

**CENTRALISATION AND DECENTRALISATION IN RURAL
POVERTY ALLEVIATION PROGRAMMES: A CASE STUDY
OF NUADPADA AND JHARSUGUDA DISTRICTS, ODISHA**

**DOCTOR OF PHILOSOPHY
POLITICAL SCIENCE**

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**DEPARTMENT OF POLITICAL SCIENCE
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UNIVERSITY OF HYDERABAD
HYDERABAD – 500 046
APRIL, 2015**

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*A thesis submitted to the University of Hyderabad in partial fulfillment of the
requirements for the award of the degree of*

DOCTOR OF PHILOSOPHY

IN

POLITICAL SCIENCE

BY

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**DEPARTMENT OF POLITICAL SCIENCE
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APRIL, 2015**

DECLARATION

I hereby declare that the research embodied in the present thesis entitled “Centralization and Decentralization in Rural Poverty Alleviation Programmes: A Case Study of Nuapada and Jharsuguda Districts, Odisha” is an original research work carried out by me under the supervision of Dr. Ramdas Rupavath, Department of Political Science, University of Hyderabad for the award of Doctor of Philosophy in Political Science from the University of Hyderabad. I declare to the best of my knowledge that no part of this thesis was earlier submitted for the award of any research degree in part or full to this or any other university.

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CERTIFICATE

This is to certify that Tapan Kumar Bihari has carried out the research work embodied in the present thesis entitled “*Centralization and Decentralization in Rural Poverty Alleviation Programmes: A Case Study of Nuapada and Jharsuguda Districts, Odisha*” for the degree of Doctor in Philosophy in Political Science, which is primed under my supervision. I declare to the best of my knowledge that no part of this thesis is earlier submitted for the award of any research degree in part or full at any university.

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ABBREVIATION

AIADMK	All India Anna Dravida Munnetra Kazhagam
AIBP	Accelerated Irrigation Benefit Programme
ARC	Administrative Reforms Commission
ASCI	Administrative Staff College of India
BDO	Block Development Officer
BPL	Below Poverty Line
BRGF	Backward Regions Grant Fund
CAA	Constitutional Amendment Act
CAG	The Comptroller and Auditor General
CAPART	Council for Advancement of People's Action and Rural Technology
CBI	Central Bureau of Investigation
CDP	Community Development Programme
CEO	Chief Executive Officer
CFC	central Finance Commissions
CLCC	Central Level Coordination Committee
CPI	Communist Party of India
CPI (M)	Communist Party of India (Marxist)
CRPF	Central Reserve Police Force
CSS	Centrally Sponsored Schemes
DDP	Desert Development Programme
DMK	Dravida Munnetra Kazhagam
DPAP	Drought Prone Areas Programme
DPC	District Planning Committee
DPO	District Panchayat Officer
DPSP	Directive Principle of State Policy
DRDA	District Rural Development Agencies
EAS	Employment Assurance Scheme
EC	Election Commission
EO	Executive Officer
FC	Finance Commission
FDI	Foreign Direct Investment
FFW	Food for Work
FMC	First Minister's Conference
FYP	Five Year Plans
GBS	Gross Budgetary Support
GDP	Gross Domestic Product
GNP	Gross national product
GP	Gram Panchayat
GS	Gram Sabha
HIV	Human Immunodeficiency Virus
HUDCO	The Housing and Urban Development Corporation Ltd
IAP	Integrated Action Plan
IAS	Indian Administrative Service
IAY	Indira Awas Yojana
ICDS	Integrated Child Development Scheme
IIFM	Indian Institute of Forest Management
IISC	Indian Institute of Science

INC	Indian National Congress
IPS	Indian Police Service
IRD P	Integrated Rural Development Programme
ISC	Inter State Council
IT	Information and Technology
IWDP	Integrated Wasteland Development Programme
JNNURAM	Jawaharlal Nehru National Urban Renewal Mission
JRY	Jawahar Rozgar Yojana
LAD	Local Area Development
LSG	Local Self Government
MDM	Mid-Day Meal
MFAL	Marginal Farmers and Agricultural Labourers
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MLA	Member of Legislative Assembly
MLALADS	Member of Legislature Local Area Development Scheme
MNP	Minimum Needs Programmes
MoPR	Ministry of Panchayati Raj
MoRD	Ministry of Rural Development
MoU	Memorandum of Understanding
MP	Member of Parliament
MPLADS	Member of Parliament Local Area Development Scheme
MWS	Million Wells Scheme
NABARD	National Bank for Agriculture and Rural Development
NCA	Normal Central Assistance
NCM	the National Commission for Minorities
NCRWC	National Commission to Review the working of the Constitution
NDC	National Development Council
NFFWP	National Food for Work Programme
NGO	Non-governmental organization
NHRC	the National Human Rights Commission
NIRD	National Institute of Rural Development
NITI Aayog	National Institution for Transforming India Aayoga
NREGA	National Rural Employment Guarantee Act
NREGP	National Rural Employment Guarantee Programme
NREP	National Rural Employment Programme
NRHM	National Rural Health Mission
NRLM	National Rural Livelihood Mission
NSAP	National Social Assistance Programme
NSSO	National Sample Survey Organisation
OBC	Other Backward Classes
PC	Planning Commission
PC	Planning Commission
PDI	Panchayat Devolution Index
PEAIS	Panchayat Empowerment and Accountability Incentive Scheme
PESA	Panchayats Extension to Scheduled Areas Act
PLHIV	People Living with HIV/AIDS
PMGSY	Pradhan Mantri Gram Sadak Yojana
PRI	Panchayati Raj Institutions

PS	Panchayat Samiti
PSC	Public Service Commission
PSU	Public Sector Undertakings
PSU	Public-Sector Undertakings
RAP	Rural Artisans Programme
RBI	Reserve Bank of India
RBI	Reserve Bank of India
RGDWM	Rajiv Gandhi Drinking Water Mission
RGPSA	Rajiv Gandhi Panchayat Sashaktikaran Abhiyan
RIP	Rural Industrializations Programme
RLEGP	Rural Landless Employment Guarantee Programme
RLEGP	Rural-Landless Employment Guarantee Programme
RSVY	Rashtriya Sam Vikas Yojana
RTIA	Right to Information Act
SC	Scheduled Castes
SFC	State Finance Commission
SFDA	Small Farmer Development Agency
SGRY	Sampoorna Gramin Rozgar Yojana
SGSY	Swarnajayanti Grama Swarojgar Yojana
SHG	Self Help Groups
SIRD	State Institute of Rural Development
SoPR	State of Panchayat Report
SSA	Sarva Shiksha Abhiyan
SSI	Small Scale Industry
ST	Scheduled Tribes
TDP	Telugu Desham Party
TOR	terms of reference
TSC	Total Sanitation Campaign
TSC	Total Sanitation Campaign
UPA	United Progressive Alliance
USA	United States of America
USSR	Union of Soviet Socialist Republics
UT	Union Territory
VLW	Village Level Worker
ZP	Zilla Parisad

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CHAPTER-1

Introduction

1.1: Introduction

For the overall governance in federal structure, the Constitution of India assures distribution of power and responsibility between the Centre and the States. The distribution of power and responsibilities is narrated in the Seventh Schedule as List-I (Union List), List-II (State List) and List-III (Concurrent List). The Union List and State List are domains of the Centre and the States respectively though under certain circumstances the Centre prevails over the State List. Constitutionally, it is in the case of the Concurrent List that a power-relation is to be mutually shared between the Centre and the States. There is, moreover, a growing conflict in how these relations are shared, policies formulated and implemented, and the roles both the Centre and the States play. This power-relation that the Constitution guarantees is targeted towards the development of the nation-state. Part XI of the Constitution institutionalizes various legislative and administrative relations between the Union and the States, and developmental plans come under Entry 20 of the Concurrent List as economic and social planning.¹

Simultaneously moreover the Articles² 1, 2, 3, 356, etc., of the Constitution as well as constitutional assembly debates have proposed a strong Centre and its impact has been a matter of critical debate. For instance, it is this reason of governance for which India has been criticized as Quasi Federal. In numerous other cases the dominance of the Centre has been a serious concern in scholarly debates. As India is federal with a strong Centre with regard to policy formulation and implementation, sometimes in State List and in most cases in Concurrent List, the Union prevails over the States.

¹Ministry of Law and Justice, *The Constitution of India*, Government of India, , New Delhi, 2007, pp. 315-329

²Article 1: India, that is Bharat, shall be a Union of States

Article 2: Parliament may by law admit into the Union, or establish, new States on such terms and conditions as it thinks fit.

Article 3: Parliament may by law— (a) form a new State by separation of territory from any State or by uniting two or more States or parts of States or by uniting any territory to a part of any State; (b) increase the area of any State; (c) diminish the area of any State; (d) alter the boundaries of any State; (e) alter the name of any State

Article 365: If the President, on receipt of a report from the Governor of a State or otherwise, is satisfied that a situation has arisen in which the Government of the State cannot be carried on in accordance with the provisions of this Constitution, the President may by Proclamation state emergency.

Central institutions and ministries such as the Planning Commission (now scrapped and reframed as Niti Ayog), Finance Commission and Ministry of Rural Development, etc., play a crucial role in policy formulation and its implementation, and hence the Centre has an upper hand in its overall governance. Among all these institutions, the Planning Commission, which was set up in 1950 with a cabinet resolution as a national advisory body to provide expertise in drawing of national developmental plans, has been so far crucial in policy formulation.

A press note of the Planning Commission in 2013 reveals that 21.92% of the population lives Below the Poverty Line (BPL) in India. While 13.70% of urban population is below the poverty line, 25.70% of the rural population is found to be below the poverty line officially.³ From the inception of planning in India, alleviation of rural poverty has been one of the primary objectives in developmental policies. The major theme in the entire rural poverty alleviation programme is to rejuvenate the economic and social life in rural areas. Various developmental policies including rural poverty alleviation programmes are listed under economic and social planning in the Entry 20 of Concurrent List. As it comes under the Concurrent List, ideally the Centre and the States should mutually coordinate in order to formulate and implement various policies and programmes to eradicate poverty in rural areas. As the Planning Commission prepares and guides various policies including poverty, the Centre dominates in formulation and implementation of rural poverty alleviation programmes through Centrally Sponsored Schemes such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Indira Awas Yojana (IAY) and Swarnajayanti Grama Swarojgar Yojana. (SGSY). Such programmes have an institutional genesis owing to the immediate demand of the then national crisis after the country's independence.

Various factors since independence have given rise to a centralized planning and administrative model and have accelerated the development of the Union as a powerful entity over the States. With regard to development, India has adopted a socialist model, i.e., mixed economy, with the influence of Nehruvian ideal. The constitutional debate, with the support of Dr. B.R. Ambedkar, Jawaharlal Nehru and

³Planning Commission, *Press Note on Poverty Estimates, 2011-12*, Government of India, New Delhi, July 2013, p. 06

others, proposed exclusive central policies to meet the immediate socio-economic and political crisis that arose after India's independence.⁴ During this period, the Constituent Assembly adopted a federal structure with a strong Centre to maintain unity and integrity of the country. The Union Powers Committee of Constituent Assembly, for instance, unanimously agreed under the chairmanship of Nehru: "...we are not now bound by the limitations on the scope of Union powers ... We are unanimously of the view that it would be injurious to the interests of the country to provide for a weak Central authority."⁵ Federalism in India advocated a centralized administration as well. Central direction made much sense in the 1950s when independent India faced an enormous task of national integration and nation-building. It had to integrate the provinces of British India and incorporate the 562 princely states to its geographical territory. Nehru and his team wanted more than national integration and a centralized system of administration was envisioned to tackle several other crises. One of the major aims was also to incorporate rapid industrialization with inspiration from the USSR. Another significant element was the elimination of the poverty that still entrapped a majority of the population, especially in rural areas. Centralized planning appealed to leaders like Nehru who were committed to and proposed a democratic socialism set up. They wanted the redistribution of land and other resources which were to be taken place through peaceful means. It was to achieve these aims that India resorted to Five-Year Plans, in which land reforms and public-sector undertakings (PSUs) played important roles and they functioned centrally.⁶ In short, with the passage of time, in the last sixty-five years of planning, old institutions are reformed and central institutions have evolved to meet the demand of the changes in socio-economic and political milieu. Consequently, starting independence till the present time, the Centre has gradually evolved in institutionalizing its purview over the States through different means and goals and through its several agencies and institutions.

Such an exclusive centralization was also thought upon critically in contemporary times. Nehru for instance, had envisioned the problematic nature of central policies

⁴ See Chapter 2 for a detail discussion.

⁵ S.C. Kashyap, *Jawaharlal Nehru and the Constitution*, Metropolitan Book Co., New Delhi, 1982, p. 257.

⁶ Mahendra P. Singh and Douglas V. Verney, "Challenges to India's Centralized Parliamentary Federalism", *Publius*, Vol. 33, No. 4, Autumn, 2003, p-3

where the Centre would prevail and had proposed various intergovernmental institutions such as the National Development Council, the Zonal Council, etc., for better coordination and cooperation between the Center and the States. During the Nehruvian era, due to a single-party dominance over both the Centre and the States and owing to Nehru's charismatic leadership, conflicts remained less visible and could be sorted out within the organization. With the end of Nehruvian era the conflict in the federal structure came off with the demand for more autonomy and more share of revenue by the States. The States also raised the issue of central dominance in the both institutional and economic context during the mid-sixties. Such critical situations gradually evolved because of the change in the political and economic scenarios of the country. The Green Revolution and the emergence of non-Congress governments in various states aggravated the issue of federal conflict. During 1967, when several regional parties came to power in different states, the then President of India Dr. S. Radhakrishnan appealed to the governments to have better cooperation which the then Prime Minister Mrs. Gandhi seemed to have taken positively. When she won the parliamentary election in 1971 with a complete majority, however, she proposed having a strong Centre and remarked that the state governments should be "in tune with the government at the Centre, accept its policies and be willing to implement its programme."⁷ After 1971 general elections it was observed that during this period, to suppress such issues, the Central Government tried to destabilize various non-Congress governments through the enforcement of President's rule and other mechanisms. With the realization of the sensitiveness of the federal conflict, the Union Government established the Sarkaria Commission in 1983. The Commission evaluated the relation between the Centre and the States and recommended suggestions to improve upon the growing conflict. The Commission observed that "...there was not only inadequate territorial and functional decentralization in India when the country became independent, but there has also been a pervasive trend towards greater centralization of powers over the years, *inter alia*, due to the pressure of powerful socio-economic forces."⁸ The conflict gradually

⁷Commission on Centre-State Relations "Preface", *Evolution of Centre-State Relations in India*, Report, Volume-I, New Delhi, March 2010, p. XVIII

⁸Report, Sarkaria Commission on Centre-State Relation, Volume I, New Delhi, 1988, p-543. Quoted in the "Forward", Report, *Evolution of Centre-State Relations in India*, Commission on Centre-State Relations, Volume-I, New Delhi, March 2010, p. XI

seemed to have aggravated during the years as the Central Government had tried to dominate over the States adversely. Centre's powers of intervention also came to be circumscribed by judicial pronouncements in several areas such as imposition of President's rule. As the imposition of President's Rule was challenged in several High Courts and the Supreme Court, the Supreme Court of India in *S.R. Bommai vs. Union of India* in 1994 outlined the real circumstances under which the President's Rule can be imposed⁹. The Sarkaria Commission also had observed: "Decentralization of real power to local institutions would help defuse the threat of centrifugal forces, increase popular involvement all along the line, broaden the base of our democratic polity, promote administrative efficiency and improve the health and stability of inter-governmental relations."¹⁰ The conflicts are numerous and have challenged the overall governance of the nation-state. It has also impacted upon the Centre-State relations and the original nature of envisioning a strong Centre during the period of independence. Moreover, with gradual development, the Centre, as an established institution of hierarchy, has ignored the States to a significant extent and in numerous cases it has tried to balance the growing conflict with other means such as evolving the institution like Local Self Government.

As such conflicts arose and significantly challenged the established hierarchy, as well as to seek new means to analyze failure rates of various social welfare policies, India has established the Balwant Rai Mehta Committee (1957), the Ashok Mehta Committee (1977) and then the Sarkaria Commission (1983). After the observation and recommendations of the Sarkaria Commission, the Union Government passed the 73rd amendment of the Indian Constitution and gave constitutional status to the Local Self Government (LSG) in 1992. Through such an amendment, the Union Government directs the State Governments to transfer 29 department powers to LSG. Although the constitutional amendments were enacted at the centre, it is at the level of the state where authority for expenditure assignment and devolution of functions to panchayats is fundamentally vested. No devolution of functions is expected from the

⁹After the Supreme Court decision establishing the justifiability of this decision in the *S. R. Bommai versus the Union of India* case ([\[1994\] 2 SCR 644 : AIR 1994 SC 1918 : \(1994\)3 SCC1](#)), there has been some restraint in dismissing the state governments.

¹⁰Report, Sarkaria Commission on Centre-State Relation, Volume I, New Delhi, 1988, p-543. Quoted in the Report, "Forward", *Evolution of Centre-State Relations in India*, Commission on Centre-State Relations, Volume-I, New Delhi, March 2010, p. XI

centre to the states. Even after the passing of the 73rd and 74th Constitutional Amendments, the transfer of funds, functions and functionaries has been nominal in most States with notable exceptions such as Kerala. However, despite the constitutional mandate, the growth of self-governing local bodies as the third tier of governance in the country has been uneven, halting and slow. The Second Administrative Reform Commission observed that there is no clear delineation of roles of the states and the local government. This leads to undue interference by the State. Not only this, there is also no clear functional delineation amongst the various tiers of local government. Due to lack of real and meaningful devolution of funds, functions and functionaries, the local governments are unable to empower effectively to frame regulations, take decisions and enforce their will within their legitimate sphere of action. The committee also recommended for the transfer of public servants who are entrusted with the discharge of responsibilities under the local governments control, subject to protection of their service conditions.¹¹ The National Commission to Review the working of the Constitution (NCRWC) was concerned with the poor devolution of functions to local bodies and recommended the amendment in the Article 243G¹² as “Powers, authority and responsibilities of Panchayats Subject to the provisions of this Constitution, the Legislature of a State shall, by law, vest a Panchayat at the appropriate level with such powers and authority as are necessary to enable them to function as institutions of self-government in respect of all functions which can be performed at the local level including the functions in respect of the matters listed in the Eleventh Schedule”.¹³

Such a step was taken to decentralize the institution and for the involvement of the rural people in the developmental process and was to serve the need of the local areas. One of the basic functions of the Panchayati Raj institutions is to implement various

¹¹Second Administrative Reforms Commission, “Local Governance: An Inspiring Journey into the Future”, Sixth Report, Government of India, New Delhi, October, 2007, pp. 01-18

¹²Article 243G: Powers, authority and responsibilities of Panchayats Subject to the provisions of this Constitution the Legislature of a State may, by law, endow the Panchayats with such powers and authority and may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats, at the appropriate level, subject to such conditions as may be specified therein, with respect to:

(a) the preparation of plans for economic development and social justice;

(b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule

¹³Second Administrative Reforms Commission, “Local Governance: An Inspiring Journey into the Future”, Sixth Report, Government of India, New Delhi, October, 2007, pp. 25-26

poverty alleviation programmes. As a result, power confined to federal states weakened. The effect of such change has been numerous. On the one hand, while it destabilized federal state power, on the other it weakened the authority of the State. Through this process the Union Government has attempted to de-institutionalize the existing institutional structure in the federal States and also minimized the role of the federal States. In this process the Union Government is undermining the role of the federal States and entering directly in the administration of local self-governance system up to the district levels. For instance, the District Rural Development Agencies (DRDA) directly receives funds from the Union Government and implements various centrally sponsored development schemes in the local areas. It reflects the Central government is trying to keep direct contact and control over various implementation of programme in the district level. Hence, this process of development shifted from the notional decentralization model to implicit centralization model.

This study seeks to explore the impact of such transfers of powers and responsibilities to the localized governance system directly controlled by the Centre. The process through which such transgressions have impacted upon the Centre-State coordination and their shared mutual relationships will be a case in point with a focus on the implementation of rural poverty alleviation programmes implemented by the Centre directly upon the localized system undermining the mediatory role of the state. The literature review that follows explores these issues critically.

1.2: Review of Literature

The study starts with the review of literature through narrating the evolution of federal system in political institution by Douglas V. Verney¹⁴. The article starts with describing the “federalism” as an abstract ‘ism’ or concept, “federative system” as the term used to describe ‘actual systems’ which are to any degree federative (quasi federations to federation, confederacies and beyond) and “federation” which is a species federative system in which the powers of the regional governments are not subordinate to the national government or vice-versa in which the powers of the two orders of government are really coordinate in practice as well as in the law of the

¹⁴Douglas V. Verney, “Federalism, Federative Systems, and Federations: The United States, Canada, and India”, *Publius: The Journal of Federalism*, Vol. 25, No. 2, Spring 1995, pp-81-97

constitution. The article narrates the three terms with three model of federal system in the world i.e. US, Canada and India.

With continuing the debate Sunita Parikh and Barry R. Weingast¹⁵ attempts critically to analyze the performance of the different federal state in the context of different economic and political milieu. To justify own argument authors quote the argument of Friedrich Hayek. Hayek argues that one policy is not optimal to cover total nation except national public goods such as defense. Because the lower government have better access to information related to citizens preferences in relationed to welfare projects and policies than central government. In the second part of the article authors have analyzed how different center state relation affects economic performance through comparative theory of federalism. The article compares the basic elements of market federalism in the context of India. At the end authors disagrees with Rodden/Rose-Ackerman's argument that India provides an excellent opportunity to explore the validity of market-preserving federalism's predictions. The authors observed that India has performed poorly on many dimensions in the context of market federalism as many basic structural elements of market federalism are not available.

While comparing various federal structures, G. Guhan¹⁶ comparatively analyses the federal system in Indian and Germany. Germany is a case of classical federalism whereas without using the term federalism the constitution of India incorporates various structures of federalism. But both the countries opt for cooperative federalism and tries to reconcile both the shared rule and self-rule between the Centre and the states in India, and between federal government and the Lander in Germany.

S.L.Verma¹⁷ analyses comparatively the working of Federalism in countries like United States of America, Switzerland, Canada and Australia. Through the analysis the author attempts to locate the dominance of parliamentary system as one of the major factor for weakening the federal polity in India. He also conceives the Indian

¹⁵Sunita Parikh and Barry R. Weingast, "A Comparative Theory of Federalism: India", *Virginia Law Review*, Vol. 83, No. 7, Oct., 1997, pp. 1593-1615

¹⁶G.Guhan, "Federalism in India and Germany", in Gert.W. Kueck, Sudhir Chandra Mathur and Klaus Schindler(ed), *Federalism and Decentralization*, Mudrit Publications, New Delhi, 1998.

¹⁷ S.L.Verma, *Federal Authority in Indian Political System*, R.B. S.A. publishers, Jaipur, 1987

Federation as headless one because it postulates the hegemony of the Prime Minister through the President.

Towards the decentralization in federal system Eghosa E. Osaghae¹⁸ describes the process of decentralization in both federal and unitary form of the government. This article deals with the one categorization of federalism i.e. federalism as a degree of decentralization. Author critically examines the shifting role of the States from maintaining law and order to other welfare function like the shift of federalism to cooperative federalism. It analyses various mechanisms like policy making, financial control, inter-governmental agencies etc that has been adopted to subordinate states. It is this expanding centralization of federal system that accounts for the growing conception of federalism as a degree of decentralization rather than as a strict division of powers. The author realizes that overlaps between unitary and federal practices today, it is difficult to strictly distinguish between federal and unitary. Now it assumes that any system is more or less federal or unitary in nature.

In the context of India, K. C. Markandan¹⁹ attempts for an in-depth study of the various constitutional provision and ideas of constituent assembly in relation to Constitution of India. Author highlighted the socio-economic and political conditions that had influenced the framers of Indian Constitution. The article also describes the main objectives of the framers of the constitution i.e. to provide a constitutional framework that would be appropriate to the Indian society, its growth and development. The author asserts maintaining unity and integrity was the basic concern than other issues by the framers of Indian Constitution.

Amal Ray²⁰ attempts to analyze the operative forces and process rather than the formal legal structure of Indian federalism. He has also examined Indian federalism in the light of the theory of federalism and its working in other countries of the world.

Sharada Rath²¹ discusses the various theories and approaches to federalism while analyzing the trends of federalism in India. In Indian context, she describes center-

¹⁸Eghosa E. Osaghae, "A Reassessment of federalism as a Degree of Decentralization", *Publius: The Journal of Federalism*, 20, Winter 1990, p. 83

¹⁹ K. C. Markandan, *Centre –State Relations*, ABS publications, Jalandhar, 1986

²⁰ Amal Ray, *Inter- Governmental Relations in India*, Asia Publishing house, Delhi, 1966

state financial relations, cooperative federalism relating to the welfare of scheduled castes and scheduled Tribes, socio-political aspects of national integration and city development while highlighting Bhubaneswar city. It also attempts a comparative appraisal of the functioning federalism. In the concluding remarks author speaks that federalism survives so long as it facilitates the building of a nation with two levels of government having inter-dependent and collaborative role in achieving common national objectives.

Towards the development of federal structure, Amresh Bagchi²² analyses federalism in India into three phases i.e. centralized federalism followed by cooperative federalism and competitive federalism. The article divides the three phases with economic and political context. The plan development model and unitary feature reflects the Centralized federalism whereas the evolution of coalition politics brings the cooperative federalism and the process of economic liberalization reflects the competitive federalism. But inclusion of economic and social planning in the concurrent list paved the way for Central Government involvement in areas like rural development, family welfare, health etc., overshadowing the functional schemes of the constitution. While de-licensing and economic liberalization gives the private sector considerable freedom, the Center continues to intrude in the states' domain through its numerous Centrally Sponsored Schemes.

In continuation of centralized federal structure of Indian federalism, Arun Ghosh²³ criticized the centralized federation system He argues a centralized uniform development pattern cannot bring solution to all local problems. According to author, massive transfer of resources and devolution of power to the local level can empower the people and enable them to overcome the problems like ill health, poverty, illiteracy and etc. Such patterns of development can also bring solutions to the problems like language, communal issues, regional unrests like Jammu Kashmir, Punjab and North east regions rather than centralized institutions. The author

²¹Sharada Rath, *Federalism Today- Approaches, Issues and Trends*, Sterling Publishers Private Limited, New Delhi, 1984.

²²Amaresh Bagchi, "Rethinking Federalism: Changing Power Relations between Center and the States", *Publius, The Journal of Federalism* Vol.33, No. 4, Autumn, 2003, pp. 21-42

²³Arun Ghosh, "Federalism, Democracy and Decentralization, *Economic and Political Weekly*, Vol.27, No. 46, November 14, 1992, pp. 2453-2455

highlights the path of fundamental decentralization pattern can bring the societal development.

In supporting the above argument Mahendra P. Singh and Douglas V. Verney²⁴ broadly analyses various unitary constitutional provisions and centralized institutions in the context of Indian federalism. It also describes various socio-political and economic conditions of the country during the shift in the federalism. The hostility of the States in the centralized federalism leads to the establishment of the Sarkaria Commission and inclusion of decentralized provision in the Indian constitution. The emergence of the regional party and coalition politics leads the nation to adopt a less centralized federalism. The author argues that change in India's federalism has come about less through the adaptation of formal institutions than through the proliferation of state based political parties, aggregating varied interest based region, language, caste, class or views in secularism.

The conflict in Centre- State relation has been analyzed by Anirudh Prasad²⁵ with judicial pronouncement. It analyses the role of the courts towards interpreting constitutional laws and maintaining balance in relation to the center- state relation. The view of various states like West Bengal, Karnataka, Jammu and Kashmir and Punjab in relation to Indian federalism has been narrated properly. This book highlights the functional relations between the Union and States in the field of industrial development, socio-economic, language etc with judicial interpretation. According to author the role of Planning Commission and Finance Commission reflects the dominant nature of the Center. So, author highlights the controversies in related to the role of Planning Commission and Finance Commission.

Sukhjinder Singh Tiwana²⁶ narrates the role of Governor in the area of center-state relations. He suggests some amendments to review the present disturbing trends developing in the role of Governor. The article made an attempt to examine the role of

²⁴Mahendra P. Singh and Douglas V. Verney, "Challenges to Indian's Centralized Parliamentary Federalism", *Publius*, Vol. 33, No.4, Emerging Federal Process in India, Autumn, 2003, pp. 01-20

²⁵Anirudh Prasad, *Centre -State Relations in India*, Deep and Deep Publications, Delhi, 1981

²⁶Sukhjinder Singh Tiwana, "Centre-State Relations in India: A Critique of Governor's Role", *ISDA Journal*, Vol.3, New Delhi, July- September and October-December 1993.

Governor in the area of centre-state relations. He concerns about the misuse of the office of Governor in the context of center- state relation.

With starting the crisis in Indian federal polity Tarun Chandra Bose²⁷ in his edited volume various article narrate acute crisis in federal polity in the context of socio-economic and political. The socio-economic and political milieu of seventies reflects more a centralized federation. The Constitution of India reflects the unique unitary principle in the sphere of distribution of revenue, power, all India Services etc. which are biased toward Center. The book attempts to bring some solution in current conditions and to make federal structure more efficient in terms of national goal and objectives. The article highlights the moving of Indian federal polity towards more centralization.

Continuing the socio-economic and political impact on federal polity T V Sathyamurthy²⁸ analyzes the changing Indian polity and economy impact on the center- state relation in India from 1947-87. The author divides the period into four parts i.e. the era of linguistic/cultural differentiations within the framework of unchallenged unity and integrity of Indian states (1947-67), secondly, the era of centralization following challenges from the state's (1967-1977), thirdly, an interregnum of attempts to redress the balance of influence in favor of center (1977-1984) and fourthly, era of coalition and coexistence between the center and states (1984 onwards). The article critically examines the political, economic, linguistic and cultural dimensions and its impact on center state relation in India during each phase. Various successive governments adopts strategies to cope with center-state disputes, regional movement, political, economic, linguistic and cultural turmoil during their period. The failure of each strategy reflects in the electoral politics. The author observes that various centralized strategies adopted to destabilize various state governments.

²⁷Tarun Chandra Bose, *Indian Federalism Problems and Issues*, K.P. Bagchi & Company, New Delhi, 1987

²⁸T V Sathyamurthy, "Impact of Centre-State Relations on Indian Politics: An Interpretative Reckoning, 1947-87", *Economic and Political Weekly*, Vol. 24, No. 38, September 23, 1989, pp. 2133-2147

Prakash Sarangi²⁹ analyses the complex process of economic policy in India since independence. The basic argument is the presence of symbolic relationship between the Indian's economy and polity. He analyses the transformation of Indian political economy in an alternative model than the dominance of role of political institutions, economic environment and impact of class conflict. The process of economic transformation is a function of the decision maker's changing calculus of political pay-off. In his work the author divides Indian political economy into three parts i.e. first nationalist political economy (1947-68), secondly, populist political economy (1969-91) and thirdly, competitive political economy (1991 onward). In the first phase the political context of nationalism generates a command economy by an interventionist state which payoff to the entire country. The dominance of polarized politics has changed the command economy to redistributive economy which payoff for the supporters. The third phase comes with the coalition politics which leads to a competitive economy. In this condition, it is difficult to calculate political payoff. The economic reform has changed politics. Author also highlights the shift of state structure from centralized federalism to cooperative federalism and latter led to competitive federalism. In such a situation the rights dominate over welfare in the new policy regime.

The impact of coalition politics M.G. Khan³⁰ analyses the changing dimension of federalism in the context of coalition politics in India. The breakdown of the National Consensus on a parliamentary majority has led to a new trend i.e. coalition politics, to identify federal division of powers with sub-national pluralism. All federal systems encounter problems and imbalance in the area of Center-State relation. This paper describes the impact of political regionalism and party system on structures and dynamics of federal polity in India. The constitution of India makes the center stronger than the states and provides a quasi- federal polity to the nation. It narrated role of various institutions like Planning Commission and Central Reserve Police Force etc., which are centralized in nature. Political party in power at the center plays a very important role to the working of the federal system. With the emergence coalition politics and of regional parties, the federalism moves towards a co-operative

²⁹Prakash Sarangi, *Essay on India's Political Economy*, K.W. Publishers Pvt Ltd, New Delhi, 2014

³⁰M.G. Khan, "Coalition Government and Federal System in India", *The Indian Journal of Political Science*, Vol. 64, No. 3/4, July- December, 2003, pp. 167-190

federalism. It leads the States more vocal in their demand for more autonomy. In the author argues that coalitions at the national level Center-State relation are quite harmonious and healthy as compared to one party dominance.

Anil Nauriya³¹ narrates the concern of various States in regard to counter political centralization that has taken place in the last two decades in India with a process of constitutional decentralization. Author highlights the left's view on the various constitutional changes. The role of the Governor as the agent of the Centre, president rule, state civil service, proportional representation has been discussed thoroughly. The left parties are on the opinion of separate central and state civil services to minimize the indirect control of the Centre. They are in favor of proportional representation in election rather first-past-the-post system. The financial control by the Centre through various devices like surcharge on income tax, the exclusion of corporation tax from the divisible pool and the institution of auxiliary and special excise duties to deprive States of a legitimate share in the national revenues. At the end author is of the opinion that constitutional change must not be made a fetish of where the basic question is one of gaining and wielding political power at the Centre. Author suggests that the federalist should review each case so as to ensure that constitutionalism does not become an escape from politics.

Nirmal Mukarjee³² shows concern about the overloaded burden of Center in the sphere of power and functions. In recent scenario decentralization is utmost agenda in India's political economy. In this regard new two sub agenda has to be adopted. In the new economic policy, the control over economy by the centralized bureaucracy will be weakened. The new political policy devolves all powers and functions to the lower democratic formation other than those the center alone can and should have, thereby allowing the people to have a greater say in their own affairs. Both the policies are interlinked. Through devolution process the people can politically empower and through their strength they can secure their due share economically. So, author emphasizes on the decentralization process in India.

