1. Ombudsmen: We propose that there should be independent Ombudsmen to look into all complaints or grievances related to local governments for every district. The Ombudsman shall have the power to take any action, initiate disciplinary proceedings against any local government representative/employee including removal or dismissal. The government shall have no appeal powers. The appeal will lie with a body State-Level Ombudsmen. The Ombudsman shall be a person of integrity and reputation in the district and a committee comprising of the chief minister, chief justice of the high court and leader of the opposition will appoint him.
2. Right to Information – the state should create effective mechanisms for implementation of the right to information legislation and make them applicable to all branches of state government and local governments. A provision for independent appeal and compensation to the citizen along with penalties for erring employee should be provided.
3. Citizen's Charters – There is a need to proactively implement the local government citizen charters. The Citizen Charter should clearly outline citizen's entitlements, time frame, and compensation for non-delivery and penalties for the erring employee.
4. A District Audit Unit, independent of local and state governments can be constituted to scrutinize the expenditure of local governments, and it should function like the Accountant General's audit

Involving the people in the local governance process itself can ensure accountability. The citizen involvement is contingent on an open administrative apparatus that allows

citizen participation. For instance, when corrupt practices under Building Regularization Scheme came to light in Kukatpally Municipality, Andhra Pradesh the collective assertion of local people under Lok Satta banner resulted in refund of the bribe money! This is a small but significant victory for the local people. Further, Lok Satta was also instrumental in enactment of excellent Citizen's Charter in all Municipalities in the State. For the first time in India, a compensation of Rs.50 is now payable to the citizen for every day's delay in these services. Over 50 municipalities in Andhra Pradesh are implementing this.

Similarly, Janaagraha of Bangalore has been carrying out initiatives like the Ward Vision Campaign aimed at full participation of citizens in planning and monitoring of public works carried out by the local governments. More recently, along with other partner organizations, it has compelled the Bangalore Municipal Corporation to release its quarterly financial statement. This innovative campaign is an important step in the right direction aimed at ensuring complete transparency in local governments. Realizing that an important reason for the dysfunctional governance apparatus that we have today is the absence of link between services and the taxes we pay, Janaagraha has been urging the Municipal Corporation to release list of property tax payers in Bangalore. This will result in identifying the non-taxpayers from taxpayers and there will be a tangible indicator to measure the efficiency of the Municipal Corporation in collection of taxes. The experiences of various civil society initiatives should be studied in detail to identify effective accountability mechanisms for local governments.

All this demonstrates that ensuring accountability in local governments is not a Herculean task. There are many mechanisms and the civil society is ever willing to lend its expertise to the authorities concerned to ensure accountability in local governments. The fundamental premise of democracy is that the citizens have the capacity to understand their self-interest and are capable of taking charge of their own lives, which holds true even at the local level as links between their vote and public good, and taxes and services are clearly evident. If this is so, to deny functions, funds and functionaries to local governments betrays lack of faith in representative democracy.

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