³¹Anil Nauriya, "Constitutionalism as Political Escapism: Restructuring Centre- State Relation", *Economic and Political Weekly*, Vol. 18, No. 47, Nov 19. 1983, pp. 1966-67

³²Nirmal Mukarjee, "For A More Federal India", *Economic and Political Weekly*, Vol. 27, No.26, June 27,1992, pp. 1312-1315

Krishna K. Tummala³³ analyses nature of Indian federalism with two components like emergency power and the decentralized scheme under the Panchyati Raj Bill of 1986. Author finds that politicization of the use of emergency provisions by the Union and the issue of decentralization. This leads to destruction of democratic and federal principles. The role of the Governor and the judgment of Supreme Court has been narrated in context of emergency. Various constitutional provisions and the evolution of institutions of Panchayati Raj has been narrated broadly.

Towards Decentralization Nirmal Mukarji³⁴ narrates that decentralization means either delegation of administrative power transfer to district officials or devolution of political authority to district governance. Author highlights that without reordering relation between the center and state, the decentralization below state level cannot be examined. According to author effective decentralization requires major change in the system of governance. The article discusses both the colonial and the independence periods. During both the period some subjects are dealt in a centralized manner and local problems managed through decentralized manner. The independent India reflects the balance of Center and States more tilted towards centralization. The experience of centralized governance and central planning has not worked well. The mass politicization and demand of participation force the state away from centralization to decentralization planning and governance. According to author proper decentralization can possible only through transfer of power from Center to State and State to sub-state level.

G. Parthasarthy³⁵ states that the federalism in India provides adequate structure to deal with various socio-economic problems of the people. The article narrates the impact of federalism on constitutional process in India. But he feels that existing administrative and political structure of India is inadequate to meet the growing aspirations of the people. He also examines the circumstances in the country that compelled the Union Government to enact 73rd and 74th Constitutional Amendment Acts. Such act comes to effect for strengthening the grass-root institutions.

³³Krishna K. Tummala, "Indian Federalism under Stress", *Asian Survey*, Vol. 32, No. 6, Jun., 1992, pp. 538-553

³⁴Nirmal Mukarji, "Decentralization below the State Level: Need for a New System of Governance", *Economic and Political Weekly*, Vol. 24, No. 9, March.4, 1989, pp. 467-472

³⁵G.Parthasarthy, "Federalism and Constitutional Process in India", *Mainstream*, Delhi, August 17,1996

Mohindra Singh and Vijay Kumar³⁶ narrate various controls of State Governments over Panchayati Raj institutions. These controls are basically institutional, administrative, technical and financial control. State control is needed for proper direction, unification and coordination of the civil services and for securing consistency and continuity both in the formulation and implementation of the national policy. The author concludes that state control is necessary but it should not make PRIs dancing dolls.

Satyanarayana Sangita³⁷ attempts to critically examine the implication of decentralization on quality of governance and service delivery in theory and practice in India. Such study has been conducted on local governance in Karnataka and Andhra Pradesh. Decentralization promotes efficiency, effectiveness and equality in delivery services. It facilitates people's participation, preferences and help to mobilize both human and financial resources as well as contains corruptions and ensure accountability. Democratic decentralization tends strongly to enhance speed, quantity and quality of responses from government institutions. But with the case study it has been observed that the success of decentralization depends upon the state's commitment to democratic decentralization to translate into four conventional types of measures/ actions: (a) enabling (b) financing (c) supporting (d) supervising. While the first two refer to creating the legal framework and securing the resources for the local authorities to operate, the second two refer to local institutional strengthening and related performance monitoring and legality control.

James Manor³⁸ describes the success of panchayati raj depends upon the power and fund transferred by the state government to these institution. In this regard the author studies the Panchayati raj system of Madhya Pradesh and Andhra Pradesh. The constitutional amendment is bounded the state governments to create panchayati raj institutions in three tiers below the state level. The study finds that the Panchayat Raj institution is working successfully in Madhya Pradesh in comparison to Andhra

³⁶ Mohindra Singh and Vijay Kumar, "State Control Over Panchayati Raj Institutions", *The Indian Journal of Political Science*, Vol. 66, No. 2, Apr.- June, 2005, pp. 221-232

³⁷ Satyanarayana Sangita, "Decentralization for Good Governance and Service Delivery in India: Theory and Practice", *The Indian Journal of Political Science*, Vol. 68, No. 3 (July.- Sept., 2007), pp. 447-464

³⁸ James Manor, "Democratic Decentralization in Two Indian States: Past and Present", *The Indian Journal of Political Science*, Vol. 63, No.1, March 2002, pp. 51-71

Pradesh because the nature of transfer of power from state government to these institutions. The state government of Madhya Pradesh provides substantial power and resources to elected panchayats at all three levels in comparison to Andhra Pradesh. Such study reflects that without substantial transfer of power the panchayat raj institution will become only subordinate to the state governments.

The 73rd amendment of the constitution gives the constitutional status to the panchayati raj institutions and a watershed in the history of decentralized governance, planning and development. Author³⁹ points out the basic lacuna of the Central Act is instead of clearly specifying the functions and powers of panchayats, it has left it to the discretion of the state government. The author assess the implementation of the Act and the functioning of the Panchayats. The article highlights transfer of power, functionaries and devolution of funds in the context of Panchayati Raj institutions in various states. The article narrates that the pressure of the greater autonomy for panchayats is not coming from the grass roots. Among the various reasons the major two reasons are panchayats has not been considered as the problem solving institutions by the villagers. Secondly, elected representatives of the panchayats considered themselves powerless in solving the people problem due to lack of power, functionaries and funds. So, author advocates that the effective decentralization will only possible if the political parties take it seriously. Until that the panchayats will remain at the mercy of the central and state governments.

Hoshiar Singh⁴⁰ narrates the evolution of Panchayati raj institution from the evolution to 73rd amendment. In this the Article 40 of the constitution, Balwanta Rai Meheta, Ashok Mehta Committee and G.V.K Rao committee have been narrated. The article highlights the process of Panchayati Raj system since its inception to cover areas of rural development and economic planning. It also describes various shortcomings in the working of Panchayat Raj institution in various states. It tries to find out the lacunas like lack of political motivation towards transfer of power, functionaries and resources to build Panchayat Raj institution a self-government as desired by Mahatma Gandhi. The author analyses various provision of 73rd amendment like regular

³⁹Mahi Pal, "Panchayati Raj and Rural Governance: Experience of a Decade", *Economic and Political Weekly*, January 10, 2004, pp. 137-143

⁴⁰Hoshiar Singh, "Constitutional Base for Panchayati Raj in India: The 73rd Amendment Act", *Asian Survey*, Vol. 34, No.9, September 1994, pp. 818-827

election, reservation for disadvantage section of society, etc. The author highlights that the theory of representative participation leads to mass participation is not relevant in the context of India socio-economic power structure. Author is optimistic on the 73rd Amendment which is an attempt to revitalize the Panchayat Raj institution to achieve decentralization and rural development.

In regard to the examine the functional devolution to rural local bodies, Indira Rajaraman and Darshy Sinha⁴¹ narrated with case study of Madhya Pradesh, Chhattisgarh, Odisha and Rajasthan. The study is based on the qualitative budget data on transfer of resources in various centrally sponsored schemes like MGNREGS, SGSY, and RSVY to the local self-governments. The author also discusses the transfer of fund to the Panchayati Raj institutions in the 21 of the 29 functions listed in the Eleventh Schedule of the constitutions. The article reflects the reality of devolution of power and functions in the context of devolution of resources. It analyses various grants including central government, state government through various institutions like Finance Commission, State Finance Commission, Planning Commission, etc., to the PRI.

K. S. Krishnaswami, I. S. Gulati and A. Vaidyanathan⁴² narrates that the purpose and substance of decentralization of planning and administration is not possible without effective devolution of authority by the center to the states. The article highlights the nature of political parties and administrative organization which are basically inconsistent with the objective of power sharing or decentralized planning.

Ram Niranjana Tripathi⁴³ attempts to analyze the role of India's fiscal system in achieving Inter regional balance in economic planning and development. He assesses the extent of disparity in levels of economic development among the difference states in India. He critically examines the role of Five Year Plans towards narrowing down the regional disparity.

⁴¹Indira Rajaraman and Darshy Sinha, "Functional Devolution to Rural Local Bodies in Four States", *Economic and Political Weekly*, Vol.42, No.24, 16th June 2007, pp. 2275-83

⁴²K.S.Krishnaswami, I.S.Gulati and A.Vaidyanathan, "Economic Aspects of Federalism in India", in Nirmal Mukarji and Balveer Arora(ed), *Federalism in India : Origin and Development*, Vikas Publishing House, New Delhi, 1992.

⁴³Ram Niranjana Tripathy, *Federal Finance and Economic Development in India*, Sterling Publishers Private Limited, New Delhi, 1982.

Medha Kudaisya⁴⁴ discusses the idea of development planning in post-colonial India during 1947-60. During the discussion author narrates the evolution of Planning Commission towards institutionalizing the idea of planning. It also highlights the role of Planning Commission during the 1956 foreign exchange crisis. Thereafter the economic decision making was shifted from the Planning Commission to other governmental agencies and the developmental planning came to be overshadowed by pragmatic economic management pursued by official agencies. It reflects during that period development planning failed to establish strong institutional foundations in India.

Autar S. Dhesi⁴⁵ critically examines various development strategies with its evolution and performances in the planning process of India. Author narrates the human developmental approach of Eighth Five Year Plan which reflects the shift from centralized to indicative planning model. This plan recognizes the importance of decentralized broad based development and people's initiative and the role of NGOs in development the role of people's initiative in development. Impact of such development strategy and involvement of NGOs has been described through two NGO's case study.

S. R. Sen⁴⁶ starts with analyzing the context, findings and recommendation of the Commission on Centre and State relation in broadly. The recommendation of the Commission can bring significant change in the relationship between the Union, State and Local Self Government. According to author the Commission overlooks important issues like our system of government, political parties and system of election. These issues are more contentious issues which leads to excessive politics of confrontation. So, author doubts not only the impact of the Commission on Centre-State relation but also the implementation of such recommendations. According to author the Union-State relation not only depend only on legal, administrative and financial arrangements but also largely on human behavior at different levels of governments. The article suggests some changes not only institutional structure but

⁴⁴ Medha Kudaisya, "A Mighty Adventure: Institutionalizing the Idea of Planning in Post-Colonial India, 1947-60", *Modern Asian Studies*, Vol. 43, No. 4, July 2009, pp 939-978

⁴⁵ Autar S. Dhesi, "From Centralized to Decentralized Development in India: The Communitarian Perspective", *Community Development Journal*, Vol.31, No.3, 1996, pp. 201-213

⁴⁶ S.R. Sen, "Centre-State Relations in India", *Economic and Political Weekly*, Vol. 23, No. 32, August 6, 1998, pp. 1637-1641

also Constitutional amendment for smooth relation between the Centre, State and LSG. Maintaining unity and integrity is major concern at the same time create conditions for optimum devolution or decentralization of administrative and economic functions and powers also important.

H. A. Gani⁴⁷ analyzes various issues and institutions in related to center-state relation in India up to the end of Rajiv Gandhi's era. He narrates various problems in the center- state relation basically administrative, legislative and financial context. He critically examines the role of the Finance Commission, Planning Commission, National Development Council and Inter- State Council, etc. which are set up to safeguard the federal spirit of the Indian Constitution. He focuses on Sarkaria Commission attempts to resolve the issues which had cropped up from time to time and hindered the growth of healthy center-state relations. According to author, Congress party is responsible for deepening crisis in center-state relation as it has continuously abused the power to serve its partisan ends rather than protect and strengthen the unity and integrity of the country. The article focuses the process of undermining the report of the Sarkaria Commission for centralization of power.

H. K. Paranjape⁴⁸ examines the constitutional and organizational setting of the Planning Commission in India. He also analyses the main areas of tension between Centre and States in the sphere of planning. The recommendations of Administrative Review Commission for recasting the role of Planning Commission have been narrated briefly.

With continuing the planning debate Ali Jacob⁴⁹ states that existence of provisions in every federal constitution for adjustments in cases of conflict between the two co-existing authorities. Generally in federal structure the conflict arises basically on legislative, administrative, judicial and financial. But in case of India the conflict arises in not judicial cases because of existence of a single integrated judicial system. Author critically examines various constitutional provisions and the working of the

⁴⁷ H. A. Gani, *Centre-State Relations and Sarkaria Commission*, Deep and Deep Publications, Delhi, 1990

⁴⁸H. K. Paranjape, "Centre- State Relations in India", in S.N. Jain, Subhash C. Kashyap and N. Srinivasan (ed), *The Union and the States*, National Publishing House, Delhi, 1972.

⁴⁹Alice Jacob, "Centre-State Relations in Planning", in S. N. Jain, Subash. C. Kashyap and N. Srinivasan (ed), *The Union and the States*, National Publishing House, Delhi, 1972.

constitutional process with respect to potential conflict areas in center-state relations in India.

T. N. Chaturvedi and Kanta Prasad⁵⁰ in edited volume deals with various problems of administration and implementation of plan in India. This volume not only reflects the experience of planning but alerts the planner in related to future planning efforts. Various articles in this volume describe the changes in the planning since its inception in 1950 but also highlights the some issues which have not been resolved. The editors' sum up the volume with the assumption that the search for adequate machinery for planning, implementation and evaluation will be a long standing debate which includes the problems of multi-level planning from above or from below.

P. R. Dubashi⁵¹ has focused on the changing pattern of Indian polity in the context of impact of national planning on the autonomy of the constituent States. He critically examines the conflict areas of centralization and decentralization process in India. The author concludes with the hope that a correct balance between central direction and decentralized execution would eventually be found.

P. K. Gopalakrishnan⁵² emphasizes on the community involvement at different levels for building up institutional agreement in plan formulation towards economic activities. Broadly he also analyses the role of Planning Commission in the formulation and implementation of plans.

Phul Chand⁵³ critically examines the Centre- State relation in the context of planning in India. The article focuses on the constitutional provisions rather than on the contents of plan. He highlights the minimal role of States in plan formulation.

R. K. Sinha⁵⁴ tries to study the conflict between the Center and the State in the sphere of finance and planning in India. The article tries to highlight the strength and

⁵⁰T. N. Chaturvedi and Kanta Prasad, *Planning and its Implementation*, Indian Institute of Public Administration, Delhi, 1982.

⁵¹P. R. Dubashi, "Unitary Trends in Federal System", in T.N. Chaturvedi and Abhijit Dutta (ed), *Union-State Relations*, Indian Journal of Public Administration, Delhi, 1984.

⁵²P. K. Gopalakrishnan "Centre-State Relations in Finance and Planning", in R. K. Sinha, *Centre-State Financial Relations in India*, Deep and Deep Publications, Delhi, 1986.

⁵³Phul Chand, "Centre-State Relations in the sphere of Planning", Delhi, *Journal of Constitutional and Parliamentary Studies*, January-December 1986.

⁵⁴R. K. Sinha, *Fiscal Federalism in India*, Sterling Publishers Private Limited, Delhi, 1987

weakness of the constitutional provisions and identifies the type of problems which have emerged during the years in this context. Author suggests the mechanisms for mutual cooperation, coordination and harmonious relationship for exploitation of resources between the Center and States.

Alice Jacob⁵⁵ analyses the distribution of powers among institutions like Planning Commission, National Development Council, Inter State Council, etc., which is based on geographically. The article narrates that cooperative federalism is a dynamic and ongoing process. Author suggests innovation of political, administrative institutions with the ultimate aim of reconciling Good Governance.

Manipal⁵⁶ narrates various working groups like under chairmanship of Prof. Dantawala and Prof. C. H. Hanumnatha Rao were appointment view to strengthening the planning machinery and evolving a sound methodology for achieving full employment along with balanced growth throughout the country. During 1992 a committee of people at the grass root level was constituted under the chairmanship of Chimanbhai. J. Patel to devising steps for making micro level planning, operationally effective and viable and suggesting ways for involving people at the grass root levels. With analyzing the author recognizes the importance of decentralized planning for the development of the entire country. The author also highlights the guideline issued by the planning commission for district planning to the states.

Ganesh Kanwadia and M. V. Kapade⁵⁷ criticizes the lack of guideline for transfer of resources for development purpose under the plans by the Center. The Planning Commission always transfers more resources to the States which were able to contribute more towards plan development. It reflects richer states get more plan assistance as compared to poor states. The author is on view that such method of resource transfer is against the concept of balanced growth. The article narrates the reaction of state governments against the present system of plan allocation of resources.

⁵⁵Alice Jacob, "Institutional Dimensions of Inter-Governmental Co-operation", in Nirmal Mukarji and Balveer Arora(ed), *Federalism in India-Origin and Development*, Vikas Publishing House, New Delhi, 1992.

⁵⁶Manipal, "Decentralized Planning: Remembering D. T. Lakdawala", *Mainstream*, Vol. XXXI, Delhi, June 19, 1993.

⁵⁷Ganesh Kanwadia and M. V. Kalpade, "Plan Transfer to States : An Alternative Approach", in Tapan Kumar Shandilya(ed), *Centre-State Financial Relations*, Deep and Deep Publications, Delhi, 1994.

S. N. Singh⁵⁸ covers broadly the legislative relations, administrative relations and financial relations and the emergence of regional and secessionist threats in the sphere of Indian federalism. The article also narrated the unitary provisions in the constitutions. The federalizing process in the context of India has been narrated.

Meena Verma⁵⁹ narrates the States in Indian Union is not differed in the density of population but also wide inter-state disparity in the context of development. The method of planning has been adopted to reduce such disparity and faster economic growth. Various institutions and efforts has been made towards implementation of such economic development not only national level but also in the state level within the framework of Indian Constitution. Author critically examines such institutions and efforts towards economic growth from the period of independence. Latter he suggests modifications in the economic plans with a view to strengthen their suitability as the instruments of economic development.

G. Thimmiah⁶⁰ critically examines the role of Planning Commission in India towards faster economic growth. During analysis the author highlights that inability of Planning Commission to cope with changing perspective of the government particularly in economic spheres. Author suggests for reform in the planning process and structure of the Planning Commission.

A. K. Majumdar and Bhanwar Singh⁶¹ narrate various aspects of historical, conceptual and ideological development in the context of democratic decentralization in Indian political system. Author also describes various macro and micro analysis of decentralization, nature, scope and limitation and decentralized planning, reality of decentralized planning, decentralized rural development programs, etc. The article also analyses various decentralization institution in the states and future of democratic decentralization in India.

⁵⁸S.N.Singh, *Centre-State Relations in India*, Luck now Publications, Lucknow, 1994.

⁵⁹Meena Verma, *Centre-State Relations: Economic and Political Dimensions*, Deep and Deep Publications, Delhi, 1994.

⁶⁰G.Thimmaiah, "Redefining the Role of Planning Commission", *Man and Development*, Delhi, Vol, XVIII, No.4, December 1996.

⁶¹A. K. Majumdar and Bhanwar Singh, *Decentralization and Power Politics in India*, Radha Publications, New Delhi, 1997.

Krishan Mohan Mathur⁶² states that the lesson from center-state relations must be learnt on a continuous basis from the past experience in federal country like India. He critically analyzes federal experiences in the new era of coalition politics.

Lawrence Saiez⁶³ examines the impact of political and economic reforms of India's federal systems. He also describes the concomitant effects of the rise of regional politics parties that have significantly altered the parameters of political and economic decision making institutions within the country. He perceives a shift from cooperative federalism to jurisdictional conflicts in the expanded ambience of union-state relations as well as the relationship between the state and the private sector. But at the same time, after a close study of the Inter-State Council (ISC), he concludes that ISC is not given due recognition by the policy-makers.

Rekha Saxena⁶⁴ compares the Indian intergovernmental agencies like National Development Council and Inter- State Council with Canada's First Minister's Conference (FMC). As India's inter-governmental agencies are not as successful as the German, it reflects the working of Indian political system is less federal. The author concerns about the effectiveness of the functioning of the Inter- State Council. Without the approval of the NDC the planes has been prepared as the NDC does not have any constitutional status.

Rekha Saxena⁶⁵ analyses evolution and working of the various inter-governmental agencies in Indian federalism. These institutions are considered as an essential mechanism to negotiate, regulate and formulate common policies basically subjects related to the Concurrent list. In the emergence of the cooperative federalism, such institutions have been used by the Center to initiate centrally sponsored schemes of development and special policies with consent of state governments.

⁶²Krishan Mohan Mathur, "Centre-State Relations: Lessons and Prospects", *Indian Journal of Public Administration*, Vol. XLVII, No.2, New Delhi, April- June 2001.

⁶³Lawrence Saiez, *Federalism without a Centre: The Impact of Political and Economic Reforms*, Sage Publications, Delhi, 2001.

⁶⁴ Rekha Saxena, "The Federal Get-together" *Mainstream*, Vol. XXXX, No.8, Delhi, February 09, 2002.

⁶⁵ Rekha Saxena, "Role of Inter-Governmental Agencies in Indian Federalism", *The Indian Journal of Public Administration*, Vol. XLIX, NO.1, Delhi, January- March, 2003

Mahendra Prasad Singh⁶⁶ suggests for the constitutionalisation of the inter-governmental agencies with the reasonable degree of parliamentary and legislative control from the two levels of government. The article narrates various division of power in the Union, State and Concurrent Lists and function of various inter-governmental agencies. The article described the paradigm shift of polity and economy since 1990s. With declining investment by the state in the economy and the emerging profile of federal regulatory state in place of the bureaucratic state, a new partnership between the state, the civil society; and the market, needs to be formulated. In the conclusion author suggests some steps to reorganize government to face the challenges of 21st century.

Ajay Kumar Singh⁶⁷ brings together the different perception of the states and committees like Sarkaria Commission, Administrative Reform Committee etc. on Indian federalism. Indian constitution provides a union model of federalism. The emerging Indian model reconciles the imperatives of strong center with the need for state autonomy. It reflects different views like more autonomy to states where others on the view that centralization is necessary for economic growth and removing disparity among states.

Sohan Lal Meena⁶⁸ narrates the shift of role of the States in the political system of India. Till the mid-sixties the role of the states was not considered seriously in the political development because of the dominance of single political party in India. After 1967, notable political development was found in the state with the emergence of coalition politics in various states, regional movements, etc. The consensual to a conflictual model in the Centre-State relations has noticed with rise of strong regional parties since 80s. So, author suggests for an urgent redefinition of the role of the states.

⁶⁶Mahendra Prasad Singh, "Federal Division of Responsibilities in India", *Indian Journal of Federal Studies*, Delhi, January 2004.

⁶⁷Ajay Kumar Singh, "Divergence of Perception but Convergence of Conclusion...How Federal India Perceives itself", *Indian Journal of Federal Studies*, Delhi, January, 2004.

⁶⁸ Sohan Lal Meena, "Dynamics of State Politics in India", *The Indian Journal of Political Science*, Vol. LXVII, No.4, Meerut, October-December, 2006.

I. Subramanyam⁶⁹ narrates the emerging trends in the Indian federalism. Through analysis the author finds the trends towards strengthen Central Government on economy by the function of inter-governmental agencies like the Planning Commission, National Development Council and Inter-State Council etc. The introduction of planning and state directed economic and social development leads to strengthen prominent role of the Centre and increase of dependence of the States on the Center for financial assistance. The redefinition of the center-state relation is the need of the hour. Author suggests for transfer of some subjects from the Concurrent list to State lists for genuine partners in a federal polity.

Satya Prakash Dash⁷⁰ narrates broadly the division of power and responsibilities between the Union and the State and examines the response in the context of the new demands of greater autonomy. The framers of the constitution assume that Union and States will work within the limits of the Constitution and by mutual willingness and co-operation. States should not become over-ambitious and the Union should also not be too coercive. Federalism can be successful if both Center and States tolerates the States and vice-versa.

V. M. Dandekar⁷¹ examines the role of the Planning Commission and the Finance Commission in regard to Centre-State relation. The author finds both the institutions are working in an opposite direction. While Finance Commission strives to ensure financial autonomy to the states which is necessary to function smoothly the works assigned to them by the constitution at that time the Planning Commission tries to bring all the states in one direction of national plan and does not leave any space to deviate from the path of planned development model prescribes by the planning commission. This reflects that the Finance Commission is working to preserve the federal structure of the country where as the planning commission is promoting a unitary sprit in the structure. The author analyses various constitutional articles, tax system in India, division of various power between the Centre and States. At the

⁶⁹ I. Subramanyam, "Federalism in India :Emerging Challenges", *Administrative Change*, Vol. XXXIII, No.2 and Vol. XXXIV, No,1, Jaipur, January-December, 2006

⁷⁰Satya Prakash Dash, "Indian Federalism and Distribution of Responsibilities", *Indian Journal of Political Science*, Vol. LXVIII, No.4, Meerut, October-December 2007.

⁷¹ V. M. Dandekar, "Elements in a Federal Constitution, *Economic and Political Weekly*, Vol. 22, No. 44, Oct 31s1. 1987, pp. 1865-1870

conclusion author describes such unitary system will not encourage unity rather it will lead to weak the country.

Atul Kohli⁷² interprets the political economy of contemporary India through focusing the economic inequality. The book tries to analyze the reason behind the adoption of policies that favor business over economic redistribution even the electoral weight of the poor in democracies in general and India in particular. He highlights the relationship between the ruling alliance in India and business which has prioritized economic growth over all other social and political consideration. This leads to the goal of economic growth. The fruits of rapid economic growth due to liberation has not reached significance proportion of Indians. This has created new political problem in the Indian society. Author narrates political origin of the economic growth and slow reduction of poverty. He has also narrates how the resulting social context of poverty amid plenty is molding Indian politics. He argues that last three decade Indian state has focused on the economic growth which has resulted due to the partnership with Indian business class. The pro-business ruling class became facilitator for faster economic growth and widening economic disparity. The inequality along rural-urban, regional, class line has limited the impact on poverty alleviation. A state with its primary focus on growth has also pursued a variety of social programs only half-hearted. According the book the inclusive growth in India is not likely either via pure market-oriented solutions or as a result of an active civil society. The state intervention will remained critical for facilitating inclusive growth in the short to medium term.

Pranab Bardhan⁷³ analyzes the impact of globalization on poverty and inequality with comparing china and India. According to him poverty has reduced from 44.5% to 27.5% during 1983 to 2004 because of basically trade liberalization, but it also creates a big gap between the rich and the poor. Such a gap has created because of the decline in the agricultural production. The decline in the agricultural production has resulted for decline in the public investment. K. N. Murty and A. Soumya⁷⁴ analyzes the

⁷²Atul Kohli, *Poverty Amid Plenty in the New India*, Cambridge University Press, New York, 2012

⁷³Pranab Bardhan, "Poverty and Inequality in China and India: Elusive link with Globalization", *Economic and Political Weekly*, September 22, 2007, pp.3849-3852

⁷⁴ K.N. Murty and A. Soumya, "Effects of Public investment on Growth and Poverty", *Economic and Political Weekly*, Vol. 42, No. 1, Jan 6-12, 2007, pp. 47-59

relation between public investment on growth and poverty during the decade of liberalization. According to them due to liberalization the income level has increased with less impact on poverty. According to them such a situation has come due to low investment in agriculture.

In continuation on the liberalization and poverty, Utsa Patnaik⁷⁵ criticizes the official data by reflecting own data which reflects that 87% persons are below poverty line where as the official data shows only 28.3%. According to her to show the reduction in the percentage of person below poverty line, government has used a different methodology at the time of calculating the percentage of person below poverty line. A new concept was emerged i.e. above poverty line. Through this concept government has divided the poverty into two types, i.e. above poverty line and below poverty line in 1997. In the same line with other on the poverty issue she also blames the low public investment in agriculture sector. With acknowledging Utsa Patnaik, Angus Deaton and Jean Dreze⁷⁶ also criticizes the official methodology which has used in 50th and 55th round of National Sample Survey. In terms of 'headcount ratio' poverty has been decreased from 36% to 26% between 1993-94 and 1999-2000. According to them poverty estimates are broadly based on the independence evidence on per capital expenditure, state domestic product and real agricultural wages. Regional disparity and economic inequality has increased in nineties due to liberalization. The real wages of agricultural labourers have increased more slowly than the per capita GDP.

According to S. P. Gupta⁷⁷ describes poverty is basically associated to agriculture and the informal small scale industry sector. The economy reform in India has initiated to improve the efficiency and growth. The comparative low growth in agriculture and the reduction in subsidies during liberalization has resulted a low impact on poverty.

D., Bandyopadhaya⁷⁸ (2008) emphasizes the land issue which is still basic concern towards alleviation of poverty. In his article he mentions the land reform policy from

⁷⁵Utsa Patnaik, "Neoliberalism and Rural Poverty in India", *Economic and Political Weekly*, Vol. 42, No. 30, July 28-August 3, 2007, pp. 3132-3150

⁷⁶Angus Deaton and Jean Dreze, "Poverty and Inequality in India: A Re- Examination", *Economic and Political Weekly*, Vol. 37, No. 36, September 7-13, 2002, pp. 3729-3748

⁷⁷S. P. Gupta, "Economic Reform and Its Impact on Poor", *Economic and political Weekly*, Vol. 30, No. 22, June 3, 1995, pp. 1295-1313

⁷⁸Bandyopadhaya, D., "Does Land Still Matter?", *N. P. Sen Memorial Lecture*, Administrative Staff College of India, Hyderabad, India, January 12, 2008.

the First Five Year Plan onwards. The major step like abolition of Zamindari System has also mentioned. But in 60s land reform has abated because of the food crisis. To come out from the crisis Government of India initiates steps like green revolution but it has resulted with regional disparity, youth unrest, naxalism and etc. In the Seventh Five Year Plan, land reform has linked with the other major programmes. This plan also acknowledges the centrality of land reform in the whole process of rural poverty alleviation. In the end part of the article author mentions the impact of neo-liberalism on land reform. During liberalization unequal output from the primary sector like agriculture in India has been noticed. Almost sixty percentage of the population has engaged in agriculture with the output around 21% of GDP. Such a situation has risen due to lack of attention and low public investment on the agricultural sector according to the scholar.

According to Shenggen Fan, Peter Hazell and S. K. Thorat⁷⁹ impact of public expenditure on agriculture is more in alleviating poverty than the expenditure on Integrated Rural Development Programme (IRDP), rural development, soil and water conservation and rural and community development. The expenditure on agriculture not only contributes to agriculture production but also indirectly to poverty alleviation and it also directly creates rural non-farm jobs and increased wages.

Atul Kohli⁸⁰ highlights the reason behinds rural India impoverished after four decades of developmental efforts. The analysis is based in terms of the impact of regime variation on distributional outcomes in India. The article critically examines in a comparative perspectives of regime performance under three major Indian States i.e. the Communist Party of India (CPM) in West Bengal (1977-84), the Congress government in Karnataka (1974-80) and the Janata government in Uttar Pradesh (1977-80). Author elaborates the difference between the party regimes in terms of their social base, ideology and organization. The study address the fundamental social and economic policy in contemporary India. According to the author the most successful reformist government can be characterized as “well-organized, left-of-center regime led by a coherent leadership, an ideological committed to the interest of

⁷⁹Shenggen Fan, Peter Hazell and S. K. Thorat, “Impact of Public Expenditure on Poverty in Rural India”, *Economic and Political Weekly*, Vol. 35, No. 40, Sept 30-Oct 6, 2000, pp. 3581-3588

⁸⁰Atul Kohli, *The State and Poverty in India: The Politics of Reform*, Cambridge University Press, U.K., 1987

lower class through organizational arrangement capable of penetrating the countryside without being co-opted by the propertied interest. At the same time, this regime must be flexible enough to offer the growth providers of the society, the propertied classes – political space and predictability, enabling them to pursue economic activities for profit.”

Bob Currie⁸¹ critically examines the role of ‘public action’ within a democratic framework in placing pressure on government to implement effective policy to alleviate hunger. To find out the extent to which public action through India's liberal democratic framework has translated into government commitment to improve the quality of its relief and welfare administration, a case study has been conducted in the highly poverty affected area, i.e. Kalahandi district of western Odisha. The study reflects that successive government adopts alternative strategy to maintain electoral support and compensate public criticism within and outside the sphere of parliamentary politics before than acting to improve administration of food security support. The focus of debate is based on the relationship between public action and hunger alleviation. The article also narrates the wide implementation gap between public expectation and government delivery. This reflects a corrosion in legitimacy of government authority.

Deepak Nayar⁸² attempts to narrate the intersections between economic development and political democracy in India. He explores the interaction between economics and politics in independent India. While economic development is central success of poverty reduction, it also requires political and social development. The basic theme of the conflict is the economics of market always excludes certain section of the society who does not have neither asset or capability to purchase, basically poor where as political democracy always tries to include these vulnerable groups. Author argues presence of both democracy and market are necessary to serve the interest of the people. Because market is about economic freedom of individuals whereas democracy is about political freedom of individuals. Both the terms have positive and

⁸¹Bob Currie, *The Politics of Hunger in India: A Study of Democracy, Governance and Kalahandi's Poverty*, Macmillan Press LTD, UK, 2000.

⁸²Deepak Nayar “Economic Development and Political democracy: Interaction of Economics and Politics in Independent India”, *Economic and Political Weekly*, December 5, 1998, p. 3121

negative impacts like democracy may leads to tyranny of majority whereas market to tyranny of minority. To avoid the negative impact of both, author emphasizes the role of the state which can bring the ideals of political democracy and economic democracy closer together. In such context the article divides into three phases i.e. Nationalism and Development (1947-66), Development and Democracy (1967-90) and Liberalization and Development (1991-97). It is in the first time of independence India the liberalization and empowerment forces are moving the economy and polity in opposite direction without any concerted attempt at a reconciliation or mediation. The current phases reflects the absence of consensus and a presence of short-termism, in which the economics of liberalization and the politics of empowerment are moving the economy and the polity in opposite directions. During this phase the need for conflict resolution is greater than ever before but in reality less steps has been taken in this regard.

1.3: Objectives of the Study

The following are the objectives of the study.

- To understand and examine the shift in model of explicit centralization to notional decentralization and consequently implicit centralization in India.
- To critically examine the evolution and status of Panchayati Raj Institutions in India and Odisha in particular.
- To study and analyze various development models in general and rural poverty alleviation programmes in particular.
- To understand centralisation and decentralisation model of institution in development policy in the context of rural poverty alleviation programmes.

1.4: Methodology

For the purpose of the study, the chief means of analysis would be content analysis. Apart from this, in order to carry out the study inductive, historical, explanatory and political economy methods can be followed.

The study is based on both primary and secondary in nature. The primary sources include Five Year Plans and various government documents. The secondary sources

include journals, articles, newspapers, reports, conference proceedings and web sources. Purposive and random method has been used for the sampling. Case study has been carried out through census method. The field study was carried out during December 2013 to February 2014 in the districts of Jharsuguda and Nuapada of Odisha. The detail of methodology has been discussed in chapter 5.⁸³

The respondents are elected Sarpanch and the Executive officer of Gram panchayat because they are the grass root level elected representative and bureaucracy. They have realized various problem at the time of implementation of various rural poverty alleviation programme. They know the ground reality of the socio-economic condition of the rural people. The total respondents were 150. Both play a vital role towards implementation of rural poverty alleviation programme. In the context of status of decentralization, the interview of Sarpanch was taken as they are the people who will bring down the government to the door step of the rural people. Their perception and awareness really matters towards the effective functioning the Panchayati Raj Institution.

1.5: Outline of the Chapters

The thesis contains total seven chapters. The central theme of discussion on centralization and decentralization model of institutions which are working in the implementation process of rural poverty alleviation programmes. These institutions are the key element for an effective implementation of these not only rural poverty alleviation programme but also all development programmes in India. This thesis also reflected in the manner by which the central institutions have dominated over the state institutions.

First chapter is “Introduction” which introduces all the chapters in a nutshell. It provides the objective, methodology and limitation of the study. It brings an overview of the study.

Second Chapter i.e. “Politics of Institutional Conflicts in Developmental Processes of India”. This chapter deals with the various institutional structures in India. A large number of institutional measures have been set up by the successive government to

⁸³ For detail see chapter-5, p. 6-7

make development process sustainable and pro-poor. It also critically examines the change and the conflict among the institutions in the developmental process. The Indian state has moved from a quasi-federal state to cooperative and now competitive federal structure. It describes various evolutions of institutions which are backbone in formulation and implementation of various development policies. It also narrates various socio-economic and political conditions that led the shift in the institutions.

Third Chapter deals with “Status of Panchayati Raj Institution in India: A Case Study of Odisha”. This chapter analyses the evolution of decentralized institutions in post-independence era which played a major role towards the implementation of various rural poverty alleviation programmes in India. Basically, it deals with the constitutional provisions like 73rd amendment and various articles towards panchayat Raj institutions which are taken as the process of democratic decentralization and people’s participation with particular reference to Odisha. It also examines the status and hurdles of Panchayati Raj Institution towards self-government after constitutional recognition.

Fourth Chapter i.e. “Understanding of Rural Poverty Alleviation Programmes in India” analyzes various five years plans and poverty alleviation programmes. This chapter deals with the understanding of various rural poverty alleviation programmes. It critically examines the shift in the approach of the various developmental activities. It starts with the definition and constitutional status of poverty in India. Through critically examining various five year plans it reflects the process of shift in the Indian policy and specifically after liberalization. It narrates various poverty alleviation programmes in India.

Fifth chapter i.e. “Institutional Support to Rural Poverty Alleviation Programmes: A Case Study of Jharsuguda and Nuapada Districts, Odisha” examines role of institutions in various poverty alleviation programmes like Swarnajayanti Gram Swarozgar Yojana (SGSY), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Indira Awaas Yojana (IAY) and MoKudia. At the same time it also narrates the perception of Sarpancha towards the status of Panchayati Raj in Odisha in the context of devolution of powers.

Sixth Chapter i.e. “Conclusion” narrates the findings of the study. It provides the ground reality about the decentralization of India. It also includes the role of recent institution like NITI Ayoga towards better cooperative federalism.

1.6: Limitations of the Study

The scope of the present study mainly focuses on institutional mechanisms for implementation of rural poverty alleviation programmes and to locate the systematic limitation of the state government role. In this regard only four programme has been studied. Due to methodological limitation all the members of Panchayati Raj Institutions have not been covered. The time and financial constraint limited the study only four blocks of the two districts without covering all blocks of Odisha. The case study has been carried out in related only rural poverty alleviation programmes. As study focuses the micro level study, it is very much difficult to generalize.

CHAPTER- 2

Politics of Institutional Conflicts in Developmental Processes of India

This chapter deals with the various institutional structures in India. A large number of institutional measures have been set up by the successive government to make development process sustainable and pro-poor. It also critically examines the change and the conflict among the institutions in the developmental process. The Indian state has moved from a quasi federal state to cooperative and now competitive federal structure. It describes various evolutions of institutions which are backbone in formulation and implementation of various development policies. It also narrates various socio-economic and political conditions that led the shift in the institutions.

2.1: Introduction

The constitution of India has clearly narrated the roles and responsibility of different level and organs of the Government to achieve the socio-economic goal. The most important constitutional goal is to achieve socio-economic justice and ensure good governance since independence. The Constitution of India provides a social justice agenda in form of Directive Principle of State Policy (DPSP). The DPSP is a constitutionally directive to the State in formulating appropriate public policies and manage governance at all levels responsibly and responsively. In this regard various institutions are evolved for the formulation and implementation of the development policy in India. These institutions have followed by developmental strategy and nature of polity including ruling and opposition political parties. As India is a socialist country by its preamble, the government or the public as a whole has control over the economy. It means the producing and dispersing of goods is owned by the government. So, the State is responsible for the welfare of the people. Parliamentary democracy and cooperative federalism have been adopted for structuring the Government not only for the welfare of the people but to uphold unity in diversity, distributive exercise of power between the Union and States, respect for rule of law and individual rights and social transformation for a just, egalitarian social order.¹ The cooperative federalism reflects the Centre-State relation in the development strategy. Both the Central and States Government play crucial role in the socio-economic development of the nation-state.

¹Commission on Centre-State Relations, "Issues and Concerns in Intergovernmental Relations", *Constitutional Governance and the Management of Centre-State Relations*, Chapter-2, Report, Vol. II, New Delhi, 31st March 2010, p.11.

Federalism by principle reflects the accommodation of multiple identities. This can be operationalized only through democracy. The constitution of India describes the legal structure which reflects this outlook on peaceful co-existence and sharing of power in governance. The division of power between Centre and State in Constitution of India led India to be described as quasi-federal or unitary in nature with federal features. However, Article-1 of Indian constitution describes India, which is Bharat, shall be a Union of States. The word 'federalism' has not been used in the Indian Constitution; it is rather referred as the 'Union'. The term 'Union' has been explained by the Chairman of the Drafting Committee of the Constitution of India Dr. B.R Ambedkar as "the use of the term 'Union' is deliberate.... I can tell you why the Drafting Committee used it. The Drafting Committee wanted to make it clear that though India was to be a federation, the federation was not the result of an agreement by the states to join a federation and that the federation not being the result of an agreement, no state has the right to secede from it." It reflects that Union is indestructible but not the States. The identity of the States can be altered or even obliterated. Towards the describing the purpose of the term 'Union' Dr. Ambedkar emphasized "the Draft constitution has sought to forge means and methods whereby India will have federation and at the same time will have uniformity in all basic matters which are essential to maintain the unity of the country".²The members of the Constituent Assembly have adopted unitary structure with federal principles. Federalism is an institutionalized arrangement for managing plurality on the basis of bargaining, consultation and mutual consent. The federal system which has been followed in India has been termed as 'cooperative federalism'. Such type of the federalism has been practiced in the England and United States.³ The federal system of governance has been discussed at length in various Articles of the Constitution outlining and determining the relationship between the Central and State Governments. At the same time, from the functional stand point, the Constitution does not restrict itself to a static format but lends to a dynamic process.

²Commission on Centre-State Relations, "Indian Independence and Adoption of the Constitutions", *Evolution of Centre-State Relations in India*, Chapter-4, Report, Vol. I, New Delhi, 31st March 2010, p. 50,

³Lawrence Saez, "Chapter-1", *The Development of the Federal Idea in India in Federalism without a Center*, Sage Publication, New Delhi, 2002, p-21

2.2: Indian Federalism: Origin

The federal elements in India can be traced to Moghuls according to the historians like Percival Spear and Wolseley Haig⁴. During 1858 pre-independence period, centralized administration aspect of the British rule has been set out by the Charter Act of 1833 and later it has been reversed by the Indian Council Act 1861. For the first time, the legislative and administrative division of the power between the Central and provincial government was demarcated in the Government of India Act 1919. The partial devolution of powers to the Indian Provinces and the continuous trends towards decentralization was later adopted in the Government of India Act 1935. The Government of India Act, 1935, was the first legal document which envisaged the system of federal states under the 'Crown' uniting both the British India and the Indian States. The Cripps Mission and the Cabinet Mission Plan had proposed looser forms of federalism envisaging greater autonomy for the units. In the same way the Cabinet Mission Plan also had envisaged a weak Centre, where the powers of the Government would be confined to three subjects, namely, foreign affairs, defense and communication. Ironically, the Government of India Act 1935 becomes a role model for the federal government. But the decentralized feature of the Act conflicted with Nehru's centralist conceptions and with Gandhi's alternative federal union.⁵ Jawaharlal Nehru himself had always advocated for a great deal of unitary control in federal India. But the Union Power Committee of the Constituent Assembly of India in its first report recommended for a weak Centre. But the Indian Independence Act, the horrors of India's partition and the then socio-economic and political turmoil provided the context for the Assembly to adopt a more unitary version of federalism. The debate in India's Constituent Assembly showed a fair degree of consensus on the subject of centralization. According to Austin, the factor like assuaging communal frenzy, meeting the food crisis, dealing with the princely states and initiating development plans in the agriculture and industry sector forced the Constituent

⁴Wolseley Haig, *The Cambridge History of India*, Vol. IV (New Delhi: S. Chand and Company Ltd, 1979). Percival Spear, *A History of India*, vol. II (Baltimore, Maryland: Penguin Books, 1965), pp. 40-52 quoted in Lawrence Saez, "Chapter-1", *The Development of the Federal Idea in India in Federalism without a Center*, Sage Publication, New Delhi, 2002, p-21

⁵Lawrence Saez, "Chapter-1", *The Development of the Federal Idea in India in Federalism without a Center*, Sage Publication, New Delhi, 2002, p-23-26

Assembly to adopt a highly centralized cooperative federation.⁶ Nehru as the Chairperson of the Union Power Committee contended that ‘it would be injurious to the interests of the country to provide for a weak central authority which would be incapable of ensuring peace, of coordinating vital matters of common concern and of speaking effectively for the whole country in the international sphere’. In the objective resolution on 13th December 1946, Nehru focused on the uniformity in regard to the apparatus and machinery of Government which according to him ‘in cooperation and consultation with states’.⁷ Not only the view of Nehru but the long debate on the Objectives Resolution highlighted the fact that a large section of the Constituent Assembly felt the need for a centralized republic with a strong Centre. Such notion for strong Centre was also reflected in the observation of the Nehru in the second report of the Union Power Committee. The committee also proposed for a three-fold division of powers on the lines followed in the Government of India Act of 1935, viz. the Federal, the Provincial and the Concurrent Lists, leaving residuary powers with the Centre. The Union Powers Committee report as voiced by the N.G. Ayyangar “that we should make the Center in this country as strong as possible consistent with leaving a fairly wide range of subjects to the Provinces in which they would have the utmost freedom to order things as they liked”. Dr. B. R. Ambedkar was also concerned for a strong Centre as envisaged in Government of India Act of 1935. So, he advocated for an administrative centralization.⁸ He defined Indian constitution as “a Federal Constitution much as it establishes what may be called a Dual Polity (which)...consists of the Union at the Center and the States at the periphery each endowed with sovereign powers to be exercised in the field assigned to them respectively by the constitution”. According to him, the Indian constitution could be ‘both unitary as well as federal according to the requirements of time and circumstances’. He noted that center and the state under the constitution are not dependent in the legislative and executive authority as the partition has been done by the constitution not by the center law. He stated that “the Federation was not the result

⁶Granville Austin, “Federalism-I: The Amicable Union”, *The Indian Constitution: Cornerstone of a Nation*, Oxford University Press, New Delhi, 2011, pp. 186-191

⁷Commission on Centre- State Relations, “Forward”, *Evolution of Centre-State Relations in India*, Vol. I, Report, New Delhi, 31st March 2010, p. IX

⁸Commission on Centre- State Relations, “Governance Systems in India- The Evolutionary Process”, *Evolution of Centre-State Relations in India*, Chapter-3, Report, Vol. I, New Delhi, 31st March 2010, pp. 38-41.

of an agreement by the states to join in the federation.....the federation not being the result of an agreement, no state has right to secede from it”.⁹ Even while introducing the Draft Constitution, he observed that “.....it is difficult to prevent the Centre from becoming strong. Conditions in modern world are such that centralization of powers is inevitable. On the other hand, we must resist the tendency to make it stronger. It cannot chew more than it can digest. Its strength must be commensurate with its weight. It would be a folly to make it so strong that it may fall by its own weight.”¹⁰ On the system of governance in India, he views that “Though the country and the people may be divided into different states for convenience of administration, the country is one integral whole, its people a single people living under a single imperium derived from a single source.”¹¹ In closing address to the Constituent Assembly, its president, Rajendra Prasad, used a phrase: “I do not attach any importance to the label, whether you call it a federal Constitution or a unitary Constitution or by any other name.” Federalism in India has therefore meant centralized federation. Central direction made much sense in the 1950s, when independent India faced an enormous task of national integration. It had to incorporate not only the provinces of British India, but also 562 princely states. During the debate in the Constituent Assembly, it was realized that harmonious relations between the Centre and the States are critical for the stability, security and economic development of the country. While distributing the responsibility and powers of governance for two the two levels of governance for harmonious relations between the Centre and the State, the founding fathers had opted for a ‘Union of States’ with a strong Centre to make sure that the country did not have to suffer any challenge to its integrity again.¹²It was also easier to create a centralized federal system due to the absence of the strong regional or provincial based political parties

⁹Commission on Centre- State Relations, “Forward”, *Evolution of Centre-State Relations in India*, Report, Vol. I, New Delhi, 31st March 2010, p. IX.

¹⁰Commission on Centre- State Relations, “Governance Systems in India- The Evolutionary Process”, *Evolution of Centre-State Relations in India*, Chapter-3, Report, Vol. I, New Delhi, 31st March 2010, pp. 42-43.

¹¹Commission on Centre-State Relations, “Introduction”, Chapter-1, *Evolution of Centre-State Relations in India*, Report, Vol. I, New Delhi, 31st March 2010, p. 1.

¹²Commission on Centre-State Relations, “Forward”, *Evolution of Centre-State Relations in India*, Report, Vol. I, New Delhi, 31st March 2010, p. IX.

and existence of a powerful political party with nationwide authority.¹³ The idea of the strong Centre was not only for the national integration but also for the socio-economic development. Mass poverty, illiteracy and various socio-economic issues were also the reason behind the inclination towards more centralization which the country was faced after independence. To cope with such situation and development of the country, the leaders like Nehru advocated the centralized planning system of governance. He was also inclined towards the idea of democratic socialism. According to him and others for peaceful redistribution of land and other resources, a strong central was necessary. To achieve these goals India resorted to five-year plans, in which land reforms and public-sector undertakings (PSUs) played an important role.¹⁴

2.3: Federal Structure of Indian Constitution

In a federal system, formulation and implementation of developmental policies are in the hands of multiple layers of government. The intergovernmental agencies have diversified powers and responsibilities. In this regard the Indian Constitution clearly laid down the areas of responsibility of the Central and State Governments, with respect to expenditure authority, revenue raising instruments, and legislation needed to implement either. Expenditure responsibilities are specified in separate Union List and State Lists, with a Concurrent List covering areas of joint authority. Unspecified residual expenditure responsibilities are explicitly assigned to the Center. Tax powers of the two levels of government are specified in various Articles. Legislative procedures for each level, particularly with respect to budgets and appropriations, are also spelled out in the Constitution.¹⁵

The Articles from 245 to 300 in the Seventh Schedule describe various Centre-State relations. The Constitutional scheme of governance at the Centre and States is provided in Part XI (Articles 245 to 263), and Part XII (Articles 264 to 298), with few related provisions on trade and Commerce in Part XIII and on All India Services in

¹³Commission on Centre-State Relations, "Governance Systems in India-The Evolutionary Process", *Evolution of Centre-State Relations in India*, Chapter-3, Report, Vol. I, New Delhi, 31st March 2010, p. 38.

¹⁴Mahendra P. Singh and Douglas V. Verney, "Challenges to India's Centralized Parliamentary Federalism", *Publius*, Vol. 33, No. 4, Emerging Federal Process in India, Autumn, 2003, p-3

¹⁵Nirvikar Singh, "The Dynamics of Reform of India's Federal System", *CESifo Forum - Issue on China & India*, Vol. 8, No. 1, 2007, p. 4

Part XIV. Broadly it deals with three types of relations namely (a) Legislative Relations (Articles 245-255); (b) Administrative Relations (Articles 256-263) and (c) Financial Relations (Articles 264-293).¹⁶

The Constituent Assembly which adopted the constitutional institution and system of governance for achieving the national goal i.e. socio-economic development was more inclined towards the strong Centre.

2.3.1: Legislative Relation

The legislative responsibility distributed is largely based on the federal principles in name of Union List¹⁷, State List¹⁸ and Concurrent List¹⁹. It has been mentioned in the Article 245 to 255 of the Indian Constitution. The subjects which can be administered best from Centre are kept with the Union, those which are more of regional or local interest are assigned to the States and some common subjects are kept in the Concurrent Lists. Part XI distributes the legislative powers between the Union and the States. The subject-matter of legislation are listed exhaustively in the three lists given in the Seventh Schedule. Constitution gives autonomy to Centre and States within their respective fields. Parliament may formulate laws for the whole or any part of the territory of India and the State Legislature for the whole or any part of that State. In case of the Concurrent List, both the Centre and the State have authority to prepare legislations. There are several judicial doctrines evolved by the Supreme Court to interpret possible overlapping of jurisdictions in the matter of legislative powers of Centre and States. In the conflict between the Union and States situation, the Union

¹⁶Ministry of Law and Justice, "Constitution of India", Government of India, New Delhi, 2007, pp. 129-178

¹⁷Union list consists of 97 items on which the parliament has exclusive power to legislate with including: defense, armed forces, arms and ammunition, atomic energy, foreign affairs, war and peace, citizenship, extradition, railways, shipping and navigation, airways, posts and telegraphs, telephones, wireless and broadcasting, currency, foreign trade, inter-state trade and commerce, banking, insurance, control of industries, regulation and development of mines, mineral and oil resources, elections, audit of Government accounts, constitution and organization of the Supreme Court, High Courts and union public service commission, income tax, custom duties and export duties, duties of excise, corporation tax, taxes on capital value of assets, estate duty, terminal taxes.

¹⁸State list consists of 66 items like maintaining law and order, police forces, healthcare, transport, land policies, electricity in state, village administration, etc. The state legislature has exclusive power to make laws on these subjects.

¹⁹Concurrent list consists of 47 items like Marriage and divorce, transfer of property other than agricultural land, education, contracts, bankruptcy and insolvency, trustees and trusts, civil procedure, contempt of court, adulteration of foodstuffs, drugs and poisons, economic and social planning, trade unions, labour welfare, electricity, newspapers, books and printing press, stamp duties.

law will prevail irrespective of whether the Union law is enacted prior to the State law or subsequent to the State law according to Article 254. It implies the Parliament can repeal a State law at any time with respect to a matter in the Concurrent List, even if made with consent of President. Parliamentary supremacy in matters falling under List I and III is secured by the Constitution. The subjects which has not been covered in the above three lists comes under residuary power. This residuary power of legislation falls under the purview of the Union as per Article 248. It has come to notice that sometimes some subjects have been transferred from State List to the Concurrent List without proper consultation with States. Not only this, the constitution of India has included 'escape clause' which gives the national Parliament the ability to override the states' authority in special circumstances.²⁰ These Articles are 200²¹, 201²², 249²³, 250²⁴, 252²⁵, 253²⁶, 356²⁷. Not only the above Articles but also notable Articles like Articles 2 and 3 of the constitution enable Parliament by law to admit a new state, increase or reduce the boundaries of any State or change the boundaries or name of any State without the consent of the concerned States.²⁸ The power to amend the Constitution also resides with the Parliament, with a weak requirement that half or more of the States ratify the amendment for it to take effect.²⁹

In the context of legislative federalism, the federal second chamber i.e. Rajya Sabha occupies an important instrument for articulating States rights or interests. But in the Parliamentary federal system, the lower house always occupies the important position because the members are elected directly with popular legitimacy. With the

²⁰ Commission on Centre- State Relations, Report, "Introduction", *Constitutional Governance and the Management of Centre-State Relations*, Chapter-1, Vol. II, New Delhi, 31st March 2010, p.4.

²¹ Assent Bills: When a Bill has been passed by the Legislative Assembly of a State or, in the case of a State having a Legislative Council, has been passed by both Houses of the Legislature of the State, it shall be presented to the Governor and the Governor shall declare either that he assents to the Bill or that he withholds assent therefrom or that he reserves the Bill for the consideration of the President.

²² Bills reserved for consideration: When a Bill is reserved by a Governor for the consideration of the President, the President shall declare either that he assents to the Bill or that he withholds assent therefrom.

²³ Power of Parliament to legislate in national interest under a Resolution of the Upper House

²⁴ Power of Parliament to legislate during operation of Emergency

²⁵ Parliament's power to legislate with the consent of States

²⁶ Legislation for giving effect to international treaties and agreements

²⁷ Power to legislate in case of failure of Constitutional machinery in States

²⁸ Ashutosh Varshney, "How has Indian Federalism Done?", *Studies in Indian Politics*, 1(1) 43–63, © 2013 Lokniti, *Centre for the Study of Developing Societies*, SAGE Publications, Los Angeles, London, New Delhi, p-50

²⁹ Nirvikar Singh, "The Dynamics of Reform of India's Federal System", *CESifo Forum - Issue on China & India*, Vol. 8, No. 1, March 2007, p.4

Constitutional amendment of the Representation of People Act, 1951 in August 2003 in relate to abolition of domiciliary requirement for members of Rajya Sabha elected from a particular state has again undermined the role of the Rajya Sabha in the federal context.³⁰The Centre enjoys more extensive powers than the States. Under the emergency provisions of the Indian Constitution, the country begins to function more or less like a unitary state. Such overriding power of the Centre implies the dominance of the Centre in the matters of legislation and the nature of encroachment purview of the States authority and responsibility.

2.3.2: Administrative Relation

Towards the better governance system by the constitutional institutions, the Constitution of India in the Articles from 256 to 263 articulates various Centre-State Administrative relations. This is based on the principle that the executive power is co-extensive with legislative power. This refers the Union executive or the State executive can deal with all matters on which Parliament or State Legislature can legislate. The executive power over subjects in the Concurrent List is also exercised by the States unless the Union Government decides to do so.³¹ Several times conflict arises in this relation between Centre and the States. The administrative relation facilitates implementation of Union laws in States, co-ordination for administrative efficiency. The Article 73 and 162 narrate the division of executive power is co-extensive with the division of legislative power of both the Governments.³²

In issue of coordination of administrative matters between the Centre and States, the Constitution of India provides some mechanism in Article 73³³ and 258³⁴. In this regard, it is sought to be achieved through the institutions like All India Services, the control on which vests jointly on Union and States. To maintain cooperation and

³⁰Balveer Arora, K.K. Kailash, Rekha Saxena and H. Kham Khan Suan, "Indian Federalism", Chapter-3 in K.C. Suri and Achin Vanaik (eds.), *Indian democracy* (New Delhi: Oxford University Press, 2013), p-107

³¹Ashutosh Varshney, "How has Indian Federalism Done?", *Studies in Indian Politics*, 1(1) 43–63, © 2013 *Lokniti, Centre for the Study of Developing Societies*, SAGE Publications, Los Angeles, London, New Delhi, p-50 Example –The Andhra Pradesh reorganization Bill, 2014 (Telangana)

³²Commission on Centre-State Relations, "Introduction", *Constitutional Governance and the Management of Centre-State Relations*, Chapter-1, Report, Vol. II, New Delhi, 31st March 2010, p.5.

³³Article 73 speaks about Extent of executive power of the Union.

³⁴Article 258: Power of the Union to confer powers, etc., on States in certain cases: Notwithstanding anything in this Constitution, the President may, with the consent of the Government of a State, entrust either conditionally or unconditionally to that Government or to its officers functions in relation to any matter to which the executive power of the Union extends.

coordination by the Union and States and resolve the conflict, Article 263 provides for institutions like Inter-State Council.

The controls over States in certain cases have narrated in the Article 257. The Constitution of India in Article 257 (1) has clearly mentioned that the executive power of the State shall be so exercised as not to impede or prejudice the exercise of executive power of the Union. This Article also empowers the Centre to give directions to States in this regard. The Constitution of India provides coercive sanctions against any disobedience of the Central directions by the States. It implies that Centre may invoke emergency provision, if the States are not complied.

During the proclamation of State emergency as mentioned in Article 356 in case of failure of constitutional machinery in States, the President controls all State Government powers and authority. This has been used more frequently with the emergence of non-congress government in the regional level. The Sarkaria Commission has found the abuse of this provision in 75 cases (until then) of which had its usage only 26 was the use clearly justified or inevitable.³⁵ The appointment and removal of the constitutional institutions like Governor with the change of Government at the centre implies that this provision of the Constitution has been misused and politically motivated. This has been reflected in the Judgment of Supreme Court³⁶ in 1994. As per the Article 254 (b), the Parliament takeover the power of State Legislature in the period of the State emergency.

The presence of the All-India Services who are elite cadres that provide the top bureaucratic and technocratic staff at the states as well as the Union reduces the flexibility of the States. The increasing role of All-India Police Service, growth of central armed police and paramilitary forces have also been questioned in the debate on states' rights and autonomy in the first phase. In the subsequent years, States have tended increasingly to lean on central forces to supplement their own often inadequate

³⁵Ashutosh Varshney, "How has Indian Federalism Done?", *Studies in Indian Politics*, 1(1) 43–63, © 2013 *Lokniti, Centre for the Study of Developing Societies*, Sage Publications, Los Angeles, London, New Delhi, p-51

³⁶*S. R. Bommai v. Union of India* ([1994] 2 SCR 644 : AIR 1994 SC 1918 : (1994)3 SCC1) was a landmark judgment of the Supreme Court of India, where the Court discussed at length provisions of Article 356 of the Constitution of India and related issues. This case had huge impact on Centre-State Relations. The misuse of Article 356, popularly known as "President's rule", to impose central authority on states, was stopped after this judgment.

police apparatus.³⁷ Members of the Indian Administrative Service were in charge of much of the public sector, and even though policing was a state subject, the Indian government controlled the Indian Police Service.³⁸ Though States participate in the Inter-State Council, the National Integration Council and the National Development Council, but no representation of States noticeable in other key decision-making bodies such as the Planning Commission and Finance Commission, etc. Such above notable provisions of the Indian Constitution and institutions reflect the Centralized nature of administration.

2.3.3: Financial Relation

The financial relations between Centre-State play a vital role towards the development of the nation. It is the most crucial problem in a federal structure of governance. The financial relations reflect balance of powers and resources between the governments. The Indian Constitution has all the features of federation with specification of financial power and functional responsibilities of the Centre and States. Various institutions also came into existence for a federal structure and mechanism for inter-governmental transfers to address vertical and horizontal imbalances.³⁹

Indian Constitutions from Article 264 to 293 has specified expenditure responsibilities between the Centre and States. The subjects listed in the Union and the State Lists broadly define the expenditure responsibilities of the Centre and the States, respectively. The Concurrent List covers areas of joint authority. The Centre has also been assigned all residual powers, which implies that the taxes not mentioned in any of the three lists automatically fall into its domain. Despite the detailed and elaborate constitutional provisions for the division of financial resources between the Union and the State, the States face gap between their own resources and the expenditure pattern. The Centre is assigned with taxes in higher revenue potential whereas the States have

³⁷Balveer Arora, "India's Experience with Federalism: Lessons Learnt and Unlearnt", A paper presented at an international seminar on *Constitutionalism and Diversity in Nepal*, Organized by Centre for Nepal and Asian Studies, TU in collaboration with MIDEA Project and ESP-Nepal, 22-24 August 2007, Kathmandu, Nepal, p-10.

³⁸Mahendra P. Singh and Douglas V. Verney, "Challenges to India's Centralized Parliamentary Federalism", *Publius*, Vol. 33, No. 4, Emerging Federal Process in India, Autumn, 2003, p-2.

³⁹ Amresh Bagchi, 'Fifty Years of Fiscal Federalism in India: An Appraisal', , *National Institute of Public Finance and Policy*, Working Paper 2, 2003.

more functional responsibilities. The Constitution of India provides for institutional arrangements to address such issue of gaps in the revenue and expenditure responsibility assigned to the States such as Finance Commission and other provisions for transfer of resources from Centre to States. Such institutions are set up for better coordination between the Centre and States to achieve the socio-economic goal of the nation. The Constitution also describes the mechanism for sharing of revenue, and a system of grants-in-aid to bridge gap between fiscal capacity for administration and for making intergovernmental financial adjustments.⁴⁰ The Constitution provides for the assignment of revenues (as contrasted to assignment of tax powers), sharing of the proceeds of certain centrally levied taxes with the States, and making grants to the States from the Consolidated Fund of India. The Articles like 268⁴¹, 268 (A)⁴², 269⁴³, 270⁴⁴, 271⁴⁵ of the Indian Constitution specifically narrate the authority to impose, collect, appropriated and share on various taxes and duties between Centre and States. The shares of the Centre and the States and their allocation among different states of both the taxes are determined by the Finance Commission appointed by the President of India in every five years (or earlier if needed). In addition to tax devolution, the Finance Commission is also required to recommend grants to the States in need of assistance under Article 275.⁴⁶

In the context of transfer of funds from the Centre to the States is based on multiple institutions of transfers. In this regard the Constitutional body, Finance Commission decides on tax shares and provides grants. The second institution, Planning Commission provides grants and loans for implementing various development plans. Various ministries give grants to their counterparts in the States for specified projects i.e. Centrally Sponsored Schemes (CSS) either wholly funded by the Centre or

⁴⁰Commission on Centre- State Relations, "Introduction", *Constitutional Governance and the Management of Centre-State Relations*, Chapter-1, Report, Vol. II, New Delhi, 31st March 2010, pp.06-08.

⁴¹ Duties levied by the Union but collected and appropriated by the States

⁴² Service tax levied by Union and collected and appropriated by the Union and the States

⁴³ Taxes levied and collected by the Union but assigned to the States

⁴⁴ Taxes levied and distributed between the Union and the States

⁴⁵ Surcharge on certain duties and taxes for purposes of the Union

⁴⁶Commission on Centre- State Relations, "Introduction", *Constitutional Governance and the Management of Centre-State Relations*, Chapter-1, Report, Vol. II, New Delhi, 31st March 2010, p.07.

requiring the States to share a proportion of the cost.⁴⁷ The transfer of resources are not only based on multiple institutions but also based on statutory and non-statutory transfers. Statutory Transfers in the form of share in the proceeds of Central taxes and non-plan grants are on the basis of the recommendations of the Finance Commissions. Non-Statutory transfers in the form of plan grants take place through the channel of the Planning Commission and in addition there are both plan and non-plan grants from various Central Ministries.⁴⁸

The Planning Commission has become a major institution for dispense of funds to the States in the process of development planning. As there is no specific provision in the Constitution for plan transfers, the Central Government channeled them under the miscellaneous and ostensibly limited provisions of Article 282.⁴⁹ Almost one-third of Center-State transfers are made through these channels. Transfers through these channels tend to slightly increase horizontal inequality in fiscal capacities. The borrowing powers of the Central and State Governments are regulated by Articles 292 and 293 under which States can borrow from sources outside India only with the prior consent of the Government of India. Central Government provides loans to the States in the case of the financial crisis with the supervision of the Planning Commission (PC). Central loans also include funds from multilateral agencies or other external sources for specific programs and projects in particular states, ad-hoc loans based on exigencies in individual States, and short term ways and means advances.⁵⁰ The assistance which are provided through central sector and centrally sponsored schemes (CSS) are about 15-20 % of total transfers fund to the States. The funds which are provided through both the systems are based on the discretion.⁵¹

⁴⁷ Ashutosh Varshney, "How has Indian Federalism Done?", *Studies in Indian Politics*, 1(1) 43–63, © 2013 *Lokniti, Centre for the Study of Developing Societies*, SAGE Publications, Los Angeles, London, New Delhi, p-51

⁴⁸ Commission on Centre- State Relations, "Trends in Fiscal Transfers to Stats in Mid-Eighties", *Centre-State Financial Relations and Planning*, Chapter-4, Report, Vol. III, New Delhi, 31st March 2010, p. 29.

⁴⁹ M. Govinda Rao and Nirvikar Singh, "Federalism in India: Political Economy and Reform", Working Paper No. 108, *Center For Research on Economic Development and Policy Reform*, Stanford University, 579 Serra Mall @ Galvez, Landau Economics Building, Room 153, Stanford, CA 94305-6015, p-8

⁵⁰ Nirvika Singh, "The Dynamics of Reform of India's Federal System", *CESifo Forum - Issue on China & India*, Vol. 8, No. 1, 2007, pp. 07-09

⁵¹ M. Govinda Rao and Nirvikar Singh, "Federalism in India: Political Economy and Reform", Working Paper No. 108, *Center For Research on Economic Development and Policy Reform*, Stanford

Generally States prefer the funds which come through the FC channel due to two reasons. Firstly, the States consider the funds coming in form of statutory transfers as their constitutional right as the Finance Commission unlike the Planning Commission is a constitutional body. Secondly, the funds through the Finance Commission are intended to be transferred to the States unconditionally for the use by the States according to their own priorities. The fund which comes through the FC is free from the interference of Central Government and comes automatically. But the recent scenario reflects more conditionality over the transfer of funds and linking those even to State -specific purposes and binding them to particular schemes.⁵² The 13th Finance Commission report reflects the share of States in net proceeds of shareable central taxes is 32 per cent in each of the financial years from 2010-11 to 2014-15.⁵³

The involvement and interference of the Central Government in the process of transfer of funds from the Centre to States can be traced through the Central Sponsored Schemes (CSS). These schemes are formulated by the Planning Commission and various central Ministries. From the independence, the numbers of CSS are increasing by numbers. The number and variety of CSSs in the State and Concurrent subjects are increasing. The numbers of CSSs are bypassing the State Budget altogether and directly reaching the para-state agencies like District Rural Development Agencies (DRDA) and local bodies are increasing by number. It is estimated that the total outlay of all these varieties of CSSs in 2005-06 represented 38 percent of the Gross Budgetary Support (GBS) for Plan, 49.4 percent of the GBS for Central Plan, 16.5 percent of the total GBS for State Plans and 40.3 percent of the Normal Central Assistance (NCA) to States.⁵⁴

The transfer of financial resources from the Central to States Governments are basically based on five categories namely shared Taxes, Non-plan grants, Grants for State Plan Schemes, Grants for Central Plan Schemes and Grants for Centrally

University, 579 Serra Mall @ Galvez, Landau Economics Building, Room 153, Stanford, CA 94305-6015, p-9

⁵² K.K. George and K.K. Krishnakumar, "Regaining the Constitutional Identity of the Finance Commission: A Daunting Task for the Thirteenth Commission", Working Paper 20, *Centre for Socio-economic & Environmental Studies*, Kerala, December 2008, pp-01-05

⁵³ 13th Finance Commission 2010-2015, "Introduction", Vol. 1, December 2009, p.03

⁵⁴ K.K. George and K.K. Krishnakumar, Regaining the Constitutional Identity of the Finance Commission: A Daunting Task for the Thirteenth Commission, Working Paper 20, Centre for Socio-economic & Environmental Studies, Kerala, December 2008, pp-01-05

Sponsored Schemes. The first two categories are based on the recommendation of Finance Commission, the next two are determined by Planning Commission transfers, and the last constitutes transfers directly governed by the central government's ministries. Grants for central plan schemes and CSS are both directly subject to discretion by the center, and should be where political influence shows up. Grants for state plan schemes involve central approval of State Government proposals, so there is scope for discretion, but it is at least potentially different than in the case of transfers based on center-initiated proposals.⁵⁵

2.4 Centralized Institution in Indian Federal Structure

The above various constitutional provisions and structural institution reflects that States are greatly dependent on the Centre for finances. Centralization means that the government of India directed the economy. Such control over the economy by the Center has been operationalised through various institutions like Finance Commission, Planning Commission, Comptroller and Auditor General of India, etc.⁵⁶

2.4.1: Finance Commission

One of the instruments which the Constitution has evolved for the purpose of distributing financial resources between the Centre and the States is the Finance Commission. The Finance Commission according to Article 280 of the Constitution is constituted by the President once in every five years and is a high-power body. The duty of the Commission is to make recommendations to the President as to: (a) the distribution between the Union and the States of the net proceeds of the taxes which are to be divided between them and the allocation between the States themselves of the respective share of such proceeds; (b) the principles which should govern the grants-in-aid of the revenues amongst the states out of the Consolidated Fund of India.

⁵⁵ M. Govinda Rao and Nirvikar Singh, *Federalism in India: Political Economy and Reform*, Working Paper No. 108, Center For Research on Economic Development and Policy Reform, Stanford University, 579 Serra Mall @ Galvez, Landau Economics Building, Room 153, Stanford, CA 94305-6015, p-11

⁵⁶ Nirvikar Singh, "The Dynamics of Reform of India's Federal System", *Munich Personal RePEc Archive (MPRA)* Paper No. 2282, posted 16. March 2007, <http://mpra.ub.uni-muenchen.de/2282/> accessed on 21st June 2014, pp-07-08

The Articles 280 to 300 deal with financial transfer from the Union to the States with a view to reduce vertical⁵⁷ as well as horizontal fiscal imbalances⁵⁸.

The Finance Commission, with its independent constitutional status, was expected to engineer the necessary balance between the needs of the Centre and the states. It is a centralized autonomous constitutional institution which divides the financial resources among the states and controls the total financial resources of the country. The President of India selects the commissioner and the four other members of the Finance Commission according to the qualification which are mentioned under Constitution. Further, the President of India assigns the term of their office and their responsibilities. The Commissioner and the four members of the Finance Commission are answerable for their act of commission and omission, directly to the President of India.

But, over the years, the impartial arbitrator's role of the FCs is being undermined by the Central Government in a number of ways. The turf of this constitutional body had been encroached upon to a large extent, by the Planning Commission, an extra constitutional body and the Union Ministries during the plan era. The role of the Finance Commission has been circumscribed by the working of the Planning Commission. The working of the Planning Commission typically been put outside the Finance Commission's terms of reference. Furthermore, as Planning Commission transfers became formulaic, there has been a tendency to move toward using discretionary grants determined by the central ministries. Thus, the overall tendency seems to have been for the central government to try to exercise as much political control as possible over transfers to the states. Also, within each channel for transfers, there has been anecdotal evidence that there are attempts to influence the outcomes of the process.⁵⁹ The fault for allowing this encroachment lies partly with the successive

⁵⁷Vertical imbalances refer to the mismatch between the revenue-raising capacity and expenditure needs of the Centre and the States.

⁵⁸Horizontal fiscal imbalances exist on account of the inability of some States to provide comparable services due to inadequate capacity to raise funds.

⁵⁹ M. Govinda Rao and Nirvikar Singh, *Federalism in India: Political Economy and Reform*, Working Paper No. 108, *Center For Research on Economic Development and Policy Reform*, Stanford University, 579 Serra Mall @ Galvez, Landau Economics Building, Room 153, Stanford, CA 94305-6015,p-10

Finance Commissions which abdicated their constitutional responsibilities and limited their role, on their own, in tune with the wishes of the Central Government.⁶⁰

Not only through the Planning Commission and Central Ministries but also the large number of terms of reference (TOR) undermines the umpiring role of the Finance Commission. The TOR is a measure increasingly adopted by the Central Government to encroach and influence the role of the Finance Commission. These TOR are not framed with consultation with the States. So, it reflects the involvement of the Central Government to influence the constitutional body i.e. Finance Commission. These TORs are unnecessary as the Constitution itself has defined the TOR of the FCs. The TORs give a detailed road map on how and in which direction the FC should proceed, thus limiting the freedom and flexibility of this constitutional body.⁶¹

2.4.2 Planning Commission

The process of planning plays important role towards achieving the socio-economic goal of the country. In this regard, after independence India has set up a Planning Commission (PC) in the central level as an advisory and specialized institution. It was set up by the Resolution of the Government of India in March 1950. The basic objective of the Planning Commission was to promote a rapid rise in the standards of living of the people through exploitation of the resources of the country. The Planning Commission was charged with the responsibility of making assessment of all resources of the country, augmenting deficient resources, formulating plans for the most effective and balanced utilization of resources and determining priorities.⁶² In the context of the planning process the Planning Commission and National Development Council (NDC) are key institutions which play important role in the formulation and implementation of the Five Year Plans (FYP) and Annual Plans. The FYP are prepared with basic objective of the growth and approach towards the development of the nation. The Planning Commission derives its objectives and social premises from

⁶⁰K.K. George and K.K. Krishnakumar, "Regaining the Constitutional Identity of the Finance Commission: A Daunting Task for the Thirteenth Commission", Working Paper 20, *Centre for Socio-economic & Environmental Studies*, Kerala, December 2008, pp-01-05

⁶¹K.K. George and K.K. Krishnakumar, "Regaining the Constitutional Identity of the Finance Commission: A Daunting Task for the Thirteenth Commission", Working Paper 20, *Centre for Socio-economic & Environmental Studies*, Kerala, December 2008, p-1-5

⁶²<http://planningcommission.gov.in/aboutus/history/index.php?about=aboutbdy.htm>, Planning Commission, Government of India, accessed on November 2013

the Directive Principle of State Policy (DPSP) set forth in the Indian Constitution. It prepares a blueprint of development, taking an overall view of needs and resources of the country.

The evolution of the centralized planning institution can be traced during national movement of independence. During the national movement the idea of welfare state was found a significant place. After independence rapid economic development, equitable distribution of national wealth among all sections of the people, accelerating the pace of industrialization and widening the base of social justice, among others, were urgently required. The leaders had realized that only a welfare state with centralized authority could effectively undertake the task of National reconstruction. The Constituent Assembly debates also reflect in favor of strong Center. So, the idea of welfare state was incorporated in Constitution, enshrined in the Preamble and the Directive Principles of State Policy.⁶³ The national leaders like Nehru were very much inclined towards the rapid growth model of the USSR. Not only for the growth but also for the elimination of poverty in the rural areas trapped the leaders to adopt a centralized institution for planning. They wanted the redistribution of land and other resources to occur through peaceful means. To achieve these aims that India resorted to five-year plans, in which land reforms and public-sector undertakings (PSUs) played an important role.⁶⁴ It was realized that for the successful implementation of the welfare programme, Centre should have effective control over the economic and fiscal fields.⁶⁵ All this largely contributed to the centralizing tendency in India.

The resolution clearly defines the role of the PC as advisory. As per the resolution the PC generally recommends various development plans to the Cabinets. In framing such recommendations it closely consults with the Ministries of the Central Government and the Governments of the States. The resolution describes in a general way the duties assigned to the Planning Commission in relation to the social and economic development.

⁶³Commission on Centre- State Relations "Indian Independence and Adoption of the Constitutions", *Evolution of Centre-State Relations in India*, Chapter-4, , Report, Vol. I, New Delhi, 31st March 2010, pp. 45-46.

⁶⁴ Mahendra P. Singh and Douglas V. Verney, Challenges to India's Centralized Parliamentary Federalism, *Publius*, Vol. 33, No. 4, Emerging Federal Process in India (Autumn, 2003), p-03

⁶⁵ Commission on Centre- State Relations, Report, "Indian Independence and Adoption of the Constitutions", *Evolution of Centre-State Relations in India*, Chapter-4, Vol. I, New Delhi, 31st March 2010, pp. 45-46.

The role of Planning Commission with regard to the allocation of Union assistance to the States is much wider and in terms of magnitude more effective and decisive. Its role is confined to the needs arising out of additional current outlays and the total expenditure on capital account, which is projected while formulating the Five Year Plans. Various State Governments' plans are prepared with the help of the PC. Planning Commission tries to fit the States plans in an overall perspective of the nationwide strategy of economic growth. In this regard PC considers the budget of the State Governments including the non-plan revenue and capital expenditure. On this basis Union provides assistance to the states. Towards the Union assistance two major things has been considered i.e. the gap in the State Plans, after allowing for traditional taxation and borrowing and the commitment involved in fulfilment of the centrally sponsored schemes, embodying therein the matching principle.⁶⁶

The Planning Commission makes an assessment of the availability of own resources with a State Government and its capacity to utilize plan funds before finalizing the size of the State plan. Once the size of the State plan is decided, the Planning Commission recommends the Centre to provide some financial assistance to the States for its State plan, which is also formula-based. Not only the power and functions but also the composition headed by the Prime Minister of the PC reflects the centralized nature of the institution. This is the basic planning institution through which Central Government always controls the planning system in India.

Both the institutions, i.e. Finance Commission and Planning Commission, play equally vital roles in terms of devolving funds and working towards reducing regional imbalances in the country. While the Finance Commission is constituted periodically and works for a couple of years (before it submits its Report), Planning Commission ensures that continuous appraisal and adjustments that are essential in the dynamic process of planning for a country as diverse as India is taken care of. The Planning Commission is supposed to work under the overall guidance of the National Development Council. The role of the NDC in determining the plan priorities is critical as it integrates the views and expectations of the State Governments.

⁶⁶Dr. Kuldeep Walia, "Planning Commission and Finance Commission in India", *International Journal of Computing and Business Research (IJCBR)*, Volume 4 Issue 3 September 2013, p. 18

2.4.3: National Development Council (NDC)

Towards the development plan, the institution like National Development Council (NDC) plays crucial role in India. It is the apex body for decision making and deliberation on the development matters in India. This was come to existence by an executive order of the Government of India on 6th August 1952 on the recommendations of the Planning Commission. This institution also chairs by the Prime Minister of India. The basic objective of the institution is to mobilize the efforts and resources of the nation in support of the plan, to promote common economic policies in all vital spheres and to ensure the balanced rapid development of all parts of the country. It plays a crucial role in resolving various issues between Union and States and inter-governmental agencies in the context of the development plans as it comprises Union Cabinet Ministers, Chief Ministers of all States, representatives of Union Territories and the members of the Planning Commission. It is essentially a forum for intimate cooperation between the State Governments and the Central Government for all the tasks of national development. Setting up of such institution like the NDC may be regarded as one of the most significant steps for promoting understanding and consultation between the Union and the State Governments on planning and common economic policies. It is an extra constitutional and non-statutory body to play an advisory body to Planning Commission.⁶⁷

2.4.4: Inter- State Council (ISC)

The Inter-State Council (ISC) was set up under Article 263 for resolution of conflicts between the Centre and the States. Article 263 speaks that It can be established ‘at any time’ if it appears to the President that the public interests would be served by the establishment of such a Council. It plays a crucial role to resolve various inter-governmental issues. It came to existence through a presidential order dated 28th May 1990. It was set up after the recommendation of the Sarkaria Commission in 1988. The importance of such institution was also recolonized in the report of the Administrative Reforms Commission in 1969. This institution was not established in the forty years of independence. But the Constitution clearly recognizes the need for coordination among different levels of government in the matters of governance and

⁶⁷National Development Council, Inter-State Council Secretariat, Ministry of Home Affairs, Government of India, <http://interstatecouncil.nic.in/Ndc.html>, accessed on 20th June 2014

provides for the creation of a forum for consultation among governments in the shape of an Inter-State Council. The members of the Constituent Assembly realized the importance of such institution that they unanimously passed this provision without any debate.⁶⁸

The establishment of such institution paved the way for a political system more federal than ever before. This reflects the new mode of participation and decision making through the mechanism of federal coalition. It has become an institution to discuss and resolve various political, policy and economic issues of national interest.⁶⁹

The existence of such institution can be traced to the development of coalition politics, emergence of regional parties and globalization. During that period, the power and impact of state-based parties on national policy as well as the course of Centre-State relations was influential. Such institutions have developed the concept of co-operative federalism which enhanced degree of participation in national policy-making by the states.⁷⁰ The last two years of the functioning and impact of the council has not resulted fruitful. After critical scrutiny of the various organizations which are designed for managing inter-governmental relations in India, Saez comments that such organizations are unimportant and ineffective. In regard to Inter-State Council, according to his opinion the Council has clearly not been allowed to develop to its full potential as envisaged by the framers of the Constitution.⁷¹

2.4.5: Zonal Councils

For the better coordination and to resolve the problem between the Union and States, Zonal Councils were set up under the State Re-organization Act, 1956. These Councils were set up to ensure greater cooperation amongst States in the field of

⁶⁸Inter-State Council Secretariat, Ministry of Home Affairs, Government of India, http://interstatecouncil.nic.in/formations.html#subnav1_2, accessed on 12th February 2014

⁶⁹Nirvikar Singh, "The Dynamics of Reform of India's Federal System", *Munich Personal RePEc Archive (MPRA)*, Paper No. 2282, posted 16. March 2007, <http://mpra.ub.uni-muenchen.de/2282/> accessed on 21st June 2014, p-10

⁷⁰Balveer Arora, "India's Experience with Federalism: Lessons Learnt and Unlearnt", A paper presented at an international seminar on *Constitutionalism and Diversity in Nepal*, Organized by Centre for Nepal and Asian Studies, TU in collaboration with MIDEA Project and ESP-Nepal, 22-24 August 2007, Kathmandu, Nepal, p-08

⁷¹Sáez, Lawrence, *Federalism without a Centre: The Impact of Political and Economic Reform on India's Federal System*, New Delhi, Sage Publications, 2002, p. 48-54

planning and other matters of national importance. The Act divided the country into five zones and provided a Zonal Council in each zone. These Zonal Councils are Northern Zonal Council⁷², Central Zonal Council⁷³, Eastern Zonal Council⁷⁴, Western Zonal Council⁷⁵, and Southern Zonal Council⁷⁶. The North Eastern States are not included in the Zonal Councils and their special problems are looked after by the North Eastern Council, set up under the North Eastern Council Act, 1972. The State of Sikkim has also been included in the North Eastern Council vide North Eastern Council (Amendment) Act, 2002 notified on 23rd December, 2002.⁷⁷

Each council consists of the Chief Minister and two other Ministers of each of the States in the zone and the administrator in the case of the Union Territory. The Union Home Minister has been nominated to be the common chairman of all the Zonal Councils. The composition of the Zonal Council keeps on changing.⁷⁸ The Zonal Councils provide an excellent forum where irritants between Centre and States and amongst States can be resolved through free and frank discussions and consultations. As advisory body, the scope was available in the Council for free and frank exchange of views in their meetings. According to Nehru, these Councils will develop the habit of cooperative working among these states. This suggestion was made by Pandit Nehru at a time when linguistic hostilities and bitterness as a result of re-organization of the States on linguistic pattern. These Councils were created to minimize the impact of these hostilities and to create healthy inter-State and Centre-State environment with a view to solving inter-State problems and foster balance socio-

⁷²Northern Zonal Council consists of States of Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, National Capital Territory of Delhi and Union Territory of Chandigarh

⁷³ Central Zonal Council consists of States Chhattisgarh, Uttarakhand, Uttar Pradesh and Madhya Pradesh

⁷⁴ Eastern Zonal Council consists of States of Bihar, Jharkhand, Orissa and West Bengal

⁷⁵ Western Zonal Council consists of States Goa, Gujarat, Maharashtra and the Union Territories of Daman & Diu and Dadra & Nagar Haveli

⁷⁶Southern Zonal Council consists of States Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Telangana and the Union Territory of Puducherry

⁷⁷Zonal Council, Inter-State Council Secretariat, Ministry of Home Affairs, Government of India, http://interstatecouncil.nic.in/zonal_genesis.html#subnav2_2, accessed on 12th February 2014

⁷⁸Zonal Council, Inter-State Council Secretariat, Ministry of Home Affairs, Government of India, http://interstatecouncil.nic.in/zonal_structure.html#subnav2_3 accessed on 12th February 2014

economic development of the respective zones. Since the inception in 1957, the Zonal Councils have met 107 times.⁷⁹

The important initiatives in regard to internal security, coastal security, mega city policing, sharing of information on crime and criminals by the concerned States, jail reforms, communal harmony and the resolution of the socio-economic problems like trafficking in women and children, national disaster management and strengthening the preparedness for disaster management, implementation of Right to Information (RTI) Act, Implementation of National Employment Guarantee Bill, coastal secretary and good governance etc., have been possible through the deliberation at the Zonal Councils.⁸⁰

The Zonal Council is different than other inter-governmental institution in both content and character as these are regional fora of cooperative endeavor for States linked with each other economically, politically and culturally. Being compact high level bodies, specially meant for looking after the interests of respective zones, they are capable of focusing attention on specific issues taking into account regional factors, while keeping the national perspective in view.⁸¹

2.4.6: The Governor

The Governor of a State, under the Constitution, is appointed by the President (on the advice of the Central Government) for a five-year term, but holds office at the pleasure of the President. A Governor serves both the Centre which appointed him/her, and also the State to which the appointment is made, He always plays three different roles as constitutional head of State, a link between the Centre and the State, acts as an agent of the Centre with special responsibilities in specific areas in normal times (Article 239), and in other areas in abnormal times (Article 356). The framers of the constitution believed that only eminent persons will be appointed as Governors. But in practice more political patronage people or otherwise keep them from causing trouble has been appointed in this post. Consequently, instead of behaving as a non-

⁷⁹Zonal Council, Inter-State Council Secretariat, Ministry of Home Affairs, Government of India, http://interstatecouncil.nic.in/zonal_genesis.html#subnav2_1, accessed on 12th February 2014

⁸⁰Zonal Council, Inter-State Council Secretariat, Ministry of Home Affairs, Government of India, http://interstatecouncil.nic.in/zonal_meetings.html#subnav2_6, accessed on 12th February 2014

⁸¹Zonal Council, Inter-State Council Secretariat, Ministry of Home Affairs, Government of India, http://interstatecouncil.nic.in/zonal_functions.html#subnav2_4, accessed on 12th February 2014

partisan ceremonial head of the State, some Governors have been behaving as agents of the Centre. Another tradition has been practiced which shows them as agents of the Centre is the resignation of the Governors with the change of national government.⁸²

Not only these institution like, National Development Council, Inter-State Council and Zonal Councils but also other institutions like Governor's, Chief Minister's Conferences and other periodical high level conferences are held under the auspices of the Union Government to resolve and coordinate various socio-economic issues of the nations.

2.4.7: Bureaucracy

The nature of centralisation can also be found in the institutions like bureaucracy and judiciary. The constitution of India recognises through the provisions of part XIV of the Constitution the national level bureaucracy and independence state level bureaucracy. The Indian Administrative Service (IAS) and Indian Police Services (IPS) play a key role in the bureaucratic structure in India. Both IAS and IPS are chosen and trained in a centralised process. They are assigned the job in various states to control the administration and law and order. In their careers they play key role in the state and national administration. They are assigned to particular states to carry out the Central level and State levels programmes also. The Indian Civil Service officers acted as chief executives of districts in the state. Like the IAS, the Indian Police Services are recruited, trained and assigned to States centrally. But the Central Government possesses several police forces in the States to help the States. But in reality the encroachment of the Central Government into law and order and plays a substantial role in the maintenance of law and order. The law and order is a State list according to the constitution.⁸³

2.4.8: Judiciary

The judiciary is a constitutionally distinct branch of government at both national and state levels, though the legislative and executive branch exerts influence through

⁸²Krishna K. Tummala, "Developments in Indian Federalism:2005-2007", Asian Journal of Political Science, Vol. 15, No. 2, August 2007, pp-153-154.

⁸³ M. Govinda Rao and Nirvikar Singh, "Federalism in India: Political Economy and Reform", Working Paper No. 108, *Center For Research on Economic Development and Policy Reform*, Stanford University, 579 Serra Mall @ Galvez, Landau Economics Building, Room 153, Stanford, CA 94305-6015, pp-03-06

appointments and budget allocations. The structure of the Judiciary is based on hierarchy and is over centralized in nature. This partly reflects a lack of resources devoted to lower level courts but also a centralized assignment of scope of jurisdictions. At the local level, IAS members are vested with some judicial authority. The Supreme Court has broad powers of original and appellate jurisdiction, and the right to rule on the constitutionality of laws passed by Parliament. In specific issues of Center-State relations concerning taxation and property rights, the basic centralizing features of the constitution have tilted the Court's interpretations towards the Center. More recently, in the 1990s, it has made decisions checking the Center's ability to override sub-national political authority by means such as dismissing State Legislatures. At the State level, the High Courts superintend the work of all courts within their jurisdictions, including district and other subordinate courts.⁸⁴

2.5: Politics of Institutional Conflicts in Multi-Level of Governance for Development Plan

After independence, to deal with the socio-economic and political turmoil various institutions have been established with constitutional status and executive order. The Constituent Assembly debate was a vision and guiding document for establishing various constitutional institutions and system of governance towards achieving the socio-economic goal as prescribes by the Constitution in form of preamble, DPSP etc. The system of governance does divide power between the Union, States and Panchayats/ Municipalities which makes the federal scheme to work constitutionally. As various institutions are prescribed for the achieving the socio-economic goal as mentioned in the Constitution, sometimes conflicts arises in related to their scope and limitation of functioning.

2.5.1: Process of Centralization (During 50s)

After adoption and enact of the Constitution the governance institutional system continued to function as a centralized federation manner. The then socio-economic and political milieu also inclined towards more centralized system of governance. Such centralized system of governance creates conflict relation between the Centre

⁸⁴Nirvikar Singh, "The Dynamics of Reform of India's Federal System", *Munich Personal RePEc Archive (MPRA)*, Paper No. 2282, posted 16. March 2007, <http://mpra.ub.uni-muenchen.de/2282/> accessed on 21st June 2014, pp-03-04.

and States in form of governance. But till mid -sixties various multilevel agencies had worked smoothly. During this period all the political and economic decisions were directed by the Center.⁸⁵The first three decades of Indian political system accentuated the process of centralization of powers. Such process of institutionalization of centralization of powers came to existence due to dominance of single party in Centre as well States, adoption of planning as a strategy on national development in predominant role of Centre through a consultative process, generally set the priorities for State budgets, the system of industrial licensing and control and the nationalization of major banks. The trend of judicial pronouncements during the period also tended to follow the same spirit.⁸⁶

After independence basically up to mid-sixties any demand for greater local autonomy is viewed as a threat to internal security, as well as threat to the unity and integrity of the nation. The entire political process is oriented towards centrism and central authority, in the name of national unity.⁸⁷ The federal issue has been considered as intra-party affairs so long as the Congress party dominated the Central Government and substantial majority of the state legislature. During this period development planning institutions were tightly controlled by the Prime Minister. So, serious Center and State conflict had not become an issue.⁸⁸ The differences or conflicts between the Centre and States during this period were endeavored for mitigation and resolution, not as between two different Governments but more between two entities of the same system. This was possible in a way due to the charismatic leadership of first Prime Minister, Pandit Jawaharlal Nehru (1947-64). His persona was able to wield considerable equation and personal authority with the State Governments. During this period political process played a vital role in Centre-State relationship in comparison to Constitutional machinery.⁸⁹To implement the

⁸⁵Amaresh Bagchi, "Rethinking Federalism': Overview of Current Debates with Some Reflections in Indian Context", *Economic and Political Weekly*, Vol. 35, No. 34, Aug. 19-25, 2000., p. 3033.

⁸⁶Commission on Centre- State Relations, "Appendices (I-XXI)", *Evolution of Centre-State Relations in India*, Report, Vol. I, New Delhi, 31st March 2010, p. 135.

⁸⁷Arun Ghosh, "Centrism, Decentralization and Democracy", *Economic and Political Weekly*, January 30, 1988, pp- 175-176.

⁸⁸The frames of the Indian Constitutions are very much inclined towards the centralization. Even the first two decades of independence have experienced more dominance of the center the way various institutions and governmental system has operated. All political and economic matters were directed by largely Center.

⁸⁹Commission on Centre- State Relations, "Preface", *Evolution of Centre-State Relations in India*, Report, Vol. I, New Delhi, 31st March 2010, p. XVI.

ideas and achieve the goal like democratic socialism, agrarian redistribution, and a planned economy, the leaders like Nehru proclaimed for a centralized planning and administration.⁹⁰ So, the planning in a centralized manner has been adopted as the strategy for the development with head of the Central Government. The entry 20 in the Concurrent List 'Economic and Social Planning' led the central government to control economy in the purpose of planning. The Industrial Development and Regulation Act is an example of this. Even some field like agriculture and social sectors which are mentioned in the State List were also encroached by the objective of planning.⁹¹

2.5.2: Centre-State Relations Revisits: Process of Notional Decentralization (During 80s)

The year 1967 is a watershed in the context of Centre-State relation as formation of various non-congress governments in number of States like Bihar, Haryana, Kerala, Madhya Pradesh, Odisha, Tamil Nadu, Uttar Pradesh and West Bengal. As non-congress government came to existence in State level, the Centre-State conflict came to limelight in form of criticism in the functioning of existing mechanism and process of various institutions. During this period also the regional and non-congress parties tried to create their own niche in their respective regions. The maintaining harmonious Centre-State relation was not possible due to non-congress government came to existence in various States. So, seventies and eighties, nation saw a tussle between the Congress on the one hand and the regional and Left parties on the other for greater powers to the States. The demand for restructuring of Centre-state relations picked up momentum. The demand of greater autonomy for the States in their functioning was raised from non-congress and other regional parties led governments. Such conflict was highlighted in the address of Joint Session by the then President Dr. S. Radhakrishnan to the Parliament on March 18, 1967. The address mentions that formation of the different governments in Centre as well as States which was expected in a federal democratic polity. He also discusses about the various constitutional provisions and institutions which were came to existence for

⁹⁰Mahendra P. Singh and Douglas V. Verney, "Challenges to India's Centralized Parliamentary Federalism", *Publius*, Vol. 33, No. 4, Emerging Federal Process in India, Autumn, 2003, p-01.

⁹¹Amaresh Bagchi, "Rethinking Federalism": Overview of Current Debates with Some Reflections in Indian Context", *Economic and Political Weekly*, Vol. 35, No. 34, August. 19-25, 2000, p. 3033.

promoting cooperation, understanding and harmonious relations between the Union and States. It was expected that “Union will respect the constitutional provisions in letter and spirit without any discrimination and endeavor to strengthen the arrangements for a co-operative approach to national problems and at the same time all the States will extend their cooperation in serving these institutions and making their deliberations increasingly fruitful and beneficial both to the Union and to themselves. Strengthening the unity of the country, safeguarding security, preserving democratic institutions, and promoting economic development and the well-being and happiness of our people are the common objectives towards which the Union and the States must strive together.”⁹² Even the presence of some non-congress government, the Central government got free space with the absence of an all-India alliance or a national level alternative to resort to various manoeuvres towards centralization. To some extent this caused political instability, both at the Centre and the States.⁹³ So, the coexistence of Centre and State through healthy relationship became a matter of concern during this period. The “more vigorous practicing federalism” articulated by Smt. Gandhi in 1967 underwent a change after the Parliamentary Elections in 1971. The Congress party came to power not only in Centre in general election 1971 but also in assembly elections in 1972 with a big success in the populist slogan of ‘Garibi Hatao, reaping on the success of the Bangladesh liberation war, and advocating for a ‘strong Centre’ not only to serve the interests of balanced development but also to safeguard the unity and integrity of the country. With 2/3rd majority in the Parliament and rule in almost all States led the ex-Prime Minister Indira Gandhi to observe that the State Governments should be “in tune with the government at the Centre, accept its policies and be willing to implement its programme”.⁹⁴ The various welfare programmes and restructure of institutions were formulated in such a manner so as to reflect the preponderance and dominance of Central political and bureaucratic structure over their counterparts in the States. In operational level the governance

⁹²Commission on Centre- State Relations, “Preface”, *Evolution of Centre-State Relations in India*, Report, Vol. I, New Delhi, 31st March 2010, pp. XVI-XVIII

⁹³Commission on Centre- State Relations, “The First Three Decades of the Indian Republic: Early Challenges in Centre-State Relation”, *Evolution of Centre-State Relations in India*, Chapter-5, Report, Vol. I, New Delhi, 31st March 2010, p-71.

⁹⁴ Union-State Relations in India” by R.C.S. Sarkar, former Law Secretary, Government of India, and Chairman, Union Public Service Commission as quoted in Commission on Centre- State Relations, “The First Three Decades of the Indian Republic: Early Challenges in Centre-State Relation”, *Evolution of Centre-State Relations in India*, Chapter-5, Report, Vol. I, New Delhi, 31st March 2010, p. XVIII,

system was so re-organized which led to intensification of regional contradictions and erosion of boundaries between State and Central politics. Such situation reflects the increasing interventionist role of the Centre in the State affairs.⁹⁵ The 42nd amendment of the Indian Constitution implied for greater centralization of powers with Government of India.⁹⁶

The issues related to federal system like ‘strong Centre versus weak States’ or ‘strong Centre versus strong States’ was debated during that period. It could be possible only through the strength of one system be improved at the cost of the other or the same would sacrifice the imperativeness of a strong Centre which would be against the intention of the founding fathers. So, such debate on ‘strong Centre versus strong States’ was viewed to have the potential to balance the power equation in favor of both the power centers gaining from each other’s strengths. Not only the proposition of ‘Strong Centre and Strong States’ but also the experience of two decade of federal power relation was continuously a discussion topic by several experts and expert Committees in and outside the government.⁹⁷

2.5.2.1: Administrative Reform Commission

To cope with the situation in 1968 Central Government constituent an Administrative Reforms Commission (ARC) to study on the subject of autonomy and devolution of powers to the States. The Committee was not only emphatic on the ‘Strong Union’ concept but also emphasis on autonomy of States in managing some select areas of governance. The substantial parts of the report had focused on the steps to maintain harmonious Centre-State relations. The recommendations of the ARC’s were based on the principle that “(1) arrangements for devolution should be such as to allow the States’ resources to correspond more closely to their obligations; (2) devolution should be in a manner that enables an integrated view of the plan as well as the non-

⁹⁵Commission on Centre- State Relations, “The First Three Decades of the Indian Republic: Early Challenges in Centre-State Relation”, *Evolution of Centre-State Relations in India*, Chapter-5, Report, Vol. I, New Delhi, 31st March 2010, pp. 71-72.

⁹⁶ Commission on Centre- State Relations, “Preface”, *Evolution of Centre-State Relations in India*, Report, Vol. I, New Delhi, 31st March 2010, P. XVIII.

⁹⁷Commission on Centre- State Relations, “The First Three Decades of the Indian Republic: Early Challenges in Centre-State Relation”, *Evolution of Centre-State Relations in India*, Chapter-5, Report, Vol. I, New Delhi, 31st March 2010, pp. 72-73.

plan needs of both the Union and the States; and (3) advancement of loans should be related to what the team referred to as ‘the productive principle.’⁹⁸

2.5.2.2: Rajamannar Committee

During such tussle between Centre and State the Government of Tamil Nadu set up a committee to study the Centre-State relations known as Rajamannar Committee in 1971. The basic term of reference of the Committee was ‘to suggest suitable amendments to the Constitution to secure the utmost autonomy for the States. The recommendations of the Committee favored strongly towards the autonomy of the States. It recommended for unburdening the Centre in many areas of responsibility. The other recommendations included emphasis on legislative competence for States to amend the Central Laws enacted by the Parliament, mandatory consultations with States with respect to decisions affecting the States’ interests etc. The central theme in the recommendations of the Rajamannar Committee was to eliminate the concept of the legislative supremacy of the Centre and to confer maximum autonomy to the States.’⁹⁹

Such system of governance and proclamation of national emergency during this period towards more centralization had resulted the defeat of Congress party in 1977 general election in Centre as well as in a large number of States.¹⁰⁰ The emergence of the non-congress State Government brought a new dimension to the inter-governmental relation in the 1980s. Such defeat of the congress party evident the transformation from a one party dominant system to the multiparty system of the governance in the Center.¹⁰¹ During this election a non-congress government i.e. Janata Party came to power in post-independence era. This party came to existence in oppose to the Congress Party led by Smt. Indira Gandhi and the imposition of emergency. This was a coalition of parties which carried totally different political ideologies. With this, various non-congress governments in the States clamored and

⁹⁸Commission on Centre- State Relations, Report, “The First Three Decades of the Indian Republic: Early Challenges in Centre-State Relation”, *Evolution of Centre-State Relations in India*, Chapter-5, Vol. I, New Delhi, 31st March 2010, pp. 73-74

⁹⁹Ibid.

¹⁰⁰Commission on Centre- State Relations, “Preface”, *Evolution of Centre-State Relations in India*, Report, Vol. I, New Delhi, 31st March 2010, pp. XVIII-XIX.

¹⁰¹ Lawrence Saez, “The Demise of Inter-Governmental Institutions in India: A case study of the Inter-state Council”, Chapter-4, *Federalism without a Center*, Sage Publication, New Delhi, 2002, p.110

demanded for greater autonomy.¹⁰² During this period the government of West Bengal submitted a memorandum on Centre-State relation to the Centre in January 1978 for seeking review of the Centre-State relation.¹⁰³

2.5.2.3: Memorandum on Centre-State Relations

The Government of West Bengal published a Memorandum, on Centre-State relations in December 1977. The basic suggestions of this memorandum are replacement of the word 'Union' by 'Federal', repeal of Articles 356, 357 and 360 and mandatory consent of State Government for formation of new States and alteration of area, boundaries or names of the existing States. According to the Chief Minister of West Bengal "The concept of strong States is not necessarily in contradiction to that of strong Centre once their respective spheres of authority are clearly marked out. We all are definitely for strong States, but on no account do we want a weak Centre. A strong and united India can only be one in which the democratic aspirations and distinctiveness of the people of the different States are respected and not treated with disdain."¹⁰⁴

The Janata Party government through the 44th Constitutional Amendment in 1978 had corrected the imbalances caused by some of the provisions of 42nd Amendment after the opinion of number of jurists, parliamentarians, editors and professional bodies. Due to totally different political backgrounds, the Janata Party regime proved a short lived one. The Congress Party again came to power in 1980 at the Centre with a very large majority but the party ceased to become a dominant from the Center and State legislature.¹⁰⁵ But non-Congress coalitions continued in a large number of States till 1982.

During the second regime of Indira Gandhi, the functioning of the federal structure came into the limelight by the academicians. The past experience of the both Centre and States reflects that efforts were attempted to centralize the power structure at the

¹⁰² Commission on Centre- State Relations, Report, "Preface", *Evolution of Centre-State Relations in India*, Vol. I, New Delhi, 31st March 2010, pp. XVIII-XIX.

¹⁰³ Commission on Centre- State Relations, "The First Three Decades of the Indian Republic: Early Challenges in Centre-State Relation", *Evolution of Centre-State Relations in India*, Chapter-5, Report, Vol. I, New Delhi, 31st March 2010, p.74.

¹⁰⁴ Ibid.

¹⁰⁵ Commission on Centre- State Relations, "Preface", *Evolution of Centre-State Relations in India*, Report, Vol. I, New Delhi, 31st March 2010, P. XVIII-XIX.

same time there was clamor at the States' level for effective federalization of the polity with stress towards and preference to regional autonomy. Various views can be found in favor of both centralization and decentralization and autonomy for the federal units. In favor of Centralization, it was argued that a strong Centre is necessary for effectively protect and project the national unity and integrity by stemming the institutionalization of the sub-national loyalties. The basis of supporting decentralization of power and autonomy were to preserve the diversities of India.

This was possible only through local initiatives with the support of local talent.¹⁰⁶ The presence of various non-congress governments in the states gave strength to the forces of regionalism. This resulted in the growth of a large number of regional parties. In these milieus regional demands for greater administrative and fiscal autonomy had developed.¹⁰⁷

During this period the federal polity was divided between single party (Congress) dominance at the Centre and the cluster of regional and non-Congress governments at the States. This provided an ambient atmosphere for such a demand.¹⁰⁸ The then immediate political crises in the Jammu and Punjab had also raised the issue of federalism. This has been located not only to internal disturbances but to external threats as well. This led to change of the security policy in broader level. According to Kranti Bajpai since the late 1980s, there has been a "greater emphasis on negotiated settlements and in particular a more economist vision of security policy".¹⁰⁹ The year 1983 marked a redefinition of federal relations since differing political approaches were voiced by various regional parties such as Akali Dal in Punjab, Telugu Desham Party (TDP) in Andhra Pradesh, AIADMK in Tamilnadu and non-congress government in Karnataka, West Bengal and North-East States for a review of the

¹⁰⁶Commission on Centre- State Relations, "The First Three Decades of the Indian Republic: Early Challenges in Centre-State Relation", *Evolution of Centre-State Relations in India*, Chapter-5, Report, Vol. I, New Delhi, 31st March 2010, pp. 74-75.

¹⁰⁷Commission on Centre- State Relations, "Preface", *Evolution of Centre-State Relations in India*, Report, Vol. I, New Delhi, 31st March 2010, P. XVIII-XIX.

¹⁰⁸Commission on Centre- State Relations, Report, "The First Three Decades of the Indian Republic: Early Challenges in Centre-State Relation", *Evolution of Centre-State Relations in India*, Chapter-5, Report, Vol. I, New Delhi, 31st March 2010, p. 75.

¹⁰⁹Kanti Bajpai, "Redefining India's Security" (paper presented at an International Institute of Strategic Studies seminar, Neemrana, India, September, 1997), quoted in James Manor, Making Federalism Work, *Journal of Democracy* volume 9, Issue 3, July 1998, p-33

overall Constitutional scheme of Centre-State relations.¹¹⁰ The meeting of Chief Ministers of non-Congress Governments and leaders of opposition which was held in Srinagar in October 1983 had once again echoed the need for a comprehensive review of Centre-State relations. The principle of ‘consensus and cooperation’ which was the pre-requisite for the smooth functioning of the Union-State relationship was being virtually threatened by the politics of confrontation.¹¹¹

In this milieu regional demands and political turmoil with internal disturbances and external aggression prompted the then Prime Minister, Smt. Indira Gandhi to establish the first Commission on Centre-State Relations headed by Justice R.S. Sarkaria on 24th March 1983. The basic thrust behind this commission was for a fresh and comprehensive review of the arrangements between the Union and the States, in all spheres.¹¹² The Chairperson of the Commission declared that “the Commission will review the existing arrangements between the Centre and the States while keeping in view the social and economic developments that have taken place over the years. The review will take into account the importance of unity and integrity of the country for promoting the welfare of the people”.¹¹³ The Sarkaria Commission submitted its report in 1988.¹¹⁴

2.5.2.4: Sarkaria Commission

To cope with political turmoil and demands for more autonomy the then Prime Minister of India, Ms. Indira Gandhi established a federal commission known as Sarkaria Commission on 24th March 1983 to study the issues related to various aspects of legislative, administrative and financial relations between the Central Government and the State Government. It also covered miscellaneous issues related to economic and social planning, industry, commerce and inter-governmental

¹¹⁰Lawrence Saez, “The Sarkaria Commission and India’s Struggle for Federalism”, Chapter-3, *Federalism without a Center*, Sage Publication, New Delhi, 2002, pp.72-76

¹¹¹Commission on Centre- State Relations, Report, “The First Three Decades of the Indian Republic: Early Challenges in Centre-State Relation”, *Evolution of Centre-State Relations in India*, Chapter-5, Vol. I, New Delhi, 31st March 2010, p. 75.

¹¹² Ibid

¹¹³ Ibid.

¹¹⁴Commission on Centre- State Relations, Report, “Preface”, *Evolution of Centre-State Relations in India*, Vol. I, New Delhi, 31st March 2010, pp. XIX-XX.

relations.¹¹⁵ The report of the commission argued that federalism ‘is not a static paradigm. It is a changing notion’. The commission defined federalism as a ‘dynamic process of co-operation and shared action between two or more level of government, with increasing inter-dependence and centrist trends.’¹¹⁶ The report of this Commission reiterated the paramount of the Centre terming the structure to be more unitary than federal. Various controversies have been raised during the presentation of the Sarkaria report in the Parliament. At last the attempt to resuscitate the recommendations of the Sarkaria Commission had been merged during Congress rule under the Prime Minister P.V. Narshima Rao.¹¹⁷

So far out of 247 recommendations only two recommendations of the Sarkaria Commission have been implemented. One recommendation dealing with the restructuring of local level, self-governing institutions (Zilla Parisad and Mandal Panchayats), proposed legislation for ensuring regular election to these bodies and the appointment of State level Finance commissions for the transfer of resources to them. The other recommendation dealt with the establishment of a constitutional institution Inter-State Council.¹¹⁸

The Sarkaria Commission took place at a time when gradual political party realignment was taking place in the State Legislature in the mid-1980s. The recommendation has not been implemented due to the multiparty governing coalitions at the Center. It has not been implemented due to the different conflicting ideas true federalism of political actors like inter-governmental interdependence, shared governance and overlapping jurisdictions, independence inter-governmental actors, autonomy of inter-governmental institutions and distinctiveness and separation of jurisdictions, inter-governmental independence, and distinctiveness of policy

¹¹⁵Lawrence Saez, “The Sarkaria Commission and India’s Struggle for Federalism”, Chapter-3, *Federalism without a Center*, Sage Publication, New Delhi, 2002, pp.72-76

¹¹⁶Sarkaria Report, vol. 1 p.11, quoted in Lawrence Saez, “The Sarkaria Commission and India’s Struggle for Federalism”, Chapter-3, *Federalism without a Center*, Sage Publication, New Delhi, 2002, p. 76

¹¹⁷Lawrence Saez, “The Sarkaria Commission and India’s Struggle for Federalism”, Chapter-3, *Federalism without a Center*, Sage Publication, New Delhi, 2002, p.93

¹¹⁸Ibid.

functions. Another reason for not implementation of Sarkaria Commission is the impact of economic liberalization policies.¹¹⁹

Till the end of eighties, the Central Government tried through various issues and institutions to control the entire political and economic crisis in a centralized manner. In this period provisions such as primacy to laws passed by Parliament over State laws, keeping residuary powers with the Centre and imposition of emergency rule by the Centre in extreme situations were incorporated as essential elements of the Constitution.¹²⁰The first 40 years after the adoption of the Constitution, the Centre-State relationships were shaped by the public sector dominated import-substituting development strategy and a single party dominated governance in both Centre and States. The development strategy has adopted a centralizing planning. It reveals the limited role of States in development. The centripetal bias in the Constitution did not hinder the conduct of business though there were several instances of misuse of the power by the Centre in dismissing the elected State Governments by invoking Article 356 of the Constitution¹²¹. At the same time, the single party rule made consensus building easier and Centre-State and inter-State conflicts were few and could easily be resolved. In this scenario, the intergovernmental relationships were harmonious, conducted in the framework of co-operative federalism.

2.5.3: Globalization, Decentralization, Devolution: Process of Implicit Central Control (During 90s and thereafter)

During 1989 and before the launch of the liberalization, a rapid transition from a dominant party to a multiparty system and from majority governments to coalition governments was reflected in Indian political system. State-based parties played an increasingly decisive role in the formation of coalition governments. At the same time change wrought by a federal market economy with the change in political process.¹²²

¹¹⁹Ibid. p.94

¹²⁰Commission on Centre- State Relations, Report, "Forward", *Evolution of Centre-State Relations in India*, Vol. I, New Delhi, 31st March 2010, p. IX.

¹²¹After the Supreme Court decision establishing the justifiability of this decision in the S. R. Bommai versus the Union of India case ([1994] 2 SCR 644; AIR 1994 SC 1918; (1994)3 SCC1), there has been some restraint in dismissing the state governments.

¹²²Lloyd I. Rudolph and Susanne Hoeber Rudolph, Federalism as State Formation in India: A Theory of Shared and Negotiated Sovereignty, *International Political Science Review*, 31(5) 1–21, © The Author(s) 2010, sagepub.co.uk/journalsPermissions.nav, DOI: 10.1177/0192512110388634, ips.sagepub.com,P-13

From this period no national party has been able to form a government at the Center without some degree of coalition building. This provided a pivotal role of the regional parties in national politics and development.¹²³

With the rise of regional parties and coalitions, States seemed to gain the upper hand in many spheres of governance. The Centre found itself hamstrung even in the situation of serious breakdown in law and order in some areas. During this period the political configurations was overtaken through bringing economic issues to the forefront. The economic crisis of the country and the process of liberalization led the States to perform functions on a scale larger than before but their access to tax powers and borrowing remained limited. Regional disparities persisted despite the strategy of planned development and increased fiscal transfers.¹²⁴ This phase evolved with dual transformation of political party alignment in the mid-1980s and the economic liberalization policies in the 1990s has altered the structure of Indian federal system. This phase can be considered as towards decentralization.

With acknowledging the democratic deficit an attempt was made to institutionalize decentralization through 73rd and 74th constitutional amendment. Such democratic deficit was observed by the Sarkaria Commission as “Decentralization of real power to local institutions would help defuse the threat of centrifugal forces, increase popular involvement all along the line, broaden the base of our democratic polity, promote administrative efficiency and improve the health and stability of inter-governmental relations Unfortunately, there was not only inadequate territorial and functional decentralization in India when the country became independent, but there has also been a pervasive trend towards greater centralization of powers over the years, inter alia, due to the pressure of powerful socio- economic forces.”¹²⁵

¹²³ Nirvikar Singh, “The Dynamics of Reform of India’s Federal System”, *Munich Personal RePEc Archive (MPRA)*, Paper No. 2282, posted 16. March 2007, <http://mpra.ub.uni-muenchen.de/2282/> accessed on 21st June 2014, p-14

¹²⁴ Commission on Centre- State Relations, “Forward”, *Evolution of Centre-State Relations in India*, Report, Vol. I, New Delhi, 31st March 2010, p. X.

¹²⁵ Sarkaria Commission, “Decentralization”, General Observation, Section-2, Chapter-XXI, January 1988, p. 543

On the issue of such institutionalization of decentralization, it has been argued that such attempt came from the congress party to balance the growing power of state-level politicians and the demand of more decentralized federation. Congress views democratic decentralization as only concerning the devolution of powers to the Panchayati Raj system. It ignores the rights of States and sees it as a diversion from the nation building project. Such steps were taken without the consultation of the State Government in proper manner.¹²⁶ The pressure for decentralization came about as a result of changes in society and the economy. The political motivations and history of local government reform in India have been quite different from those that led to the economic reforms of the 1990s. Nevertheless, it would argue that there is a complementarity between the two sets of reforms that benefits from their fortuitous temporal coincidence.¹²⁷

The 73rd & 74th Constitution Amendment Acts 1992 institutionalizes the third tier system of governance at the level of Panchayats and Municipalities. It not only revolutionized decentralized governance in the country but also brought in fresh equation in Centre-State relations.¹²⁸ The system of governance divides power between the Union, States and Panchayats/ Municipalities which makes the federal scheme more effective through these amendments. A key change brought through amendments was the reduction of State Government discretion concerning elections to rural local government bodies. Three level of government came to existence in grassroots level like village, block and district level. The district level institution has become a major component for the central administrative and plan implementation apparatus.¹²⁹

¹²⁶Nirvikar Singh, "The Dynamics of Reform of India's Federal System", *Munich Personal RePEc Archive (MPRA)*, Paper No. 2282, posted 16. March 2007, <http://mpra.ub.uni-muenchen.de/2282/> accessed on 21st June 2014, p-15

¹²⁷ M. Govinda Rao and Nirvikar Singh, "Federalism in India: Political Economy and Reform", Working Paper No. 108, *Center For Research on Economic Development and Policy Reform*, Stanford University, 579 Serra Mall @ Galvez, Landau Economics Building, Room 153, Stanford, CA 94305-6015, p-20

¹²⁸Commission on Centre- State Relations, "Forward", *Evolution of Centre-State Relations in India*, Report, Vol. I, New Delhi, 31st March 2010, p. X.

¹²⁹ M. Govinda Rao and Nirvikar Singh, "Federalism in India: Political Economy and Reform", Working Paper No. 108, *Center For Research on Economic Development and Policy Reform*, Stanford University, 579 Serra Mall @ Galvez, Landau Economics Building, Room 153, Stanford, CA 94305-6015, p-21.

During liberalization period the federal structure was affected by a series of incidence from the year 1989-1992. The collapse of Soviet Union in 1989 has impacted the assistance for maintaining centrally directed economy. The socialist argument for centralized federalism has disappeared. The idea of centralized planning institutions for national development was also affected. Secondly, the affirmative action like reservation in government services and universities for the Other Backward Classes (OBC) was accompanied by the emergence of state parties in which visibility in dominance of the lower castes. This paved the way for coalition politics in India. Coalition government proved incompatible with centralized federalism. The Mandla (OBC)/ Mandhir (Ayodhya) issue has also raised the question of the federal structure of India. The political and economic condition of 1991 like balance of payment crisis and the collapse of the National Front forced the minority Congress government forced to adopt liberalization. This led to the decentralizing decision making in the federation. In related to the economic policies States became relatively free from center's direction. But it has contributed to regional disparities.¹³⁰

From the time of imposition of President Rule during Nehruvian era, the Article 356 has been a contentious issue in political environment. The issue was based on the intension and criteria for using such Article. The return of the executive request of the cabinet to impose President's rule on a State by the President of India through exercising his constitutional privileges in 1990s have fueled the debate. According to the opposition government and political parties, the use of Article 356 was based on political motivation and to suppress the legitimate State Governments.¹³¹ Both High Courts and the Supreme Court of India have shown a great deal of restraint in declining to entertain political questions in particular the exercise of powers under Article 356, i.e., the State Emergency.¹³² During this period the Supreme Court, by the Bommai judgment of 1994, made a significant contribution towards restraining the Central government from misusing these powers. The Court decreed that the exercise of such powers have been arbitrary and militates against the federal principle.

¹³⁰Mahendra P. Singh and Douglas V. Verney, Challenges to India's Centralized Parliamentary Federalism, *Publius*, Vol. 33, No. 4, Emerging Federal Process in India, Autumn, 2003, pp-06-10.

¹³¹Krishna K. Tummala, "India's Federalism Under Stress", *Asian Survey*, Vol. 32, No. 6, June, 1992, p. 540

¹³² For example, for the High Court see *K K Aboo v. Union of India*, A.I.R. 1965 Kerala 229, and *Rao Birendra Singh v. Union of India*, A.I.R. Punjab and Haryana 441. For the Supreme Court, *State of Rajasthan & Others v. Union of India*, A.I.R. 1977 SC 1361)

It provides for safeguards by stipulating that a decision to dissolve the State legislature cannot be implemented till both the Houses of Parliament approved the presidential proclamation. Till then the dissolution should be kept in suspended animation. The judgment also requires the President to set out the reasons and the material on which basis the proclamation of President's rule is made. The Court made this subject to judicial review. These interventions, by the Supreme Court and President, have seriously reduced the risk of arbitrary central intervention in state politics.¹³³ From the independence the role of the Governor in proclamation of Article 356 has been a subject of debate. Acknowledging the Judgment of Supreme Court about the role of Governor in proclamation of Article 356, eminent Jurist Soli J. Sorabjee on the opinion that "It will not be exaggeration to say that no institution or constitutional office has suffered greater erosion or degradation than the office of Governor. The public today generally regard the Governor as an employee of the Central Government and in some cases as a spy of the Centre. The unfortunate fact is that few incumbents of this high office have any clear conception of their role in our constitutional scheme and in fact regard themselves as the lackeys or employees of the Central Government and readily act according to its behest."¹³⁴ This led to restrain central leaders from using exceptional powers for partisan purposes. Not only the Supreme Court Judgment but also the coalition politics led realization of minimal use of Article 356.¹³⁵ The coalition politics have given more spheres to the judiciary and to a variety of governmental institutions, such as the Comptroller and Auditor-General (CAG), the Election Commission (EC), the Finance Commission (FC) and the Public Service Commission (PSC). The upper house of Indian Parliament also was influenced by the congress party.¹³⁶ In reality the States were consulted by the Center

¹³³After the Supreme Court decision establishing the justiciability of this decision in the S. R. Bommai versus the Union of India case ([1994] 2 SCR 644: AIR 1994 SC 1918: (1994)3 SCC1), there has been some restraint in dismissing the state governments.

¹³⁴Commission on Centre- State Relations, Report, "The First Three Decades of the Indian Republic: Early Challenges in Centre-State Relation", *Evolution of Centre-State Relations in India*, Chapter-5, Vol. I, New Delhi, 31st March 2010, pp.71-72.

¹³⁵Ashutosh Varshney, "How has Indian Federalism Done?", *Studies in Indian Politics*, 1(1) 43-63, © 2013 *Lokniti, Centre for the Study of Developing Societies*, Sage Publications, Los Angeles, London, New Delhi, p-51

¹³⁶Mahendra P. Singh and Douglas V. Verney, "Challenges to India's Centralized Parliamentary Federalism", *Publius*, Vol. 33, No. 4, Emerging Federal Process in India, Autumn, 2003, p-12.

after taking the decision in regard to national matter and development policies. Such model of decision making also created tension between the Centre and the states.¹³⁷

Not only political decentralization has an impact on the Indian federal system but also the economic liberalization policies in the 1990's have compelled a change in federal relation from inter-governmental cooperation towards inter-jurisdiction competition among the states. This led States to compete each other for foreign investment inflows. Inter-jurisdictional competition is defined as the rivalries and contentious relationship for resources among similar tier of government or among locality within the region.¹³⁸

The liberalization process led increase role of the market which gave rise to the contradictions between market driven economics and politics based on universal suffrage. In such situation the market tries to reconcile the excluded by including through the policies and processes of political democracy. Previously the primary role of the state was to mediate between such contradictions. This reflects the rise of new phase in India's political and economic development.¹³⁹The economic liberalization not only brought growth simultaneously increase of regional disparity among the States. Some sections of the society are left out from the benefits of the growth. So, Central Government initiated through various welfare policies for boosting political support in poorer, basically rural areas.¹⁴⁰

During this period the scope of the Finance Commission in regard to recommend overall federal finances has been enhanced significantly, though actual practice has changed less. From Eleventh Finance Commission, the Finance Commission have been given extra constitutional powers with additional term of reference to suggest

¹³⁷Balveer Arora, "India's Experience with Federalism: Lessons Learnt and Unlearnt", A paper presented at an international seminar on *Constitutionalism and Diversity in Nepal*, Organized by Centre for Nepal and Asian Studies, TU in collaboration with MIDEA Project and ESP-Nepal, 22-24 August 2007, Kathmandu, Nepal, p-06.

¹³⁸Lawrence Saez, "Economic Liberalization and the transformation of federal relation" Chapter-5, *Federalism without a Center*, Sage Publication, New Delhi, 2002, p.135.

¹³⁹Balveer Arora, "India's Experience with Federalism: Lessons Learnt and Unlearnt", A paper presented at an international seminar on *Constitutionalism and Diversity in Nepal*, Organized by Centre for Nepal and Asian Studies, TU in collaboration with MIDEA Project and ESP-Nepal, 22-24 August 2007, Kathmandu, Nepal, p-09.

¹⁴⁰Nirvikar Singh, "The Dynamics of Reform of India's Federal System", *Munich Personal RePEc Archive (MPRA)*, Paper No. 2282, posted 16. March 2007, <http://mpra.ub.uni-muenchen.de/2282/> accessed on 21st June 2014, p-17

corrective measures to restore budgetary balance, ensure debt and fiscal sustainability, and maintain macroeconomic stability. Previously Finance Commission had no powers to impose ‘conditionality’ on resource transfers to States. This reflects the role of the Finance Commission in creating incentives for state-level fiscal reforms has become a prominent issue.¹⁴¹ Such initiatives institutional framework led the loose of Central Government control on foreign and domestic corporate investment. These institutions allow the State Governments to become more autonomous actors in economic policy. But on the other side the formulas for dividing allocated tax revenues among the States and for making Planning Commission allocations have remained relatively static.¹⁴²

Analyzing the centralizing and decentralizing effects of globalization on Indian federalism, Tremblay¹⁴³ suggests two effects. Deregulation implies centralization of Indian federalization. This led to enhance decentralization to fulfill the gap which has created due to more centralization. The federation becomes more centralized due to the new role of the central government as a regulator and fiscal disciplinarian. The demand for autonomy by the States fuels again due to the impact of the market on the economy. At the same time center tries to consolidate its powers by attaching conditionality to transfers and invoking the interest of national unity and integrity. The center has played its supremacy through Planning Commission in form of transferring substantial resources to the States. Such transfer of resources has been based on the form of central plan schemes and CSSs. According to the Nayar the flagship programmes of the Center are directly related to the success of the liberalization and the cost formula based assistance indicates the collapse of the autonomy of state finance.¹⁴⁴ The central control in post reform is basically rule based and mechanism of centralizing devices are highly federalizing according to C. K. Sharma. The centralizing control has now changed its nature with state consent which

¹⁴¹ Balveer Arora, K.K. Kailash, Rekha Saxena and H. Kham Khan Suan, “Indian Federalism”, Chapter- 3, in K.C. Suri and Achin Vanaik (eds.), *Indian democracy*, Oxford University Press, New Delhi, 2013, pp-121-122

¹⁴² Nirvikar Singh, “The Dynamics of Reform of India’s Federal System”, *Munich Personal RePEc Archive (MPRA)*, Paper No. 2282, posted 16. March 2007, <http://mpra.ub.uni-muenchen.de/2282/> accessed on 21st June 2014, pp-10-11

¹⁴³ R.C. Tremblay, “Globalization and Indian Federalism”, *Indian Journal of Public Administration*, Vol. 47, no. 2, 2001, pp. 208–21

¹⁴⁴ Baldev Raj Nayar, *The Myth of the Shrinking State: Globalization and the State in India*, Oxford University Press, New Delhi, 2009, pp. 116-17

was before unilateral. This led to more federation in the decision making and rule based federal control.¹⁴⁵ The greater freedom in the economic and financial sphere led to an era of competitive federalism. During this era states with a rivalry among themselves for international investor, subsidies as well as for centrally controlled resources.¹⁴⁶ The approach of challenging strong central framework and demanding of autonomy has been changed in the federal system.¹⁴⁷

The liberalization and post liberalization era reflects the State initiatives in some areas of deregulation. At the same time needs for central regulation in new areas has evolved. This implies that the Centre retains control over all the macro-economic levels of command.¹⁴⁸ The reinvention ‘independent regulators’ has given Centre–State interaction a different texture. Regulatory bodies have been created in such a way that the power to give directives remains with the Union government. The institution like the Central Bureau of Investigation and the Central Vigilance Commission are frequently subjected to central pressures. The new regulatory agencies like the Telecom Regulatory Authority of India have gained an all-India jurisdiction without insufficient institutional autonomy.¹⁴⁹

Even with increase of effective exercise of power by the states and local governments but still India remains a centralized federation. Some replacement has been occurred with mode of governance and regulatory bodies. The neo-liberal policies of the Central government led the state government more dependent through attendant conditionality and monitoring for their own path of development due to lack resources available to them. The public–private partnership mode in projects led little or no space for the participation of the States.¹⁵⁰

¹⁴⁵Chanchal Kumar Sharma, ‘Impact of Economic Reforms on Centre–State Financial Relations’, Unpublished Political Science PhD Thesis, Kurukshetra University, 2009, 242-243

¹⁴⁶Lawrence S  ez, *Federalism without a Centre: The Impact of Political and Economic Reform on India’s Federal System*, New Delhi, Sage Publications, 2002, p. 26

¹⁴⁷Balveer Arora, “India’s Experience with Federalism: Lessons Learnt and Unlearned”, A paper presented at an international seminar on *Constitutionalism and Diversity in Nepal*, Organized by Centre for Nepal and Asian Studies, TU in collaboration with MIDEA Project and ESP-Nepal, 22-24 August 2007, Kathmandu, Nepal, p-04

¹⁴⁸Ibid.

¹⁴⁹Balveer Arora, K.K. Kailash, Rekha Saxena and H. Kham Khan Suan, “Indian Federalism”, Chapter-3 in K.C. Suri and Achin Vanaik (eds.), *Indian Democracy*, Oxford University Press, New Delhi, 2013, p-104

¹⁵⁰Ibid., pp-139-104

This liberalization process not only trends towards inter-jurisdiction competition but also reflects the emergence of multilevel government process in the federal structure.¹⁵¹ The decentralization process has brought a democratic governance process. The inter-governmental institutions like Inter-State Council has been attempting to hammer out a federal consensus. According to Daniel Elazar federalism goes beyond mere decentralization and is attempting for non-centralization. It refers the existence of multiple centers of power, both vertically and horizontally.¹⁵² This involves the dispersal of powers not merely in spatial terms but also in terms of the autonomy of all-India institutions such as the Reserve Bank of India, the Election Commission and the Comptroller and Auditor General. Their non-partisan functioning is essential for securing the non-centralization conducive to effective federalism. The role of the National Human Rights Commission (NHRC) and the National Commission for Minorities (NCM) in promoting a civic culture reflects favorable to federal principles. A new trend has been created with associating the leader of the opposition in appointments to certain independent institution like Central Vigilance Commission, Director of CBI, etc. This implies valuable contribution to the de-concentration and dispersal of power.¹⁵³ It can be safely stated that, by and large, the politics of federalism on economic front started gradually moving away from the conventional confrontationist path of the late seventies and eighties to the path of co-operative reforms through developmental politics. The political ethos of coalition governments possessed the in-built element of 'accommodation'. The spirit of co-operation and the direct involvement of regional parties in federal administration gradually shifted in a good measure their mindset away from confrontation with the Centre and to reach to a sort of conciliation, at the national level. On the other hand, the weakening of the national parties at the regional and sub-regional level in electoral politics compelled them also for conciliation and coordination with their regional counterparts and to accept sharing of power with them at the Centre. There was realization from the side of the national parties that the time had come when the federal government had to be

¹⁵¹ Ibid., p-100

¹⁵² Rudolph, Lloyd I. and Susanne Hoeber Rudolph (2010), 'Federalism as State Formation in India: A Theory of Shared and Negotiated Sovereignty', *International Political Science Review*, vol. 31, No. 5, pp. 01–21

¹⁵³ Balveer Arora, K.K. Kailash, Rekha Saxena and H. Kham Khan Suan, "Indian Federalism", Chapter-3 in K.C. Suri and Achin Vanaik (eds.), *Indian Democracy*, Oxford University Press, New Delhi, 2013, p-104

more receptive to accommodate regional aspirations. It was this realization at both ends that provided the much required stability to coalition politics at the Centre. Equally, it can be safely reasoned that coalition governments in their own way stabilized the federal spirit in the polity. This phenomenon was aptly articulated by the former Prime Minister, Atal Behari Vajpayee, in his address at the Columbia University, New York, USA, on September 24, 2003, in the following words: “It is also my conviction that the new experience of successful coalition governments in India has been ideal for democratic governance, balancing divergent views and accommodating regional and sectoral interests more effectively.” The third and other eventful consequence of the political churning in federalism and its reform process was brought in by the 73rd and 74th Amendments in the Constitution in 1992 which provided the third-tier of local administration with a view to achieve the objective of taking governance closer to the people in a political reality. Panchayati Raj is a system of local self-government wherein the people take upon themselves the responsibility for development. It is also a system of institutional arrangement for achieving rural development through people’s initiative and participation. Panchayati Raj involves a three-tier structure of democratic institutions at district, block and village levels namely, Zila Parishad, Panchayat Samiti and Gram Panchayats respectively. While working for local level development, these institutions are considered as training ground for democracy and give political education to the masses. These institutions were based on the philosophy of decentralization and ‘gram swaraj’. Rural development plans and programmes are implemented at this level so that fruits of development can accrue to the community directly.¹⁵⁴

During this period epoch making consequences were not only found to the federal system but also to the political economic ethos of practicing and transparent democracies around the world and to India in particular. This period stood testimony for two basic changes in the conduct of federal relations. In the first place the States began to accept, *prima-facie* and in principle, the concept of ‘Strong Centre with Strong States’. The States, barring opposition by some political parties, started supporting the Centre’s initiatives for gradual disengagement in the public sector

¹⁵⁴Commission on Centre- State Relations, “The Present Commission on Centre-State Relations” *Evolution of Centre-State Relations in India*, Chapter-7, Report, Vol. I, New Delhi, 31st March 2010, pp. 88-89.

involvement and resource mobilization programmes for funding the Annual and Five Year Plans. Support was also elicited for the encouragement and involvement of the private sector in a major partnership manner in the implementation of plan schemes including infrastructure projects. In that climate, the States also felt unshackled in their signaling and pro-active approach for eliciting foreign direct and other investment alternatives. From the Centre's end, State units were facilitated to directly negotiate for Foreign Direct Investment (FDI) alternatives in the development projects under overall guidelines.¹⁵⁵

At this socio-economic and political juncture, the Government of India set up a Commission on Centre-State relations headed by Justice Madan Mohan Punchhi on April 27, 2007 to look into the new issues of Centre-State relations with a view of the changing polity and economy of the country.

2.5.3.1: Commission on Centre-State Relation (M. M. Punchhi Commission)

The factors like economic liberalization, coalition government, evolution of third tier of the government and serious concerns about internal security led the government to appoint a new Commission on Centre-State Relations in 2007. During this period it was realized that the necessity for greater cooperation both at Centre and State level in regard to check the terrorism activities, naxalism which has been great threat to inter security. In addition to this some other issues like inter-state water disputes, resource sharing, problem related execution of mega projects etc., also has impacted the necessary for evolution of such Committee. Even in the political sphere the demand for fresh look on overall Centre-State relation has evolved not only from the partners of coalition government like DMK, CPI (M) and some of the State Governments. The previous commission was demand driven in the sense that the main opposition parties and non-congress government in various States were demanding for review of overall constitutional schemes of Centre-State relations but this Commission is a voluntary and suo motu step by the Government.¹⁵⁶

¹⁵⁵ Ibid., p.87

¹⁵⁶ Ibid., pp.85-86

The commission examined and reviewed the working of the existing arrangements between the Centre and States, various judicial pronouncements of the Courts in regard to powers, functions and responsibilities in all spheres including legislative relations, administrative relations, role of governors, emergency provisions financial relations, economic and social planning, Panchayati Raj institutions, sharing of resources including inter-state river water, etc. With a number of recommendations, the report has been submitted with seven volumes in March 2010. The Commission has pointed out the excessively centralized nature of India.¹⁵⁷

Various volumes of the Commission have narrated various issues like first volume deals with the evolution of Centre-State relations. The second volume narrates the constitutional provisions covering recommendations regarding Article 19, 355, 365 and 263. The third volume deals with economic and financial relations covering recommendations include upgrading of the planning model to remove regional disparity and imbalances. The fourth volume gives recommendations in regard to 73rd and 74th amendments and sixth schedules. The fifth volume deals exclusively with internal security, covering issues like terror, naxalism, insurgency and communal violence. The sixth volume goes into environmental issues and resource sharing, particularly to rivers, minerals while seventh volume has dealt with social development and good governance.¹⁵⁸

The recommendations tried to address the growing challenges of ensuring good governance for promoting the welfare of the people whilst strengthening the unity and integrity of the country and of availing emerging opportunities for sustained and rapid economic growth for alleviating poverty and illiteracy in the early decade in the new millennium.

In the fourth and seventh volume Commission on Centre-State relation highlights various shortcomings and recommendation for improvement in regard to third tier of the local self-government, social development and good governance respectively. This third tier of local self-government has got constitutional status through 73rd amendment of the Indian constitution in 1992. This amendment has instructed the

¹⁵⁷ http://interstatecouncil.nic.in/second_ccsr.html, accessed on March 2014

¹⁵⁸ http://interstatecouncil.nic.in/ccsr_report.html accessed on March 2014

individual State Governments to pass appropriate legislation, since local government remained a State subject under the constitution and individual States have done so. These legislative initiatives are the beginning of a process of local government reform in India.¹⁵⁹The basic goal of the amendment was to establish a self-governance at the local level. It was realized that this can be possibly only through effective devolution of functions, funds and functionaries (3Fs) to the PRIs. This Commission reveals that there was uneven devolution of 3Fs as mentioned in the Constitution. Even various Ministries of Central government did not also reorient their Centrally Sponsored Schemes to provide a distinct role for local bodies.¹⁶⁰ Even the Second Administrative Reforms Commission (2nd ARC) observes that all the institutions which are created in Local Governance has failed to evolve as an effective institution like District Planning Committee (DPC). It noted that many State Acts do not contain provisions relating to the actual task of preparing development plans at all the levels of Panchayats as envisaged in Article. The Constitutional scheme of institutionalizing decentralized planning at the level of the Panchayats has not been realized. The 2nd ARC also highlighted like the Commission of Centre-State relation in related to devolution of 3Fs. The 2nd ARC also noted that the Planning Commission at the Centre and the State Planning Boards has also not evinced much interest in integrating State and local plans.¹⁶¹ Even the State Governments are not consulted at the stage of conception, design and rule making. States have been compelled to transfer their shares for straight-jacketed schemes. Not only they are compelled but sometimes the unilaterally increase of share also noted by the Commission. Such increase of share leads to the financial burden to States under the CSS. Such schemes have been not been considered State priorities and local realities. This implies that State Governments have reduced to mere implementing agencies with rigid guidelines. The conditionality tend to encroach legislative autonomy of States; even more when

¹⁵⁹M. Govinda Rao and Nirvikar Singh, "Federalism in India: Political Economy and Reform", Working Paper No. 108, *Center For Research on Economic Development and Policy Reform*, Stanford University, 579 Serra Mall @ Galvez, Landau Economics Building, Room 153, Stanford, CA 94305-6015,p-20

¹⁶⁰Commission on Centre- State Relations, "Situation Today", *Local Self Governments and Decentralized Governance*, Chapter-4, Report, Vol. IV, New Delhi, 31st March 2010, p.45

¹⁶¹Commission on Centre- State Relations, Report, "District Planning", *Local Self Governments and Decentralized Governance*, Chapter-5, Vol. IV, New Delhi, 31st March 2010, pp. 94-95.

transfers are made to local bodies.¹⁶²This process leads to an anomalous situation where the State Governments are deprived from their constitutional sanctioned role in certain facets of social and economic policy. This also restricts them to function effectively.¹⁶³

The policies formulated by the Centre and superimposed on States do not reflect the aspirations of the people and defy the participatory governance system. Participatory governance system is the objective of the decentralization process. The commission observes that due to the slow process of devolution of powers to local bodies, grass-root planning did not materialize effectively.¹⁶⁴ The commission also criticizes the ‘one policy fit all’ strategy for the welfare of the people and national development. This approach would sooner or later result in local agitations. The ad hoc amendments and emergent modifications in the policy sometimes dilute original objectives of the policy itself.¹⁶⁵

During this period Centre-State relation has been affected due to increase tendencies of direct interaction between Centre and local bodies through by passing the State Government institutions. Such interactions are even found in respect of State subjects. On the opinion of various States, the 73rd and 74th amendment has empowered local political leaders at the same time generated new political tensions and conflicts at grass-roots. The Commission also noted that recent growing tendency for transferring direct funds to the local bodies from the national government.¹⁶⁶ Since 2002-03, a considerable percentage of such transfers are sent directly to autonomous agencies like District Rural Development Agencies (DRDA) bypassing the States even in many CSSs the States are compelled to make matching contributions. This tends the local

¹⁶²Commission on Centre- State Relations, “Centrally- Sponsored Development Schemes and Federal Relations”, *Socio-Economic Development, Public Policy and Good Governance*, Chapter-5, Report, Vol. VII, New Delhi, 31st March 2010, pp.91-93

¹⁶³Commission on Centre- State Relations, “Socio-Political Developments and Its Impact on Governance”, *Socio-Economic Development, Public Policy and Good Governance*, Chapter-3, Report, Vol. VII, New Delhi, 31st March 2010, p.20

¹⁶⁴Commission on Centre- State Relations, “Migration, Human Development Schemes and Federal Relation”, *Socio-Economic Development, Public Policy and Good Governance*, Chapter-6, Report, Vol. VII, New Delhi, 31st March 2010, pp.100-01

¹⁶⁵Commission on Centre- State Relations, “Public Policy, Constitutional Governance and Public Administration”, *Socio-Economic Development, Public Policy and Good Governance*, Chapter-2, Report, Vol. VII, New Delhi, 31st March 2010, p.8

¹⁶⁶Commission on Centre- State Relations, “Socio-Political Developments and Its Impact on Governance”, *Socio-Economic Development, Public Policy and Good Governance*, Chapter-3, Report, Vol. VII, New Delhi, 31st March 2010, pp.18-19

officials to ignore the State Government on these Schemes. Such situation has been created because local officials have to coordinate directly with New Delhi in such schemes. The increase Central assistance is resulting in an expanding role of the Centre in the State sector through sidestepping the States and placing district functionaries directly under the control of the concerned central ministries. This assistance comes in form of the Additional Central Assistance which is not within the purview of the Gadgil formula or FC criteria. So, such allocation of resource comes under the discretion of concerned Ministries.¹⁶⁷ Such above trends reflects the Central Government is trying to keep direct contact and control over various implementation of programme in the district level bypassing the state administration. Such tendency of providing direct fund to local bodies and keeping out the state government at the stage of conception, design and rule making implies the implicit control by Centralization (national government).

2.6: Summing up

This chapter narrates the nature of federal state structure in India. It discusses various phases of the federalism in India. It also critically narrates various roles of the Union and State government through various institutions in related to the development programme. This chapter also raised various political, administrative and financial conflicts between the Union and State in the developmental issues. The critical analysis of various institutions reflects the centralized nature in various development issues and dominant nature of the Centre upon the State even after constitutionally demarcation of the subjects. The next chapter discusses various decentralized institutions in India and Odisha in particular.

¹⁶⁷ Commission on Centre- State Relations, “Centrally- Sponsored Development Schemes and Federal Relations”, *Socio-Economic Development, Public Policy and Good Governance*, Chapter-5, Report, Vol. VII, New Delhi, 31st March 2010, pp.91-92.

CHAPTER-3

Status of Panchayati Raj Institutions in India: A Case Study of Odisha

This chapter analyses the evolution of decentralized institutions in post-independence era which played a major role towards the implementation of various rural poverty alleviation programmes in India. Basically, it deals with the constitutional provisions like 73rd amendment and various articles towards panchayat Raj institutions which are taken as the process of democratic decentralization and people's participation with particular reference to Odisha. It also examines the status and hurdles of Panchayati Raj Institution towards self-government after constitutional recognition.

3.1: Introduction

Local self-governing institutions in rural India are playing a crucial role in the implementation of welfare programmes in the development scenario. These institutions have become instrumental in designing and implementing developmental plans for rural areas in keeping mind the available fiscal and human resources at its disposal. The 73rd Constitutional Amendment Act (CAA) of the Indian Constitution in 1993 has given constitutional status to these institutions with the objective to make them as 'institutions of self-government'¹. The power and functions of these institutions as described in the Indian Constitution has explicitly pronounced the significant of these institutions with regard to rural development, alleviation of poverty and making service delivery more effective. The commitment towards alleviation of poverty has been the defining characteristics of the Indian state from the time of the independence. The emergence of the Indian state after independence was deeply committed to industrialization, economic growth and a modicum of income redistribution.² Towards poverty reduction, decentralization was assumed as a process. The history of decentralization in independent India can be traced back to the Mahatma Gandhi's vision of gram (village) swaraj. The vision of gram swaraj refers to universal education, economic self-sufficient and village democracy.³

¹The term self-government is not defined in the Constitution. It does not refer to an autonomous government empowered to make laws, but refers largely to the limited space of the functional and financial domains assigned to local governments.

²Atul Kohli, *The state and Poverty in India: the Politics of Reform*, Cambridge university Press, Cambridge, 1987, p.62

³R. Prabhu & U R Rao (eds.), *Village Republic: the mind of Mahatama Gandhi*, Navjivan Press, Ahmedabad, 1960, pp. 246-247

3.2: Idea of Panchayati Raj

The idea of panchayat institution was perceived as people's institution during freedom struggle. The Indian National Congress considered it as the true voice of democracy. The major slogan 'gram swaraj' was coined by the Mahatma Gandhi during this period. But first draft of the India's Constitution did not mention any provision for panchayats even though Gandhiji had sought to make village panchayats as the very foundation of democracy in independent India. Such lacuna was highlighted in the letter of Dr. Rajendra Prasad, President of the Constituent Assembly to the then Law Minister, Dr. B.R. Ambedkar in 1948. This eventually led to the passage of a constitutional amendment as proposed by the well-known Gandhian, Shri K. Santhanam, on 25th November 1948 including village Panchayats in Part IV of the Indian Constitution containing non-mandatory Directive Principles of State Policy (DPSP). The amendment which was eventually numbered as Article 40 reads: "The state shall take steps to organize village panchayats and endow them with such power and authority as may be necessary to enable them to function as units of self-government." As it has included in the DPSP of the Indian Constitution, it was considered as an advisory in nature. Both industrialization and rural transformation through economic growth was committed by the Indian state after independence. So, the process of democratic decentralization was initiated to achieve these goal like rural transformation.⁴ Such process was initiated by successive government to make development process sustainable and pro-poor. The evolution of the local governance and commitment towards this by the state can be traced through evaluating the initiatives initiated by the successive government.

3.3: Evolution of Local Governance in India

To acknowledge the constitutional status in 1992-93, the Panchayati Raj institution has passed in several phases. In between, the successive government has set up various committees in this regard like Balwantarai Mehta Committee in 1957, K. Santhanam Committee in 1963, Ashok Mehta Committee in 1978, G. V. K. Rao Committee in 1985 and L.M. Singvhi Committee in 1986. The 73rd Amendment of the Indian Constitution came as a historical Act towards the decentralization in India

⁴ M. Aslam, "Panchyati Raj Institutions- A Retrospective", Chapter-2, in *Panchayati Raj in India*, National Book Trust of India, New Delhi, 2010,p-15-17

which has given constitutional status to the local elected representatives. The prime objectives of the three tier Panchayati Raj System are to alleviate poverty, uplift the standard of living of people in the rural areas, and bring about a healthy society by creating awareness for hygiene, sanitation and eradication of illiteracy. The thrust of policies and programmes of Panchayati Raj department is on all round economic development and social justice through empowerment in rural areas.

3.3.1: Balwantrai Mehta Committee

The first step which was initiated by the government towards decentralization came with the establishment of Balwantrai Mehta Committee. This committee came to existence due to the failure of the Community Development Programme (CD) which was initiated in 1952. Such programme was implemented for the socio-economic transformation in rural areas immediately after independence. The emphasis was on peoples' direct participation by monetary contribution and otherwise. The primary administrative unit was the Community Development Block and the Block Development Officer (BDO) became the most visible face of Government in matters concerning rural development and community upliftment. In this programme, the Government involvement became so intense and schemes so numerous that participation of elected local bodies in their management became superficial. The Second Five Year Plan attempted to correct the imbalance by recommending the drawing up of village plans with people participation and gradual transfer of implementation of government programmes to control of elected bodies at the district and sub district levels.⁵ To review and evaluate the programme, a committee was set up by the Central Government headed by Balwantrai G. Mehta in 1957. The Committee observed that "development cannot progress without responsibility and power. Community Development can be real only when community understands its problems, realize its responsibility, exercises the necessary powers through its chosen representatives and maintains a constant and intelligent vigilance on local administration". The committee recommended for the establishment of statutory

⁵Commission on Centre-State Relations, "Historical Evolution of Local Bodies", Chapter-2, in *Local Self-Governments and Decentralized Governance*, Report , Volume IV, New Delhi, March 2010, pp.11-12

elective local bodies with devolution of the necessary resources, power and authority. This committee also recommended for the three tier of the Panchayati raj system.⁶

3.3.2: Rise of Panchayati Raj (1959-64)

The National Development Council (NDC) had endorsed the basic principles of democratic decentralization which was enunciated in the Balwantrai Mehta report. The Panchayati Raj legislations were enacted in a number of States to give effect to the recommendations. So, during this period the term Panchayati Raj gained currency as a process of governance organically linking the will of the people from the Gram Sabha to the Lok Sabha. For the first time the then Indian Prime Minister Jawaharlal Nehru inaugurated the three-tier Panchayati Raj Institution (PRI) in Rajasthan on 2nd October, 1959. It came with two objectives i.e. democratic decentralization and local participation in planned programme. The state of Rajasthan and Andhra Pradesh were the first two States to adopt this PRI. The Panchayati Raj institutions (PRI) were set up almost all states of the country. However there were variations in the State legislations on the number of tiers as well as on devolution of functions.⁷

3.3.2.1: K. Santhanam Committee

It was realized that without real devolution of financial resources the PRI cannot become a local self-government. So, the next step towards creating local self-governance was initiated with the appointment of Santhanam Committee in 1963. This Committee was appointed to look solely at the issue of finance in the context of PRI. The committee recommended for the transfer of certain financial authority like the panchayat should have special power to levy special tax on land revenues, home tax, etc. The committee also suggested for all grants and subventions at the State level should be consolidated and untitled. It also suggested to set up Panchayat Finance Corporation which would look into the financial resources of PRIs at all three levels, provide loans and financial assistance to these grassroots level governments and also

⁶Planning Commission, *Committee on Plan Projects: Study Team* (Chairman Balwantrai G. Mehta), Government of India, New Delhi, 1957, quoted in M. Aslam, "Panchayati Raj Institutions- A Retrospective", Chapter-2, in *Panchayati Raj in India*, National Book Trust of India, New Delhi, 2010, pp-18-20

⁷Commission on Centre-State Relations, "Historical Evolution of Local Bodies", Chapter-2, in *Local Self-Governments and Decentralized Governance*, Report, Volume IV, New Delhi, March 2010, p.12

provide support for non-financial requirements of villages.⁸ Still the recommendations of this committee have impacted on the current debate on financial devolution.

3.3.3: Stagnation and Decline of Panchayati Raj (1965-77)

The initial euphoria for decentralization waned and the hold of government over the development programmes not only continued but also intensified and consequently the element of community participation was decreased or eliminated.⁹ By the end of 1977 it has been noticed the decline of the Panchayati Raj system. It has been found that the institution was in crisis with serious problems like change in the development priority, lack of clarity in the concept of local self-governance, lack of resources, lack of uniformity in the institutions and etc. Such lacunas were found in the institution because the resistance from the bureaucratic and political structure at the State level to share the power and resources with the local level institutions. It reflects that the power holders were not ready for devolution of power with people. At the same time the planners and the leaders at the national level were more focused with other development initiatives like Green Revolution in 1960's and Target Group Approach in the 70's. This was due to the socio-economic and political turmoil like food crisis, war with the Pakistan and China, rise of non-congress governments etc. As a result panchayat raj became stagnant during 1965-69 and declined during 1969-77.¹⁰ The institution was also affected due to the political conditions. During this period with the recommendations of the Jayaprakash Narayan Committee, the Ministry of Community Development was brought under the Ministry of Food and Agriculture, and in 1971 the title Community Development was dropped and replaced by Rural Development. Later during the end of 70's the planners tried to attempt for implementation of rural development through Panchayat Raj.

⁸ Panth, A.S. and O.P. Bohra, "Finances of Panchayati Raj Institutions", *Indian Journal of Public Administration*, January-March, Vol. XLI, Vol. 1, 1995, pp. 68-77

⁹ Commission on Centre-State Relations, "Historical Evolution of Local Bodies", Chapter-2, in *Local Self-Governments and Decentralized Governance*, Report, Volume IV, New Delhi, March 2010, p.12

¹⁰ M. Aslam, "Panchayati Raj Institutions- A Retrospective", Chapter-2, in *Panchayati Raj in India*, National Book Trust of India, New Delhi, 2010, p-23

3.3.4: Re- Emergence of Panchayati Raj (1978-1992)

With the change in the political scenario at the national level in 1977 the Ashok Mehta committee was set up to have a fresh look at the Panchayati Raj institution and to understand various loopholes in the system.

3.3.4.1: Ashok Mehta Committee

The Committee reiterated the need to see panchayats not merely as an agency of development but also as representative institution. The panchayats were to be visualized as the base of the democratic pyramid. In this regard, the Committee reviewed various recommendation and reports of the National and State level previous Committees and the evaluation report of the various welfare and development programmes. The committee after reviewing of the literatures and situation provided a philosophical treatment to the panchayat raj system. The Committee listed several loopholes for the decline of panchayat raj system like disassociation of the programmes of the development with the Panchayati Raj, role of the bureaucracy, lack of conceptual clarity, lack of political will and etc. The most significant recommendation of the committee was the two tier Panchayati Raj institution. The other major recommendations were like district should be the first point of decentralization under popular supervision below State level. The concept of district level planning was brought in and the Committee recommended that professionally qualified personnel should be stationed at the district level for the purpose. Zilla Parisad should be made responsible for planning at the district level. All the development functions relating to the district would have to be placed under the Zilla Parisad. Mandal/Block panchayat would be responsible for implementation of the schemes and projects assigned by the Zilla Parisad. The other suggestions were involvement of the political parties and election to Panchayati Raj bodies should be conducted by the Chief Election Officer of the State in consultation with the Chief Election Commissioner. The Committee report highlighted for recognizing constitutional status to Panchayati Raj institutions. In keeping with the spirit of the recommendation of the Asoka Mehta Committee, some States including West Bengal, Karnataka and Andhra Pradesh revisited their respective Panchayati Raj systems and undertook several new initiatives to endow local bodies with more powers which served as a prime inspiration and example for subsequent reform. But the Chief

Minister Conference in 1979 rejected the recommendations for two-tier Panchayati raj and followed the three-tier form of the Panchayati Raj.¹¹

During the regime of Mrs. India Gandhi, the panchayat was marginalized and weakened which noticed the absence of reference of Panchayat in various Programmes for rural development. Even a conventional chapter on ‘Community Development and Panchayat’ was absent from the document of the Planning Commission. About nine thousand crores outlays were allocated for rural development in the seventh five year plan (1985-90) without assigning the role of panchayats even in the programmes like Minimum Needs Programmes (MNP) related to rural sanitation, rural roads, rural health, rural housing, rural energy etc.¹²

3.3.4.2: G.V. K. Rao Committee

Given the changing the power structure in Centre, the then Prime Minister, Mr. Rajiv Gandhi had initiated seriously to empower the Panchayati Raj institutions. In this regard G.V. K. Rao Committee was set up in the year 1985 to review the existing administrative arrangements for rural development and poverty alleviation programme, to recommend appropriate structural mechanism and to ensure proper implementation of the programme in an integrative and effective manner by the Planning Commission. It also includes the role of the Panchayati Raj institutions, their relationship with proposed administrative set up and to make appropriate recommendations in this regard. The Committee observed that “States have been generally lukewarm to the process of democratic decentralization. In most of the States the Panchayati Raj bodies have been allowed to languish without powers and resources. The Committee was also of the opinion that the significant devolution of power and authority should be at the district level. They emphasized on the regular and periodic election for Panchayat institutions. The Panchayati Raj institution in the district and below level should be assigned an important role in respect of planning, implementation and monitoring of rural development programmes.¹³The committee

¹¹Ibid., pp.23-27

¹²V.N. Alok, “Panchayati Raj and Rural Development” Part-III, *Role of Panchayat Bodies in Rural Development since 1959*, Theme Paper for the Fifty-Fifth Members’ Annual Conference, Indian Institute of Public Administration, New Delhi, October 22, 2011, p.12

¹³Department of Rural Development, *Report of the committee to Review the Existing Administrative Arrangements for Rural Development and Poverty Alleviation Programmes*, Ministry of Agriculture, New Delhi, December 1985, pp-76-79

believed that development can only be possible with the participation of the large number of the people. In this regard adequate devolution of powers and financial resources are essential.¹⁴ However in spite of recommendation of the above all Committees, the problems of proper devolution and not holding regular elections was continued. It seems due to lack of constitutional mandate no proper devolution of powers and resources has been occurred. The second wave of reforms also petered out. Neither the structure was allowed to stabilize, nor was it endowed with enough powers.¹⁵

3.3.4.3: L.M. Singhvi Committee

The third wave of reforms towards decentralization was initiated in June 1986 with the setting up of a Committee under the chairmanship of the Jurist Dr. L.M. Singhvi. Such Committee was set up to prepare concept paper on revitalizing of Panchayati Raj institution. The Committee observed the continuation of structural weaknesses and reluctance of many States to conduct timely elections was the basic loopholes in the institutions. It recommended for constitutional status to local self-government through protecting and preserving by inclusion of a new chapter in the Constitution. The Committee was of the view that “it has been a fundamental error to regret PRI primarily as convenient tools for administrative programmes and development projects. Such step had led to downgrading of the role of these institutions as units of self-governance and hammering and hampering both democracy and development”. The committee was of the opinion that the concept of village panchayats as units of self-government is central and integral to the constitutional mandate. The committee emphasized on the importance of the Gram Sabha and considered it as the embodiment of direct democracy. The major recommendations of the Committee is to sanction constitutional status of the PRI as third-tier of the government, free, fair and regular period election, participation of political parties should be discouraged, proper ways should be developed for adequate financial resources for proper function of PRI

¹⁴ M. Aslam, “Panchayati Raj Institutions- A Retrospective”, Chapter-2, *Panchayati Raj in India*, National Book Trust of India, New Delhi, 2010, pp-28-29

¹⁵ Commission on Centre-State Relations, “Historical Evolution of Local Bodies”, Chapter-2, in *Local Self-Governments and Decentralized Governance*, Report, Volume IV, New Delhi, March 2010, p.13.

and etc. The Committee was of the view that substantial training and resource should be provided to strengthen the PRI and building democratic institution.¹⁶

3.3.4.4: Sarkaria Commission

During this period the First Commission on Centre-State Relations had also recommended legislative measures to stabilize the system of local government. It also recommended strengthening of local bodies financially and functionally. The Commission also emphasized on the regular and periodic election for PRI. A notable recommendation was the creation of a body akin to the Finance Commission at the State level for devolution or transfer of resources to the districts on an operational and objective basis.¹⁷

3.3.4.5: Other Committees

Not only the above Committees but also other Committees recommended to provide constitutional status for the local self-governance. The sub-committee of the consultative Committee of Parliament under the Chairmanship of P. K. Thungon recommended for constitutional recognition of the PRI in 1988. In same manner a Congress Committee headed by V. N. Gadgil in the year 1989 also recommended for three-tier of PRI, a fixed tenure of five year and reservation of Scheduled Castes, Scheduled Tribes and women. These recommendations became the basis for drafting the constitutional amendment bill.¹⁸

3.3.4.6: Constitutional Amendment Bills

The recommendations of various Committees and Commissions led to realization that there was a need to create a strong third-tier of governance with constitutional status. This third tier institution will facilitate the possibility of rural communities influencing their own path of development. To materialize this, it was considered necessary to give constitutional status to this institutions. The then Prime Minister Mr. Rajiv Gandhi was always in favor of democratization of all institutions. So, emphasis

¹⁶L. M. Singhvi Committee: 1986, *Revitalizing of PRI for democracy and development*, Extract from Reports on various Committees on Panchayati Raj Institutions, New Delhi, February 1989, pp. 41-455

¹⁷Ministry of Panchayati Raj, *Planning at the Grassroots level: An Action Programme for the Eleventh Five Year Plan*, Report of the Expert Group, Government of India, New Delhi, March 2006, New Delhi, pp. 04-15

¹⁸ M. Aslam, "Panchayati Raj Institutions- A Retrospective", Chapter-2, in *Panchayati Raj in India*, National Book Trust of India, New Delhi, 2010, p-32

was given to strengthen the process of democratization through empowering the Panchayati Raj Institution (PRI). In his speech during the 13th All India Panchayat Parisad meeting in 1986 he said “If we continue to devise schemes from above, large sections of population will be left high and dry, and flow of benefits from development will pass over their heads like water on a duck’s back for it is not possible for the government agencies to reach every individual and to guide and tell him to do this or that”.¹⁹ The vision of Rajiv Gandhi was people must determine their own destinies as well as the destiny of the nation. In realization to development of rural areas Rajiv Gandhi observes “Development does not mean merely the development of cities. Development has to mean the development of our villages. This can best be achieved through Panchayat Raj. The community must decide for itself what activity would be beneficial to it”.²⁰ His regime reflects steps were initiated towards more democratization of institutions through devolution of powers and authorities. In this regard the 64th and 65th Constitution Amendment Bills were introduced in July 1989. It proposed the legislature of State could by Law endow the panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government.²¹ These bill however could not be passed in the Rajya Sabha. A combined Constitution Amendment Bill covering rural and urban bodies could also not go through because of dissolution of the Lok Sabha in 1990 which was introduced by the National Front Government.²²

3.3.5: Seventy-Three Constitutional Amendment Act (CAA), 1993

The changing power scenario does not affect the determination of the nation towards the process of decentralization. So, finally the Panchayati Raj bill was drafted and introduced in the Parliament as 73rd Amendment Bill. This amendment bill was passed by the Parliament in December 1992. After ratification by more than half number of the state governments as required and the assent by the President, the Act

¹⁹ M. Aslam, “The Constitution (73rd Amendment) Act, 1992 & the provisions of Panchayats (Extension to the Scheduled Areas) Act, 1996”, Chapter-3, in *Panchayati Raj in India*, National Book Trust of India, New Delhi, 2010, pp. 36-37

²⁰ Publication Division, *Rajiv Gandhi, Selected Speeches and Writings*, Vol. II, Government of India, New Delhi 1992, pp.45-46

²¹ M. Aslam, “The Constitution (73rd Amendment) Act, 1992 & the provisions of Panchayats (Extension to the Scheduled Areas) Act, 1996”, Chapter-3, in *Panchayati Raj in India*, National Book Trust of India, New Delhi, 2010, pp. 37-38

²² Commission on Centre-State Relations, “Historical Evolution of Local Bodies”, Chapter-2, in *Local Self-Governments and Decentralized Governance*, Report, Volume IV, New Delhi, March 2010, p.13.

came into force in mid-1993.²³The basic intention of the Act was to empower and democratize India's rural representative bodies i.e. the Panchayats. The 73rd Amendment of the Constitution of India formally recognizes a tier of government at the sub-state level, thereby creating the legal sanctions for local self-rule or Panchayati Raj.²⁴

These Act introduced the parts IX and IXA containing Articles 243 to 243 ZG and added the Eleventh and Twelfth Schedules in the Constitution of India. The Articles 243-243O of the Constitution describes the power and functions of various organs of panchayats. The primary role of the panchayats will be in the area of development. Planning and implementation of various developmental programmes related to economic development and social justice ought to be the focal points of their activities. The power, authority and responsibilities of the three levels of panchayats are laid down in Article 243G, 243H, 243I and 243Z through the amendment.²⁵

These institutions and Articles in the Constitution was a process of democratic decentralization. Democratic decentralization means a system of governance in which citizens possess the right to hold local public officials accountable through the use of election, grievance meetings and other democratic means. The PRI has received so much importance and necessity because the Central and State agencies have lack the 'time and place knowledge' to implement policies and programmes that reflect people's 'real' needs and preferences. It creates institutions more accountable to local citizens and more empowerment of local citizens and meet more appropriate to local needs and preferences. Moreover, the power to decide local development initiatives is often highly dependent on a State apparatus that respects the autonomy of local political institutions. Decentralization is thought to create the conditions for a more pluralist political arrangement, in which competing groups can voice and institutionalize their interests through local democratic forums. The democratic decentralization is also predicated upon the notion that greater participation in local political affairs. This will improve the quality and reach of government services, particularly ones aimed at improving the lives of poor and politically marginal groups

²³Ibid.

²⁴Johnson, Craig, "Decentralization in India: poverty, politics and panchayati Raj", *Working Paper 199*, Overseas Development Institute, London, UK, 2003, p. 01

²⁵Ministry of Law and Justice, *The Constitution of India, Government of India*, New Delhi, December, 2007, pp. 129-37

in society. The democratization and empowerment of local bodies can enhance participation in decision-making forum, particularly among groups that have traditionally been marginalized by local political processes.²⁶

This process of decentralization or direct local democracy is based on the principle of 'Cooperative Federalism' which means decentralized implementation based upon harmonious understanding between the three tiers of governance i.e. Center, State and Local. This was the basic premise of India's Ninth Five Year Plan. The 73rd Constitutional Amendment have ushered in the present phase where panchayats are described as institutions of local government, and are expected to prepare plans for economic development and social justice.²⁷

3.3.6: Structure of Panchayats

As per the Constitution, three tier of Panchayats are to be constituted, except in States with the population less than 20 lakhs where Panchayats at two tiers may be created as per Article 243B. Direct elections are to be held to seats at all the three tiers of Panchayats and indirect elections are to be held to the offices of chairpersons of block and district Panchayats. However, decision whether chairperson of Gram Panchayats are to be elected directly or indirectly, is left to the States as per Article 243C. The Constitution recognizes the institution of Gram Sabha i.e. a body consisting of all the electors in a village panchayats as per Article 243A. Elections to Panchayats are to be held in every five years as per Article 243E. Article 243 D (1), (2), (3) and (6) narrates various reservation policy in the Panchayati Raj institutions.²⁸

3.3.7: Supporting Constitutional Bodies

Article 243K and 243I mention about the supporting Constitutional bodies like State Election Commission and State Finance Commission. The State Election Commission is to be constituted with the superintendence, direction and control of the preparation of electoral roll and the conduct of election to the Panchayats. The second constitutional body i.e. State Finance Commission is to be constituted in every five

²⁶Johnson, Craig, "Decentralization in India: poverty, politics and Panchayati Raj", *Working Paper 199*, Overseas Development Institute, London, UK, 2003, pp. 01-07

²⁷Decentralization in India : Challenges & Opportunities, Executive Summary, Discussion Paper-1, Human Development Resource Center, United Nations Development Programme, New Delhi,

²⁸Ministry of Panchayati Raj, *Panchayati Raj Institutions Gateway to Sushasan (Good Governance)*, Chapter-1, E-Book, Government of India, New Delhi, Jan, 2015, p. 02

year to make recommendations to the Governor regarding the distribution between the State and Panchayats of the net proceeds of taxes, duties, toll, fees, etc., the determination of taxes, duties, tolls and fees which may be assigned to or appropriated by, the panchayats, and grants-in-aid to the Panchayats from the Consolidated Funds of the States, as well as measures needed to improve the financial positions of Panchayats.²⁹

3.3.8: Ministry of Panchayati Raj (MoPR)

The Ministry of Panchayati Raj (MoPR) was set up in May 2004 to ensure implementation of the provisions of Part IX of the Constitutions, provisions regarding the District Planning Committees as per Article 243ZD and PESA by the States and UTs. The Ministry's vision is to attain decentralized and participatory local governments through PRIs. The Ministry's mission is empowerment, enablement and accountability of PRIs to ensure inclusive development with social justice and efficient delivery of services. The Ministry advocates greater devolutions of powers and responsibilities by States and in implementation of CSS through systematic activity mapping. It also advocates for building the capacities of Panchayats and promoting transparency and accountability of Panchayats.³⁰

3.3.9: Role of State in PRIs

With the 73rd Amendment Act 1993, elected Panchayats for rural areas became mandatory as per Part IX of the Constitutions. However 'Panchayats' being the State subject³¹ detailed provisions regarding the Panchayati Raj system in a State is contained in the respective State/UT Panchayati Raj Acts.³²

Within the broad framework of the 73rd Constitutional Amendment Act, State legislature plays a critical role in determining various aspects of Panchayati Raj in the State. The detailed provisions regarding the structure and functioning of Panchayats are contained in various State Acts. The decision on the extent of devolution of powers to Panchayats has been left to the State legislature. Powers to impose taxes by

²⁹Ibid., p. 4

³⁰Ministry of Panchayati Raj, "Key issues and Thrust Areas of MoPR", Chapter-2, *Panchayati Raj Institutions Gateway to Sushasan (Good Governance)*, E-Book, Government of India, New Delhi, Jan, 2015, pp.06-08

³¹ Article 246 read with List II- State List of the Seventh Schedule

³²Ministry of Panchayati Raj, *Panchayati Raj Institutions Gateway to Sushasan (Good Governance)*, Chapter1, E-Book, Government of India, New Delhi, Jan, 2015, p. 01

and provision of funds is to be determined by State (Article 243H). States play a critical role in building panchayat capacities and in creating an appropriate framework for accountability and transparency.³³ As per Article 243G of the Constitution, the State Legislature are to be consider devolution of functions to the Panchayats including the 29 matters illustratively set out in the Eleventh Schedule. States vary in the extent to which they have devolved powers to the Panchayats. States such as Kerala, Karnataka, Maharashtra, Gujurat and West Bengal have devolved substantial powers to Panchayats. In Kerala, 25% state plan funds are provided to the Panchayats. However, many states the devolution of powers to Panchayats is minimal. It has been realized that the devolution to Panchayats is essential for sustainable decentralization and inclusive development.³⁴ For effective function of PRI, a clear cut delineation of functions for each level of the local government is necessary. Clarity on the role and responsibility of the Panchayats of different tiers is provided by ‘activity mapping’³⁵ which becomes an important step in the devolution of functions to the Panchayats. A good activity mapping would clearly identify where competence, authority and accountability i.e. MoPR has supported States in preparing activity maps to delineate the roadmap for devolution.³⁶

3.4: Evolution of Panchayati Raj in Odisha

Panchayati Raj Institutions have emerged as the powerful institutions for rapid, sustainable development and socio-economic transformation in rural Odisha. It has an integrated prospective towards improving the quality of lives and ensuring equity and effective peoples’ participation in rural areas. Panchayati Raj Department of Odisha is working towards achieving these goals through which rural people can avail the most basic minimum requirements of life i.e. roti (Food), kapada (Dress) and makan (House) along with other social-economic and development avenues. To achieve this goal this department is implementing various schemes/programmes with funding of

³³Ibid., p. 4

³⁴Ministry of Panchayati Raj, “Devolution of Powers to Panchayats”, Chapter-3, *Panchayati Raj Institutions Gateway to Sushasan (Good Governance)*, E-Book, Government of India, New Delhi, Jan, 2015,p. 10

³⁵Active Mapping means unbundling of subjects or sectors and assignment of various activities to the different levels of government on the basis of clear principles of public finance and public accountability and above all the governance principles of subsidiarity, democratic decentralization and citizen centric.

³⁶ Ministry of Panchayati Raj, “Devolution of Powers to Panchayats”, Chapter-3, *Panchayati Raj Institutions Gateway to Sushasan (Good Governance)*, E-Book, Government of India, New Delhi, Jan, 2015, pp. 10-11

Ministry of rural development, Ministry of Panchayati Raj, and Finance Commission awards along with some state plan and schemes.³⁷ But the PRI in Odisha have a long history.

In post-independence period, several provincial government took steps to organise village panchayats following the concept of 'Gram Sabha' by Mahatma Gandhi. These village Panchayats were organised as units of local self-government to carry out certain functions to meet the requirement of the people at the grassroots level.

3.4.1: The Orissa Gram Panchayats Act, 1948

Odisha was one of the few states in the Indian republic to pass the Orissa Gram Panchayat Act 1948 to establish local self-government towards ensuring people's democracy at the village level.³⁸ The objective of the Act was to safeguard and preserve the tradition and customs of the people, cultural identity, community resources and customary mode of dispute resolution and in harmony with basic tenets of the constitution and human rights.³⁹ This was the first legislation which narrated power and functions of Grama Panchayats in the State of Odisha. All the previous Acts were consolidated in the Odisha Local Self- Govt. Act, 1950 which was enacted to establish the district boards.⁴⁰ The initiative like establishing Panchayat covering an entire district or a sub-division was adopted from the year 1952-53 by the Government of Odisha. During this period fifty gram panchayats had been constituted in different parts of Orissa. After introduction of Community Development programme, Panchayat Samiti and Zilla Parishads were established in place of taluk and District boards.

3.4.2: The Orissa Anchal Sasan Act, 1955

The Orissa Anchal Sasan Act was passed in 1955 under the Chief Ministership of Nabakrishna Choudhury. Such Act was implemented to eradicate the Zamindari system. The basic objective of the Act was to deliver power to local-self-government

³⁷Outcome Budget-2010-11, Government of Odisha, Panchayati Raj Department, Government of Odisha, Bhubaneswar, p. 34

³⁸Taskforce on Panchayati Raj, *Panchayati Raj in India, Status Report 1999*, Rajiv Gandhi Foundation, New Delhi, March, 2000, pg. 168

³⁹<http://odishapanchayat.gov.in/english/Act.asp> accessed on 3rd March 2014

⁴⁰ Ganapathy Palanithurai (ed.), *Dynamics of New Panchayati Raj System in India: Select states*, Concept Publishing House, Delhi, 2002, p. 40-45

and make more accessibility of facilities to the ordinary people. However, Orissa Anchal Sasan Act, 1955 was not properly implemented.⁴¹This Act was repealed after the introduction of three-tier Panchayati Raj system as per recommendation Balwantrai Mehta Committee in 1959.

3.4.3: Panchayat Samiti and Zilla Parishad Act, 1959

As per the Balwantrai Mehta Committee report, Orissa Panchayat Samiti and Zilla Parishad Act 1959 were passed in the year in the year 1961 (Orissa Act 24 of 1961). Thus in the year 1961, three tiers of Panchayati Raj Institutions were introduced in Odisha. At the time of inauguration Panchayat Raj in 1961 the then Chief Minister Biju Patnaik said “The objective of this new experiment is noble and so is the work involved. Panchayat Raj will remove poverty illiteracy and diseases. Reluctance to surrender power to them will be a continuing challenge for future leadership”.⁴²Under the Zilla Parisad and Panchayat Samiti Act of 1959 in Orissa, Panchayati Samiti was introduced at the block level with an elected non-official as chairman and the Block Development Officer as chief executive officer of the Samiti. The Act also introduced a Zilla Parisad at the district level with an elected chairman. The Zilla Parisad was empowered to examine and approve the budgets of the Samitis, distribute funds among them as allotted by the state and the central government, advice government on all matters relating to development scheme and co-ordinate and consolidate the plans prepared in respect of each block into district plan for development.⁴³But during the period 1958 to 1961, Blocks were established in selected areas and Zilla Parishads were not constituted immediately.⁴⁴

3.4.4: Orissa Gram Panchayat Act, 1964

Later in 1965, Orissa Gram Panchayat Act, 1964 was passed with consolidating all the laws relating to Gram Panchayats in Odisha. Under this Act, elections were held in 1967 to the Gram Panchayats while the Panchayat Samitis (PSs) and Zilla Parishads (ZPs) were reconstituted. Through this Act the State Government was

⁴¹ Ibid., p. 46-47

⁴² Ibid, p. 50

⁴³ Taskforce on Panchayati Raj, *Panchayati Raj in India, Status Report 1999*, Rajiv Gandhi Foundation, New Delhi, March, 2000, pg. 168

⁴⁴ Ganapathy Palanithurai (ed.), *Dynamics of New Panchayati Raj System in India: Select states*, Concept Publishing House, Delhi, 2002, p. 55

empowered to establish and constitute the Gram, Gram Sasan, Gram Panchayat, Gram Sabha and the Palli Sabha. The Act also provided a long list of obligatory and discretionary functions to be performed by the Gram Panchayats (GPs) such as sanitation, registration of deaths and births and marriages, relief activities during natural calamities etc. The provision of the Act empowers the Gram Sabha to prepare the annual budget for the Gram on the basis of recommendations received from the various Palli Sabhas.⁴⁵

But with the changes in government and different political parties coming to power GPs and PSs were dissolved very often and each time fresh elections were held in 1967, 1970, 1975, 1984, and 1992. Many times elections were not held and there were not Panchayat Bodies. ZP was abolished in 1968 by way of an amendment to PS and ZP Act. The ZP was replaced by a District Advisory Council. The District Advisory Council was superseded by the District Development and Planning Board in 1970.⁴⁶ Until 1967, there were widespread attempts to capture PRIs by political parties in power. So, the fate of PRIS has fluctuated with the fluctuating fortunes of governing parties.⁴⁷ Much later in 1991, the Zilla Parishads were activated by an Act called the Odisha Zilla Parishad Act, 1991.⁴⁸

The government of Odisha had already incorporated some of its important provisions such as reservation for women, schedule caste and schedule tribes in its existing Panchayati Raj Acts before 73rd constitution amendment came into force. The election to the Gram Panchayats and Panchayat Samitis (first two tiers) in Odisha had been held before the seventy third amendment came into force. Accordingly, Orissa became the first state to introduce one-third reservation for women and to increase in the standard of life of these deprived, ignorant, ill-fed, unemployed people cannot be

⁴⁵Ibid

⁴⁶Taskforce on Panchayati Raj, *Panchayati Raj in India, Status Report 1999*, Rajiv Gandhi Foundation, New Delhi, March, 2000, pg. 168

⁴⁷C.D.Adhikary, "Local Government, Participation and future of National Democracy- A Critical Look", *IASSI quarterly*, Vol. 27, Nos. 1 &2, 2008, pp-129-134

⁴⁸ Ganapathy Palanithurai, eds. *Dynamics of New Panchayati Raj System in India: Select states*, (Delhi: Concept Publishing House, 2002, pp. 67-87

over emphasized. This has been one of the most formidable and fundamental aspects of India's development efforts.⁴⁹

Pursuant to the 73rd Constitutional Amendment Act, 1992, Odisha has suitably amended the existing laws relating to Panchayats, which include the Orissa Zilla Parishad Act, 1961, the Orissa Panchayat Samiti Act, 1959 and the Orissa Grama Panchayat Act, 1964. As per the implications of 73rd Amendment Act, the new Panchayati Raj Acts of Orissa came into force from April, 1994. At the time of amending the various PRI Acts as per 73rd Amendment, the then Chief Minister Biju Patnaik spoke that "Let the people rule themselves, let them check out plans/schemes for the improvement of their respective areas and let them execute their plans was the hallmark of Panchayati Raj administration".⁵⁰ Orissa Gram Panchayat Act 1964 has been amended permitting extensive power to 'Gram Sabha' according to G.P. Rule 5 (3) with regard to approval of schemes, selection of beneficiaries, discussion of G.P. budget, tax proposals, convention of 'Gram Sabha' etc.⁵¹ The Orissa Government made three separate Acts for each tier for convenience of Panchayati Raj administration. The State Assembly passed the required conformity Acts in 1994, 1995 and 1997 to set in place the present form of the 3-tier system of Panchayati Raj consisting of *Zilla Parishad* at the district level (ZP), *Panchayat Samiti* at the block level (PS) and *Grama Panchayat* at the village level (GP). The Constitution Amendment mandates political empowerment of the PRIs leaving issues of design and implementation on sectoral, administrative and fiscal aspects of decentralization to the States. The Panchayati Raj department in its present form was created in the year 1994. The basic objective of the department is rural development and poverty alleviation. However, despite adoption of the 73rd Constitutional Amendment, the PRIs election was held in latter 1995 due to political reasons.⁵² Biju Patnaik was most emphatic about the participation of women in the Panchayati Raj system. He

⁴⁹Panchayati Raj Department, *Annual Report 2008-09 & 2009-10*, Government of Orissa, State Institute for Rural Development, Bhubaneswar, Odisha, p-04

⁵⁰ TusharKanta Pattanaik, "Panchayati Raj and BijuBabu" , *Orissa Review*, February-March, 2006 Accessed on 27.11.2013, URL: <http://orissa.gov.in/e-magazine/Orissareview/Feb-March2006/engpdf/Panchayati%20Raj%20and%20Biju%20Babu.pdf>

⁵¹Taskforce on Panchayati Raj, *Panchayati Raj in India, Status Report 1999*, Rajiv Gandhi Foundation, New Delhi, March, 2000, pg. 168

⁵² C.D.Adhikary, "Local Government, Participation and future of National Democracy- A Critical Look", *IASSI quarterly*, Vol. 27, Nos. 1 &2, 2008, pp-129-134

announced that for the first time in the history of independent India, women will be given 33 per cent reservation in the three-tier Panchayati Raj institutions.⁵³

Orissa Gram Panchayat Act empowers the Gram Sabha to select the projects, beneficiaries and implementation of programmes. It also considers the budget proposal and level of taxes. For ensuring efficiency and transparency, the Gram Panchayat Act has been amended in 1997, again in 1999 as Orissa Gram Panchayats (Amendment) rule, 1999. Through this Act Gram Sabha empowered to perform a wide variety of functions such as, (i) identifying anti-poverty programme beneficiaries and mobilizing mass participation, (ii) gram sabha approves the plans, programmes and projects for social and economic development before those are taken up for implementations by the gram panchayat, (iii) it has the power to identify and select persons as beneficiaries under the poverty alleviation or similar other programme, (iv) it approves the annual budget for the Panchayat including the supplementary budget and (v) gram sabha organizes community service and drawing up and implementation of agricultural production plans. In the year 2002, election to three-tiers of Panchayati Raj Institutions held in conformity with 73rd amendment.⁵⁴

3.4.5: Structure of Panchayati Raj Institution in Odisha

Zilla Parisad and District Rural Development Agencies (DRDA) at the district level, Panchayat Samiti at the block level, gram panchayat are the existing institutions through which Panchayati Raj Department activities are being carried out. In Odisha the District panchayat, Intermediate panchayat and village panchayat has been named as Zilla Parisad, Panchayat Samiti and Gram Panchayat respectively. In present there are 30 Zilla Parisads, 314 Panchayat Samitis and 6234 Gram Panchayats.⁵⁵ At the District level, the Zilla Parishad (ZP) is constituted by the elected representatives headed by the president with the District Collector as the Chief Executive Officer (CEO). Under the CEO, one Executive Officer (EO) discharges day-to-day administrative functions of the Zilla Parishad. The Panchayat Samiti (PS) functioning at the Block level is composed of elected representatives headed by the chairman of

⁵³ Tushar Kanta Pattanaik, "Panchayati Raj and Biju Babu" , *Orissa Review*, February-March, 2006 Accessed on 27.11.2013, URL: <http://orissa.gov.in/e-magazine/Orissareview/Feb-March2006/engpdf/Panchayati%20Raj%20and%20Biju%20Babu.pdf>, accessed on 02/07/2014

⁵⁴ <http://www.odishapanchayat.gov.in/English/departement.asp> accessed on 02/07/2014

⁵⁵ Panchayati Raj Department, *Annual Report 2008-09 & 2009-10*, Government of Orissa, State Institute for Rural Development, Bhubaneswar, Odisha, pp-03-05

the PS with the Block Development Officer (BDO) as the executive head. At the Gram Panchayat (GP) level, the elected members headed by a Sarpanch constitute the GP. The State Government by legislation has declared the Village Level Worker (VLW) as the Executive Officer entrusted with general superintendence and overall control of the GP who discharges his duties under the supervision of the District Panchayat Officer (DPO). At present there are 30 Zilla Parisads, 314 Panchayat Samitis and 6234 Gram Panchayats.

Government of Odisha was committed to strengthen PRIs as institutions of self-government through various Acts, Amendments and executive orders. Detailed order regarding devolution of functionaries to the Panchayati Raj Institution was issued under the signatures of the Chief Secretary vide order No. 6886/PS dated 4.7.2003 for accountability at the appropriate level and devolution of functions and functionaries of various Departments to Panchayati Raj Institutions. According to this order 21 subjects out of 29 of 11 departments were transferred to the Panchayati Raj institutions. District level officials, Block level officers and village level functionaries of eleven departments have been made accountable to Zilla Parishad, Panchayat Samiti and Gram Panchayat respective for implementation for subjects/schemes transferred to PRIs. The Chairperson of three-tier PRIs have delegated the power to sanction casual levels of the Head of offices/institutions of 11 Department working all the respective levels.⁵⁶The state legislature unanimously gave its nod to the Orissa Panchayat Laws (Amendment) Bill, 2011 by amending the Orissa Gram Panchayat Act, 1964, Orissa Panchayat Samiti Act and the Orissa Zilla Parishad Act enhancing the quota for women from the existing 33 percentage to 50 percentage. A distinguish feature of Panchayat Raj Institution is that either the chairman or vice-chairman of all the three PRI is a women. In Odisha, PRIs are directly under the general supervision and control of the State. The State of Odisha had set up its first Finance Commission in 1996 to make recommendations as regards the financial powers of the panchayats. Recently the fourth SFC has submitted its report.

After constitutional sanction of Panchayat Raj institution in Odisha, the institution is yet to achieve considerable success. There is huge crisis of this institution and it has failed to deliver. It has been noticed that slow progress of Panchayati Raj institution

⁵⁶ Ibid.

Odisha.⁵⁷Towards the devolution of 3Fs to the PRIs, the then Chief Minister Biju Patnaik pointed out that the goals of Panchayati Raj cannot be fructified unless there is proper devolution of functions, functionaries and financial powers to Panchayats.”⁵⁸

In the field it has been noticed that the benefits of Panchayati Raj system in Odisha goes mostly to the dominant castes/classes. The objective of securing the involvement of all the people of rural areas in the process of securing development through community efforts was put into practice but it benefited only the rich landlords and the upper classes of the rural people. The rich landlords dominated the elections to the Panchayat and thereby become the dominant actor in the working of the other two institutions of the Panchayati Raj. The poor people failed to really get involved in it.⁵⁹

3.5: Status of Panchayat Devolution

After the constitutional status of PRI, it have been evolved differently across states in the context to its structure, achievements and accountability. As per the CAA, state has discretion to devolve functions, functionaries and funds in context to build PRI as an institution of self-governance and bring the government to the doorstep of the people.⁶⁰Very few states have linked the formal devolution of functions to the means for actualising it through the devolution of functionaries and finance.⁶¹ Towards promote devolution of powers by States to Panchayats the MoPR has enhanced its efforts since 2012-13 through linking 20% funds of the Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA).⁶²

⁵⁷Dasarathi Bhuyan, “Panchayati Raj instution in Orissa:Issues and challenges” in R. L Panigrahy (ed.), *Panchayat Raj Institutions: Issues and challenges*, Discovery Publishing House, New Delhi, 2007, 18-26

⁵⁸ TusharKanta Pattanaik, “Panchayati Raj and BijuBabu”, *Orissa Review*, February-March, 2006 URL: <http://orissa.gov.in/e-magazine/Orissareview/February2006/engpdf/Panchayati%20Raj%20and%20Biju%20Babu.pdf>, accessed on 27.11.2013.

⁵⁹Dasarathi Bhuyan, “Panchayati Raj instution in Orissa:Issues and challenges” in R. L Panigrahy (ed.), *Panchayat Raj Institutions: Issues and challenges*, Discovery Publishing House, New Delhi, 2007, 18-26

⁶⁰Alok and chaubey, *Panchayat in India: measuring Devolution by States*, New Delhi, Macmillan Publication, 2010, p.44

⁶¹ Mani Sankar Aiyar, “Panchayati Raj: The Way Forward”, *Economic And Political Weekly*, 37 (31): 3293-97, 3 August 2002, pp. 123-133

⁶²Ministry of Panchayati Raj, “Devolution of Powers to Panchayats”, Chapter-3, *Panchayati Raj Institutions Gateway to Sushasan (Good Governance)*, E-Book, Government of India, New Delhi, Jan, 2015,p. 11-12

Devolution in the context of the panchayats implies the transfer of authority in respect of a specific activity from State to local governments. The local government have the prerogative of taking decision in respect of planning and implementation of such activity. In fact, function, fund and functionaries are complementary to one another in the process of devolution of responsibilities and power upon the panchayats.⁶³ The Panchayat Devolution Index (PDI) has been prepared every year to measure and encourage states to empower panchayats. The indicators of the PDI aim at assessing the state of devolution in respect of the funds, functions and functionaries by the States to the PRIs.⁶⁴

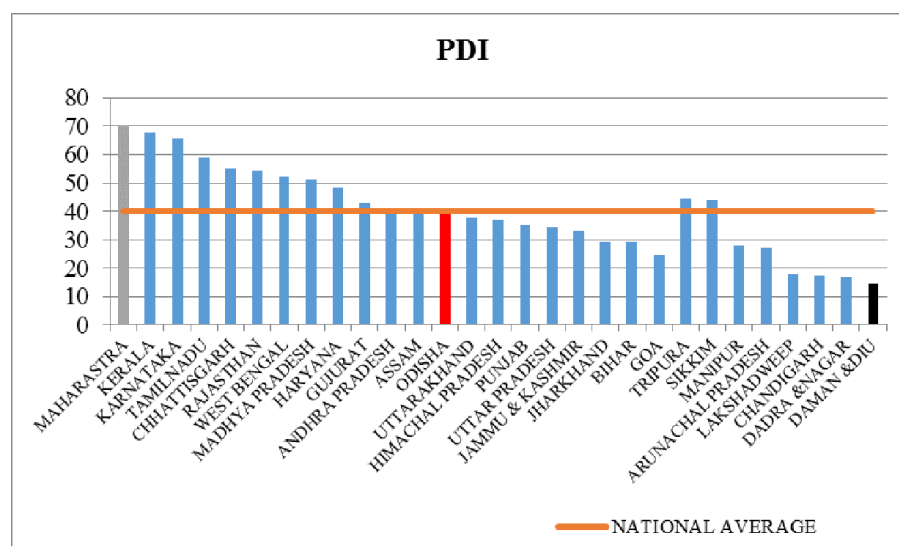
3.5.1: Panchayat Devolution Index 2013-14

This Cumulative Index i.e. Panchayat Devolution Index has been prepared through the overall scores and ranks for states/UTs on six identified dimensions like framework, functions, finance, functionaries, capability building and accountability. Based on the weighted aggregation of six dimensional sub-indices, the composite DI is computed for the states/UTs. The year 2013-14 devolution index in Exhibit 3.1 reflects that state of Maharashtra ranks first with an index value of 70.21 followed by Kerala (68.00), Karnataka (65.75), Tamil Nadu (58.98) and Chhattisgarh (55.16). Further, Rajasthan is ranked sixth with a score above 50. The scores highlight a significant gap between the top two performers and the rest. It may be noted that the states namely West Bengal and Madhya Pradesh are above 50 i.e. 52.09 and 51.14, respectively. The state of Odisha have scored only 39.95 which is just more 0.3 point than national average. State of Haryana, Gujarat, Andhra Pradesh, Assam, along with the North Eastern states of Tripura and Sikkim emerged as the medium scorers with values above the national average i.e. 39.92. The devolution index reflects that maximum states and union territories have still reluctant to devolve their power as per CAA. This implies the ineffectiveness of PRI in the nation.

⁶³ Krishi Bhavan, *Report of Task Force on Decentralization of Power and functions upon Panchayati Raj Institutions*, Government of India, 2001, New Delhi, p.5

⁶⁴ Ministry of Panchayati Raj, "Devolution of Powers to Panchayats", Chapter-3, *Panchayati Raj Institutions Gateway to Sushasan (Good Governance)*, E-Book, Government of India, New Delhi, Jan, 2015,p. 11-12

Exhibit 3.1: Panchayat Devolution Index 2013-14

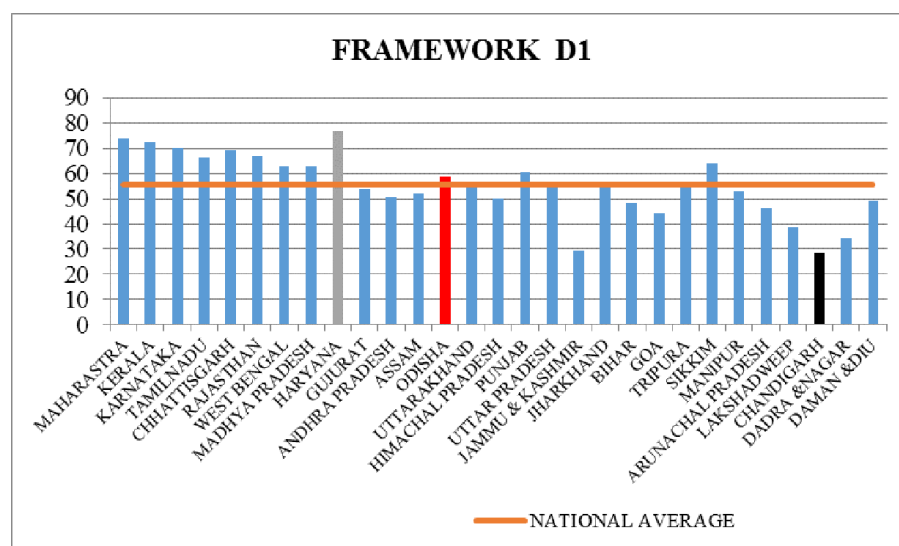


Source: V. N. Alok, *Measuring Devolution to Panchayats in India: A Comparison across States, Empirical Assessment –2013-14*, The Indian Institute of Public Administration, New Delhi, Sponsored by Ministry of Panchayati Raj, Government of India, p. 07

3.5.2: Devolution of Framework Index 2013-14

The framework basic indicator has included the sub-indicators like basic details of Panchayats i.e. reservation of seats for SC/ST and women (Art. 243 D), panchayat elections and State Election Commission (Art. 243K), panchayat duration, dissolution and bye elections (Art. 243E), constitution and function of District Planning Committee (Art. 243ZD), role of PRI in parallel bodies or institutions and autonomy to panchayats (Art. 243F). This framework dimension basically includes indicators related to the mandatory framework of the Constitution. Exhibit 3.2 shows that Haryana ranks first with a score of 76.90 followed by Maharashtra (74.01), Kerala (72.65), and Karnataka (70.08). Chhattisgarh, Rajasthan and Tamil Nadu are next in this order. Sikkim and Tripura are among those north-eastern states that are above the national average of 55.41. Odisha scores 58.74 which is more than national average but more has to be done.

Exhibit 3.2: Framework (D1)

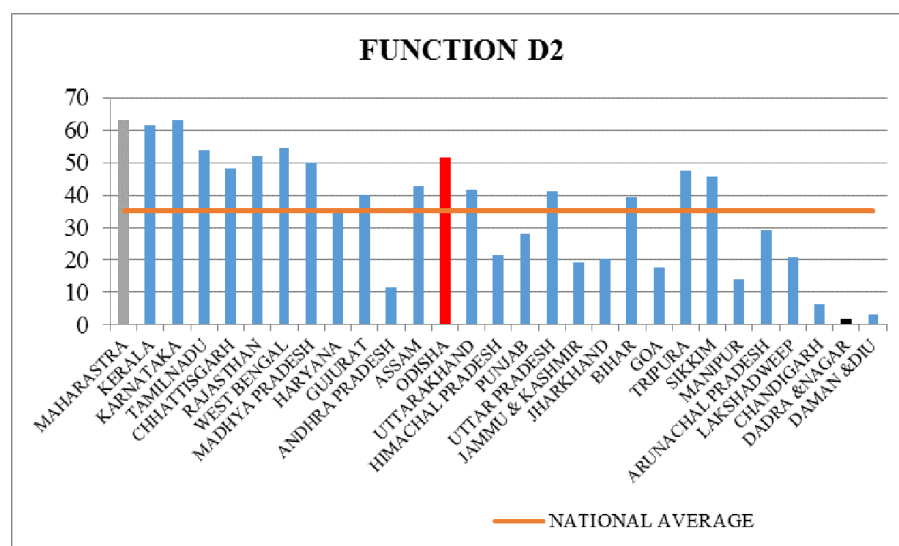


Source: V. N. Alok, *Measuring Devolution to Panchayats in India: A Comparison across States, Empirical Assessment –2013-14*, The Indian Institute of Public Administration, New Delhi, Sponsored by Ministry of Panchayati Raj, Government of India, p. 10

3.5.3: Devolution of Function Index 2013-14

At the time of calculating the devolution of functions the two indicators like functions assigned to Panchayats including active mapping, expenditure incurred and actual involvement of Panchayats (Art. 243G) and involvement of Panchayats in important schemes were taken into account. In this dimension, Exhibit 3.3 shows Maharashtra is the top in the list with an index value of 63.26. Karnataka and Kerala closely follow with 63.14 and 61.61 respectively. West Bengal, Tamil Nadu, Rajasthan, Odisha and Madhya Pradesh are other states in that order with scores over 50. It can be noticed that 16 states including three North Eastern states are placed above the national average of 35.34, while all the UTs have scored less. In the context of Odisha, it has scored 51.46 which is more than national average.

Exhibit 3.3: Functions (D2)

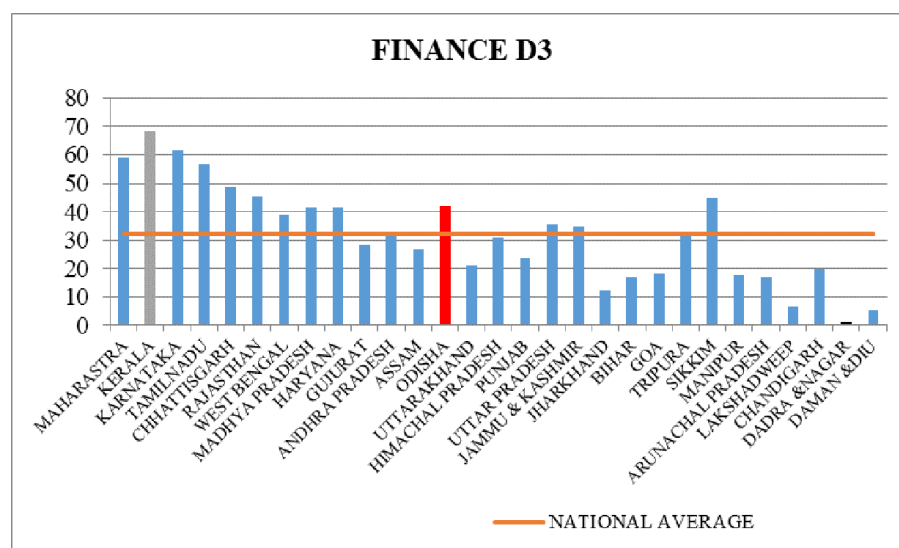


Source: V. N. Alok, *Measuring Devolution to Panchayats in India: A Comparison across States, Empirical Assessment –2013-14*, The Indian Institute of Public Administration, New Delhi, Sponsored by Ministry of Panchayati Raj, Government of India, p. 11

3.5.4: Devolution of Finance Index 2013-14

Finances are the most important dimension, carrying the maximum weightage in the index. The finance devolution index includes the indicators like Thirteenth Finance Commission Grants to Panchayats, State Finance Commission (SFC), status of money transfers to Panchayat on accounts of the SFC recommendations, empowerment of Panchayats to impose and collect revenue (Art. 243H), funds available with Panchayats and expenditure of Panchayats. Exhibit 3.4 depicts that Kerala is leading with an index value of 68.37 followed by Karnataka, Maharashtra and Tamil Nadu with values of 61.32, 59.03 and 56.88 respectively. Disappointingly, the dimension with maximum indicators registers a low national average of 32.05. However, 13 states including two North Eastern states i.e., Sikkim and Tripura are above the national average in this sub-index. In the case of Odisha, it has secured the score of 42.03 which is definitely more than national average but has not crossed 50. The finance plays a greater role towards autonomy and effective functioning of PRI. Without proper devolution of funds, the function and functionaries will not be able to act as per CAA in letter and spirit.

Exhibit 3.4: Finances (D3)

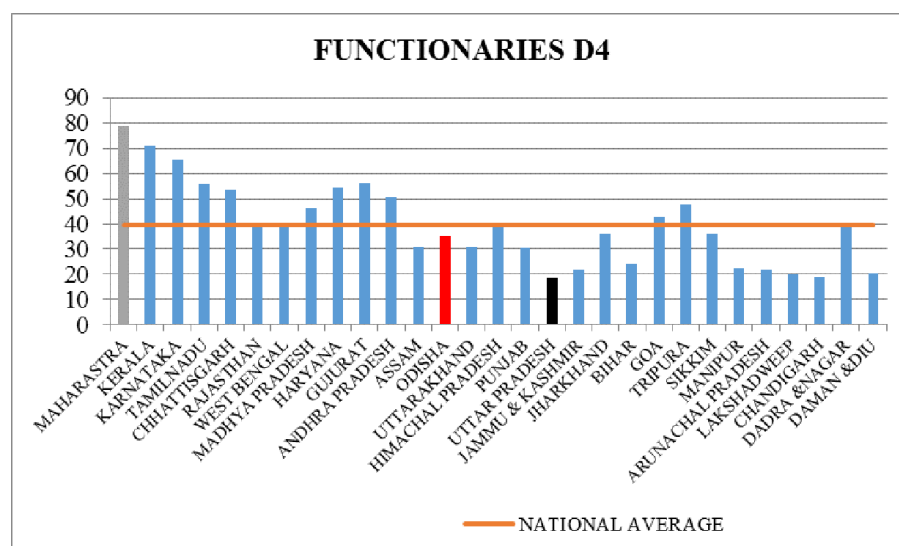


Source: V. N. Alok, *Measuring Devolution to Panchayats in India: A Comparison across States, Empirical Assessment –2013-14*, The Indian Institute of Public Administration, New Delhi, Sponsored by Ministry of Panchayati Raj, Government of India, p. 12

3.5.5: Devolution of Functionaries Index 2013-14

The functionaries index of PRI includes the indicators like physical infrastructure of panchayats and sanctioned and actual staff position and power and functions of panchayats. The physical infrastructure includes status of e-connectivity of panchayats and panchayats officials. The dimension of functionaries enjoys greater influence due to its relevance in strengthening panchayats. As revealed by Exhibit 3.5, Maharashtra ranks the highest with the value of 78.91. Kerala is ranked second in this dimension with a score of 71.09 followed by Karnataka with index value of 65.43. Gujarat, Tamil Nadu, Haryana, Chhattisgarh and Andhra Pradesh have secured scores above 50.0 along with a North Eastern state of Tripura (47.69). Scores of four other states and the union territory of Dadra & Nagar Haveli (40.30) are above the national average of 39.66. Odisha in this dimension has able to secure 35.43 which is low than the national average. Without proper transfer of functionaries the effectiveness of the PRI is on doubt.

Exhibit 3.5: Functionaries (D4)

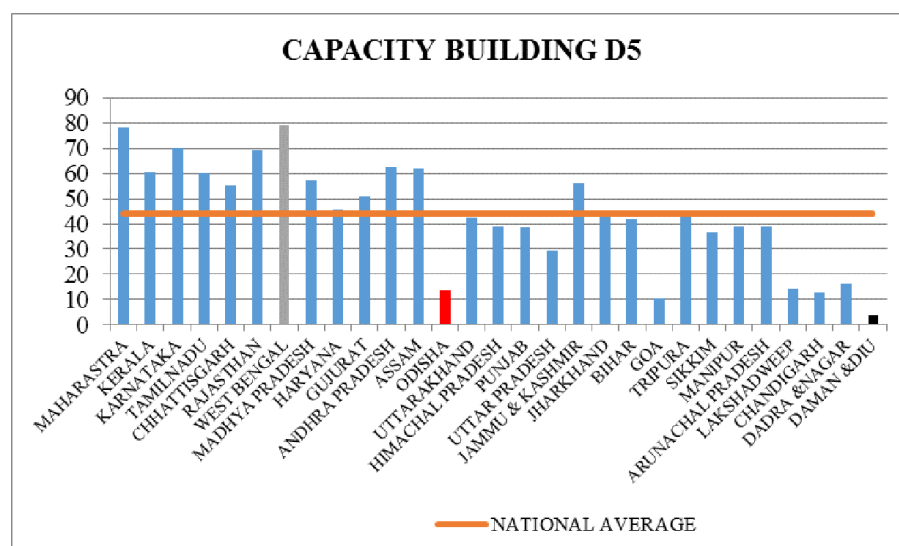


Source: V. N. Alok, *Measuring Devolution to Panchayats in India: A Comparison across States, Empirical Assessment –2013-14*, The Indian Institute of Public Administration, New Delhi, Sponsored by Ministry of Panchayati Raj, Government of India, p. 13

3.5.6: Devolution of Capacity Building Index 2013-14

The capacity building index includes the indicators like training institutions (training activities and training elected representatives and officials). The dimension of Capacity Building helps in capturing various measures of the states in the strengthening of panchayats. From Exhibit 3.6 the first rank for West Bengal secures in Capacity Building dimension with the value of 79.24 closely followed by Maharashtra, Karnataka and Rajasthan, with values of 78.24, 70.15 and 69.15 respectively. Eleven states scored more than the national average of 44.01. It is to note that Jammu & Kashmir has made a remarkable achievement in capacity building by scoring an index value of 56.36, which augurs well and conveys commitment by the state to strengthen panchayats. In the case of Odisha, it secured 13.9 which is very low than national average. This reflects that the elected representatives are unaware about their role in PRI as they are untrained.

Exhibit 3.6: Capacity Building (D5)

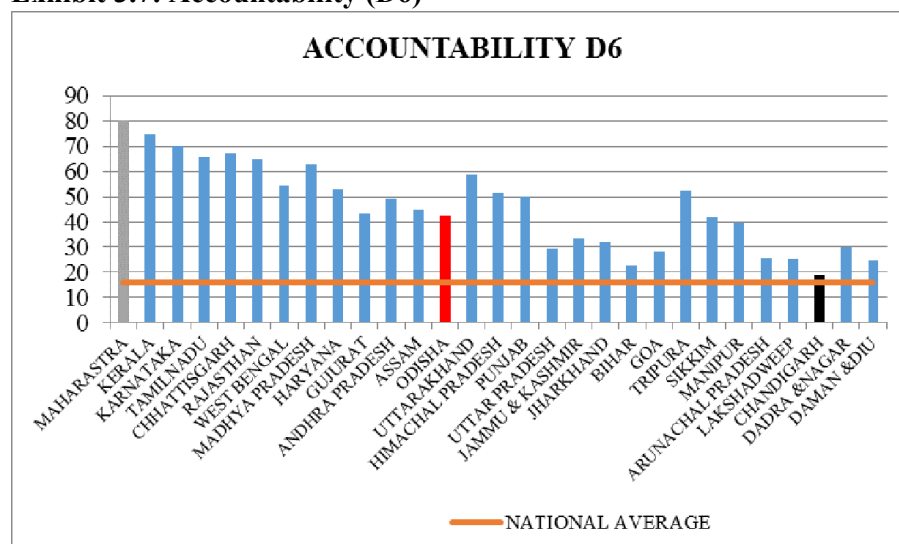


Source: V. N. Alok, *Measuring Devolution to Panchayats in India: A Comparison across States, Empirical Assessment –2013-14*, The Indian Institute of Public Administration, New Delhi, Sponsored by Ministry of Panchayati Raj, Government of India, p. 13

3.5.7: Devolution of Accountability Index 2013-14

The accountability index includes the status of accounting and audit panchayat. The accounting and audit panchayats includes social audit panchayats, functioning of Gram Sabha (Art. 243A), transparency and anti-corruption and panchayat assessment and incentives. Accountability has been identified as an important dimension in making panchayats answerable to the people and working in a transparent and efficient manner. In this dimension as shown in Exhibit 4.7, Maharashtra ranks first with index value of 80.24 followed by Kerala, Karnataka and Chhattisgarh with values of 74.77, 70.25 and 67.15 respectively. Tamil Nadu, Rajasthan, Madhya Pradesh, Uttarakhand, West Bengal, Haryana, Tripura, Himachal Pradesh and Punjab are other states in descending order with value more than 50. As many as fourteen states including Tripura, a North Eastern state, scored more than the national average, i.e. 46.10. In the case of Odisha secured 42.26 which is low than national average. This reflects the non-transparency and unsatisfactory attendance and way of functioning Gram Sabha and Panchayats.

Exhibit 3.7: Accountability (D6)



Source: V. N. Alok, *Measuring Devolution to Panchayats in India: A Comparison across States, Empirical Assessment –2013-14*, The Indian Institute of Public Administration, New Delhi, Sponsored by Ministry of Panchayati Raj, Government of India, p. 14

Thus, from a comparative analysis of all these dimensions and its indicators, various aspects can be inferred. It can be inferred from the analysis of the dimensions of Functions and Finances that devolution in financial domain falls short of that in functional domain. It is also found that the achievement in all the dimensions except mandatory framework is below par.

The Panchayat Devolution Index 2013-14 reflects the position of Odisha that indicators like functionaries, capacity building and accountability is low than national average. The position of Odisha in framework is 11, in function and finance is 7 whereas functionaries and accountability is 15 and in capacity building is 19 which is the lowest among other indicators among the state except northeast and Union territories. Whereas national average is low in all the indicators, the case of Odisha is worse in the context of devolution and effectiveness of the panchayats.

Till now Odisha government has been able to allow PRI to collect six type of taxes with no clear devolution of united funds. In the case of devolution of functions only 11 department has been devolved out of 21 subjects and in the case of functionaries officially only 11 departments are accountable to PRIs.⁶⁵Lack of proper demarcation

⁶⁵ Ministry of Panchayati Raj, Devolution, Panchayati Raj Institution, Government of India, New

of functions creates confusion and division of responsibilities between line departments and the Panchayats and also between the different tiers creates complex situation that hinder the process of implementation of various rural poverty alleviation programme. As per the Acts, MPs and MLAs are the ex-officio member in the ZP and PS in the PRI. Many evaluation studies on the working of rural poverty alleviation programme reflects the identification of beneficiaries in many cases is on the recommendation of MLAs and MPs. It also noticed that sometimes due to narrow party line conflict arise between the MPs and MLAs in one side and elected representatives of PRI of the other side. Thus, the present socio-economic and political framework decision making activity on devolved subjects continues to be guided on political consideration by bypassing primary objectives of all development programmes.⁶⁶

Principally the devolution of functions to the panchayat must be followed by parallel devolution of functionaries and fund but neither best nor the middle and the worst performing states in the Devolution Indices have successfully synthesized the three parameters of effective devolution that is functions, functionaries and finance along with the enabling environment for panchayat raj.⁶⁷

3.6: Politics of Decentralisation: Notional Decentralisation

The tussle between the economy and politics due to initiation of globalization forced the government to adopt the process of decentralization. The policy of globalization was initiated for growth at the same time the process decentralization with constitutional status was initiated for the empowerment and participation of the people in developmental process. In a liberal state like India there has been seen the conflict between the marketization of economy and the democratization of politics. The basic theme of the conflict is that the economics of market always excludes certain sections of the society who neither assert nor capability to purchase, basically poor where as political democracy always tries to include these vulnerable groups.

Delhi, http://www.panchayat.gov.in/documents/401/84079/Status_of_Devolution.pdf accessed on 10th March 2015

⁶⁶Task force on Panchayati Raj, *Panchayati Raj in India, Status Report 1999*, Rajiv Gandhi Foundation, New Delhi, March 2000, P. 180-81

⁶⁷ Raunak Ahmad, "The Politics of Representative, Responsive and Responsible Panchayat Raj in Indian Development Scenario", *Excellence International Journal Of Education And Research*, Vol. 1, Issue-3, November, 2013, p.117

The presence of both democracy and market are necessary to serve the interests of the people. The market is about economic freedom of individuals whereas democracy is about political freedom. Both the terms have positive and negative impacts like democracy may lead to tyranny of majority whereas market to tyranny of minority. To avoid the negative impact of both, emphasis has been given on the role of the state which can bring the ideals of political democracy and economic democracy closer together.⁶⁸ The economic liberalization, political regionalism and the rise of powerful inter and sub-national actors have weakened the traditional nation state and created the conditions under which more local identities could emerge.⁶⁹ So, to minimize the tussle between the democracy and economy, the state initiated the process of democratization to empower the people through giving constitutional status to the local self-governance. Such steps was also initiated with realization of improved governance. It is inexorably linked to the empowerment and efficient functioning of self-governing institutions in rural areas.

The decentralisation process and economic reform had started with same period but the progress of decentralisation had not achieve such progress as liberalisation. The process of decentralisation was initiated in order to make development participatory and to facilitate the process to reach the fruits of growth to poor and weaker section of society. But the non-participative nature of democracy leads to inequality and deprivation in the society. In consequence many rural region and unprivileged section of society has been deprived from the fair share of economic and social growth. This falsified the expectations of the planners who thought that macroeconomic growth would trickle down to the poor.⁷⁰ This has also reflected in the Indian Human Development Report 2012-13 as the growth process has been associated with increasing levels of inequality, both at rural and urban levels. The higher growth rate states have also seen bigger increases (or smaller reductions) in inequality. So, the

⁶⁸Deepak Nayar, "Economic Development and Political democracy: Interaction of Economics and Politics in Independent India", *Economic and Political Weekly*, Vol. XXXIII, No. 49, December 5, 1998, p. 3121

⁶⁹Johnson, Craig, "Decentralization in India: poverty, politics and panchayati Raj", *Working Paper 199*, Overseas Development Institute, London, UK, 2003, p. 01.

⁷⁰ Rahul Banerjee, "What Ails Panchayati Raj?" *Economic and Political Weekly*, Vol. xlvi, No. 30, July 27, 2013, p. 174

link between growth and inequality was reflected in this report.⁷¹Such socio-economic exclusion of a vast section of the people reflects the non-participatory in the democratic processes.⁷² Historically, the level of mass participation in governance has been low and was not enough support for the radical bottom-up system of democracy as father of the nation Mahatma Gandhi suggested.⁷³ So, the lack of participation dilutes the basic theme of decentralisation. The effective PRI can only improve the process of people's participation. Towards the demonstration of faith in the people and to manage their own the then Prime Minister Manmohan Singh emphasised on the devolution of power to PRI and ensuring power to people through the slogan of "Maximum Democracy and Maximum Devolution".⁷⁴

It has been realised that the gap between expectation and reality in local administration is growing. There are many vested interests involved in the process. The interest of the principals (citizens) and agents (elected representatives) not only differs but the distance between them may be increasing as well. This 'gap' is leading to tension in the system.⁷⁵

With the 73rd and 74th CAA any fundamental change was noticed in the governance of India. The major challenge after the amendment was to make this law a reality at the local level.⁷⁶ Almost all states and union territories claim the transfer responsibilities in varying degree to the panchayats through enacting laws in conformity with the CAA. Compliance with the law does not mean that local governments have begun to function effectively. The existing governmental system is so big that different arms speak with different voices. While the Planning Commission has been urging a

⁷¹Sripad Motiram and Vamsi Vakulabharanam, "Indian Inequality Patterns and Changes:1993–2010", Chapter-16, in S. Mahendra Dev (ed.), *India Development Report 2012-13*, Oxford University Press, New Delhi, 2013, p. 225

⁷²Rahul Banerjee, "What Ails Panchayati Raj?", *Economic and Political Weekly*, Vol. XLVIII No. 30, July 27, 2013, p. 174

⁷³Mani Sankar Aiyar, "Panchayati Raj: The Way Forward", *Economic And Political Weekly*, 37 (31): 3293-97, 3 August 2002, pp. 123-133

⁷⁴Towards Holistic Panchayat Raj, twentieth Anniversary Report of the Expert Committee on Leveraging Panchayats for effective Delivery of Public Goods and Services, Vol-1, Policy Issues, National Panchayat Raj Day 24th April 2013, New Delhi, p.06

⁷⁵Vinod Vyasulu, "Transformation in Governance since 1990s : Some Reflection, *Economic And Political Weekly*, Vol.c39, No. 23, June 5, 2004, p. 2382

⁷⁶'Making Local Government Work: Local Elites, Panchayati Raj and governance in India' in Atul Kohli, editor, *The Success Of India's Democracy, Contemporary South Asia*, 6, Cambridge University Press, 2001,)

greater devolution of powers,⁷⁷ the ministry of rural development has been insisting on the continued operation of the DRDAs that bypass local governments.⁷⁸ The CAA gives flexibility to the states which differed from each other in so many ways. This resulted the reluctant nature of states in regard to transfer powers for local self-governance which has reflected in the Panchayat Devolution Index 2013-14.⁷⁹ So, the functional domain of panchayats pertains only to traditional civic functions in several states without adequate devolution of developmental responsibilities. Moreover, many state governments have not framed relevant rules or guidelines as follow-up measure. Very few states have realised the transfer of additional functions requires the transfer of concomitant funds and functionaries to panchayats. Till now even panchayats are not very clear about their desired role to play in the new federal setup.⁸⁰

The impact of such crisis situation highlighted in the report of the Second Commission on Centre-State Relation. The commission found very thin attendance in the Gram Sabha meetings, even the meetings are dominated by activist of the dominant political groups, very less times are spent on debating the merits of different schemes or the options available and etc. The Commission comments the lack of initiatives towards transfer of functionaries. Such loopholes are not only because of reluctance of state elected representatives but also because of resistance of state bureaucracy to work under local bodies. The report also comments the in regard to competition amongst representatives to take a 'share of the cake' rather than looking at the collective good. The basic activities of local bodies like water supply, control over construction, sewerage, house tax collection etc. also have been affected due to such weak governance.⁸¹

In the same line the Rural Development report 2012-13 reveals that the performance of PRI which is vary among states has not delivered on the transformative potential

⁷⁷ (Planning Commission Working Group on Decentralised Planning and Panchayati Raj, Delhi, June 2002 and Annual Reports of the ministry of rural development, Delhi.)

⁷⁸ Vinod Vyasulu, "Transformation in Governance since 1990s: Some Reflection", *Economic and Political Weekly*, Vol. 39, No. 23, June 5, 2004, p. 2381

⁷⁹ Mani Sankar Aiyar, "Panchayati Raj: The Way Forward", *Economic And Political Weekly*, 37 (31): 3293-97, 3 August 2002, pp. 123-133

⁸⁰ V.N. Alok, "Panchayati Raj and Rural Development" Part-III, *Role of Panchayat Bodies in Rural Development since 1959*, Theme Paper for the Fifty-Fifth Members' Annual Conference, Indian Institute of Public Administration, New Delhi, October 22, 2011, p.24

⁸¹ Commission on Centre-State Relations, "Situation Today", Chapter-4, Local Self Governments and Decentralized Governance, Vol. 4, March, 2010, p. 47

envisioned by the 73rd CAA. Almost all state governments have been reluctant to truly devolve adequate functions, functionaries and funds to empower and build vibrant local institutions or self-governance. Local politics also plays a role when local administration and PRI officials collide.⁸²Not only state governments but also various Ministries of Government of India did not reorient their Centrally Sponsored Schemes to provide a distinct role for local bodies.⁸³This has been also reflected in various reports like Panchayat Devolution Index, Second Commission of Centre-State Relation, etc. So, the above situation of PRI reflects the formidable systematic hurdles which has been evolved towards empowerment and autonomy of PRI in the context of self-governance in the context of accomplishment the Part IX of constitution. There are various perceptions in regard to explain the reluctance of state governments to implement the provisions of Part IX of the Constitution in letter and spirit.

3.6.1: Provisions in 73rd Constitutional Amendment Act (CAA)

The 73rd Constitutional Amendment Act 1993 (CAA) have given the constitutional status to the Panchayati Raj Institutions (PRI). This CAA has brought the constitutional direction to organise village panchayats into reality as per the Article 40⁸⁴ of the Directive Principle of State Policy (DPSP).⁸⁵The mandatory direction under the Article 243G has been given to the state legislatures not only to treat panchayats as an autonomous institutions but also gives crucial mandate for preparation of plans in the context of ‘economic development and social justice’ in their respective areas for various matters, including those listed in the 11th Schedule. The subject under 11th schedule is merely illustrative and indicative.⁸⁶This reflects the

⁸²Indian Development Report 2012-13, *PRIs for Local Self-Governance and Rural Development*, Chapter-6, Orient Blackswan Private Limited, New Delhi, 2013, p. 230

⁸³Commission on Centre-State Relations, “Situation Today”, Chapter-4, Local Self Governments and Decentralized Governance, Vol. 4, March, 2010, p. 45

⁸⁴Article 40: To organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.

⁸⁵D. Bandyopadhyay, Saila K Ghosh, Buddhadeb Ghosh, “Dependency versus Autonomy: Identity Crisis of India’s Panchayats”, *Economic and Political Weekly*, Vol. 38, No. 38, September 20, 2003, p. 3988

⁸⁶V. N. Alok, “Panchayati Raj and Rural Development” Part-III, *Role of Panchayat Bodies in Rural Development since 1959*, Theme Paper for the Fifty-Fifth Members’ Annual Conference, Indian Institute of Public Administration, New Delhi, October 22, 2011, p.24

idea of bottom-up planning process to strengthen the policy making and implementation in this regard.⁸⁷

It is true that with 73rd CAA, a third stratum of governance has been institutionalised in the local level.⁸⁸ But the status of self-government has not been institutionalised which was the basic thrust behind the amendment. This is so because the CAA have detailed some mandatory functions but it left to state legislatures in the matters of devolution of power and authority. The ironically silence of the constitution in regard to self-government and the mention of word ‘may’ in Articles 243G and 243W gives enough scope to the State Government to interpret as suitable to them. Such interpretation of the states have granted themselves unfettered discretion to interfere in the functioning of local bodies and to enact legislation and effect administrative changes to implement various provisions of PRI.⁸⁹ Not only this but no clear demarcation exists between the state and panchayats unlike the division of powers and functions enumerated in the Union List and State List.⁹⁰ Such provisions of the 73rd Amendment Act envisages ‘devolution’ type of democratic decentralisation not the ‘de-concentration’ type of administrative decentralisation under which the superior body retains various types of control including the power of withdrawing the power and authority given to a lower body.⁹¹

Not only various constitutional provisions but also various court judgements in this regard to justify the interference of states in the subjects like laying down uniform implementation guidelines or conducting selection tests which more effectively done and limiting the subjects to grass root level functionaries like selection of

⁸⁷Commission on Centre-State Relations, “Public Policy, Constitutional Governance and Public Administration” Chapter-2, *Socio-Economic Development, Public Policy And Good Governance*, Vol.7, March 2010, p.7

⁸⁸Nirmal Mukarji, ‘The Third Stratum’ *Economic and Political Weekly*, Vol. 28, No. 18, May 1, 1993, pp 859-62

⁸⁹Saila K. Ghosh et al., “Dependency versus Autonomy: Identity Crises of India’s Panchayats”, *Economic and Political Weekly*, Vol. XVIII, No. 38, 2003, p. 3984

⁹⁰V.N. Alok, “Panchayati Raj and Rural Development” Part-III, *Role of Panchayat Bodies in Rural Development since 1959*, Theme Paper for the Fifty-Fifth Members’ Annual Conference, Indian Institute of Public Administration, New Delhi, October 22, 2011, p.24

⁹¹D. Bandyopadhyay, Saila K Ghosh, Buddhadeb Ghosh, “Dependency versus Autonomy: Identity Crisis of India’s Panchayats”, *Economic and Political Weekly*, Vol. 38, No. 38September 20, 2003, p. 3988

beneficiaries of a particular welfare scheme curtails the effective functioning of PRI. Such judgements reflects ‘top-down’ version rather than ‘bottom-up’ approach.⁹²

The aim of the 73rd CAA was to replace the system of bureaucratic local governance by autonomous and representative institutions of local government. But still this has not been achieved in letter and spirit as there is the reluctant nature of state to devolve power, functionaries and resources with the panchayats. This reality of such condition can be noted as local governments are merely ‘permitted’ to work within the functional domain of the state, subject to such conditions as the state government may deem fit to impose. Even this institution has been used as agencies in implementation of various development and welfare programmes as was the case before the 1993 constitutional amendments.⁹³

3.6.2: Problem of Agents and Principal in Devolution at PRI

After the constitutional criticism, the obvious explanation of the slow and halting pace and pattern of panchayati raj is lack of political will to proceed with the constitutional schema.⁹⁴ Various studies have revealed that lack of the people’s involvement is the basic reason for the failure of the welfare programmes and effectiveness of PRI. Academicians have analysed it as agent and principal problem. As per economic theory people act rationally and able to take their own decisions with full information. But in democracy like India, the agents (elected representatives) rule on behalf of principals (citizens). Such delegation power of decision making creates the space for agents to act their own interest in place of the principals.⁹⁵ Such situation arises due to lack of scrutiny and monitor institution on agents which is the basic democratic norms. These agents believe that they know better due to the high rate of illiteracy like India. In their own way agents always try to limit the access of information⁹⁶

⁹² Commission on Centre-State Relations, “Decentralised Governance and Intergovernmental Relation”, Chapter 8, *Constitutional Governance And The Management of Centre-State Relations*, Vol. II, March, 2010, p. 177

⁹³ D. Bandyopadhyay, Saila K Ghosh, Buddhadeb Ghosh, “Dependency versus Autonomy: Identity Crisis of India’s Panchayats”, *Economic and Political Weekly*, Vol. 38, No. 38, September 20, 2003, p. 3989

⁹⁴ Towards Holistic Panchayat Raj, twentieth Anniversary Report of the Expert Committee on Leveraging Panchayats for effective Delivery of Public Goods and Services, Vol-1, Policy Issues, National Panchayat Raj Day 24th April 2013, New Delhi p. 34

⁹⁵ Vinod Vyasulu, “Transformation in Governance since 1990s : Some Reflection”, *Economic and Political Weekly*, June 5, 2004, p. 2378

⁹⁶ Pranb Bhardhan has used the word information in the context of power.

through which the principal will become ignorant and more dependence on them.⁹⁷The situation has been further complicated as the wishes of agents are being implemented by bureaucrats as subagents. These bureaucrats prevail the security of tenure and protection of a high order with subject to a code of conduct and to disciplinary action through Articles 310 and 311 of the Constitution.⁹⁸

3.6.3: Top to Down Approach in the Context of Decentralisation

The evolution of PRI in India reflects the process of decentralisation was initiated by the upper tier of government without sufficient political mobilisation at the grass-roots level. It was considered as super imposition or as a 'gift' from the top not out of a popular demand through a popular movement. This process of decentralisation is a top-down approach. The lack of mass demand from below for the decentralisation process creates doubt regarding the political legitimacy of such institution. Generally mass demand creates a political force towards achieving an active decentralisation. The benefits of CAA were not able to reach in ground due to lack of strong political mobilisation. The lack of political mobilisation at the grass-roots level was not able to pressure state governments to devolve enough authority and funds to panchayats. The mass participation is the determining factor for in the success of devolution. Such mass participation requires an institutionalised democracy in which free expression of people's will can be delivered. The socio-economic, cultural and history of the society determines the extent of popular demand and mobilisation.⁹⁹ Such lack of mass political mobilisation reflects the existence of a relationship of the 'ruler' and the 'ruled', the 'overlord' and the 'subject', the 'patron' and the 'client'. The common people have been considered themselves as subject of the higher administrative authority. This has been so ingrained in the popular mind in the rural areas that the concept of panchayats as autonomous institutions of self-government failed to take roots in their minds.¹⁰⁰ Even people find that their elected representatives cannot

⁹⁷Pranab Bardhan, 'Decentralisation of Governance and Development', *Journal of Economic Perspectives*, Volume 16, number 4, Fall 2002, for an erudite discussion of this and related issues.)

⁹⁸ Vinod Vyasulu, "Transformation in Governance since 1990s : Some Reflection, *Economic and Political Weekly*., June 5, 2004, p. 2379

⁹⁹ Rahul Banerjee, "What Ails Panchayati Raj?" *Economic and Political Weekly*, Vol. xlvi, No. 30, July 27, 2013, p. 174

¹⁰⁰D. Bandyopadhyay, Saila K Ghosh, Buddhadeb Ghosh, "Dependency versus Autonomy: Identity Crisis of India's Panchayats", *Economic and Political Weekly*, Vol. 38, No. 38, September 20, 2003, p. 3989

answer their questions or act on their suggestions because power continues to be vested in the bureaucracy and parallel bodies that fall outside the ambit of the PRIs.

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Even after the constitutional status of PRI, the mind-set of the people has not been changed much because the elected representatives are projecting as mediate between the state machinery and people both officially and unofficially rather than promoting a democratic culture. Such situation leads to emerge of two set patrons (elected representative and bureaucrats).¹⁰²Such situation brought the worst consequence like distortion of Panchayat Raj in many parts of the country into ‘Sarpanch Raj’. This infers the reduction of Panchayat Raj Institutions to a nefarious nexus between the President of the Panchayat at the village, intermediate and district levels, on the one hand, and elements of the bureaucracy, on the other. The Committee finds due to the nexus with bureaucrats, PRI becomes synonymous with the decentralization of corruption.¹⁰³

Both the bureaucrats and elected representatives like M.Ps and M.L.As feel threatened by the emerging leadership of the three-tier panchayat system. The higher tier political system sees little electoral advantage in the absence of effective empowerment. Both manipulate the panchayats as per their needs and skilfully subvert them. Not only bureaucrats but the ministers also are not taking any initiative to establish a powerful local self-government which may in any way jeopardise the departmental prerogatives and strangleholds over departmentally fractured developmental decisions and developmental spending. Both become champions of status quo, though they officially cry hoarse against it. At the same time any spontaneous local initiatives and demands for devolution have been viewed with an

¹⁰¹ Towards Holistic Panchayat Raj, twentieth Anniversary Report of the Expert Committee on Leveraging Panchayats for effective Delivery of Public Goods and Services, Vol-1, Policy Issues, National Panchayat Raj Day 24th April 2013, New Delhi p. 37

¹⁰²D. Bandyopadhyay, Saila K Ghosh, Buddhadeb Ghosh, “Dependency versus Autonomy: Identity Crisis of India’s Panchayats”, *Economic and Political Weekly*, Vol. 38, No. 38, September 20, 2003., p. 3989

¹⁰³ Towards Holistic Panchayat Raj, twentieth Anniversary Report of the Expert Committee on Leveraging Panchayats for effective Delivery of Public Goods and Services, Vol-1, Policy Issues, National Panchayat Raj Day 24th April 2013, New Delhi p.37

eye of suspicion by the higher political and administrative authority.¹⁰⁴ Such situation leads to a clash of political interests between state governments and PRIs which has not been addressed till now. This political turmoil is not so serious because the awareness and mobilisation of politicians and people at the PRI level is much less than that of state-level politicians. The little awareness, governance skills and political power which the local political leaders have gained due to the management of works and funds under the CSS. This has not been without conflicts with state-level political leaders and the bureaucracy.¹⁰⁵

The absence of effective devolution limits the scope of involvement not only people but also the all tier of PRI members at all level in the work of the Panchayat. So, Panchayat Raj representatives are disillusioned with their role as no clearly defined role to play. But the expert committee believes that it is not an absence of political will that is making Panchayat Raj stumble so much as the unevenness of Panchayat Raj outcomes that is stalling the evolution of the required political will.¹⁰⁶ The illiteracy is also an obstacle for the success of devolution of power and decentralization process of local governance.¹⁰⁷ The absence of proper devolution noticed the impact of non-effective collegiate functioning of the PRIs and non-responsibility of the elected Panchayat Raj representatives towards the Gram Sabhas.¹⁰⁸

¹⁰⁴D. Bandyopadhyay, Saila K Ghosh, Buddhadeb Ghosh, "Dependency versus Autonomy: Identity Crisis of India's Panchayats", *Economic and Political Weekly*, Vol. 38, No. 38, September 20, 2003, p. 3989

¹⁰⁵ Rahul Banerjee, "What Ails Panchayati Raj?", *Economic and Political Weekly*, July 27, 2013, *Economic and Political Weekly*, Vol. xlvi, No 30, pp. 174- 176

¹⁰⁶ Towards Holistic Panchayat Raj, twentieth Anniversary Report of the Expert Committee on Leveraging Panchayats for effective Delivery of Public Goods and Services, Vol-1, Policy Issues, National Panchayat Raj Day 24th April 2013, New Delhi p. 36

¹⁰⁷ Dasarathi Bhuyan, "Panchayati Raj institution in Orissa: Issues and challenges" in book *Panchayat Raj Institutions: Issues and challenges*, ed. R. L. Panigrahy, (New Delhi: Discovery Publishing House, 2007)

¹⁰⁸ Answer by the Hon'ble Minister of Panchayati Raj to a Lok Sabha Question on 2 August 2010 [http:// www.pib.nic.in/newsite/erelease.aspx?relid=63931](http://www.pib.nic.in/newsite/erelease.aspx?relid=63931) The two circulars of 2nd October 2009 are reproduced at pp. 452-463 of the Compilation of Important Correspondence and Minutes of Major Meetings, April 2008-March 2010, published by the Ministry of Panchayati Raj and available on the Ministry's website <http://www.panchayat.gov.in>. The Committee commend the slogan on the publication as it says it all: "Gram Sabha- for Empowered People and Accountable Panchayats".

3.6.4: Politics in Devolution of Function and Functionaries

The 73rd CAA reflects the direction of the central government to the states for devolution from their jurisdiction to PRI as per eleventh schedule of the constitution for realisation of effective and autonomous local-self-government i.e. Panchayati Raj Institutions. Such directions came from the centre without proper transfer of powers to the states. Indian federal structure reflects more autonomy and powers to the Union where as various provisions of the constitution limits the power and authority of the states in various subjects like resources, legislative activity and etc. Not only has this but it permitted the interference of the Union on various subjects of the state list. In reality in Indian federal set up, the state government have limited power and authority in functions, functionaries and funds. Such amendment further limits the power of governance that state enjoy.¹⁰⁹

Various state governments are of the opinion that if the PRI will become autonomous local government with full control of the departments as per the 11th schedule, then a very little left to do at the state level as the bulk of their staff and activities are concentrated at the district level and below. It will become like curtail of most of the powers of state government purview in regard to governance in overall planning and implementation right down to the ground level. This marginalisation is the basic reason behind the reluctant nature of the state for effective devolution to PRIs. Not only this even Ministries, secretaries, directors and in charge of various departments at the higher levels thinks they will become redundant through this process of devolution.¹¹⁰ In the name of financial crisis various state governments have not been able to transfer various functionaries for effective functioning of the PRI. Even some staffs have been transferred or appointed, they work under the control of the higher bureaucrats. They are not fully accountable to the PRI elected representatives. If education is devolved, for example, then the state education department must confine itself only to matters of policy that cut across the domain of local governments. As per

¹⁰⁹ Rahul Banerjee, "What Ails Panchayati Raj?" *Economic and Political Weekly*, Vol. xlvi, No. 30, July 27, 2013, P. 176

¹¹⁰ Ibid

the constitution the state should provide expertise and resources, not implementers of schemes. This has not happened in any state.¹¹¹

As the union government is not devolving important powers to the states in the same way States are wary of ceding powers to PRIs. Even such amendment has been looked suspiciously as a tendency of central government to acquire more powers. So state governments have consistently ignored the directives of the union government to implement the constitutional provisions on panchayati raj without facing much opposition from PRIs and their elected representatives.¹¹²

The reluctant nature of the state can be noticed even in better performing state governments like Kerala and West Bengal as cited by the Second Commission on Centre-State Relation due to fear of marginalise. In the process of devolution, conflicts has been noticed between the State and PRI. Such structural problem arises due to the interference of the higher tier bureaucracy and representatives. Generally, State interferes in the function of PRI only through bureaucracy. So, lower level bureaucrats are still under the control of their higher.¹¹³

The devolution index reflects that most states have just completed the formality of devolving functions and mapping activities through laws, rules and executive orders.¹¹⁴ This reflects in every legislation and executive order which narrates lists of wide range of functions to be performed by the panchayats without mentioning exclusive functional area for these bodies. As the index reflects functions are not followed this up with effective devolution of functionaries and funds, the objective of CAA has not been realised as per letter and spirit. Even various state Acts and policies, the concept of autonomy of the panchayats has not been realised. Such situation implies the de jure position of the PRI after CAA is autonomous but as de facto position is nothing more than an agency of the state governments. Such condition of the PRI results from the mind set of treating the local domain as a

¹¹¹Vinod Vyasulu, "Transformation in Governance since 1990s: Some Reflection, *Economic and Political Weekly*, Vol. 39, No. 23, June 5, 2004, p. 2383

¹¹² Rahul Banerjee, "What Ails Panchayati Raj?" *Economic and Political Weekly*, Vol. xlvi, No. 30, July 27, 2013, P. 174

¹¹³Ibid., pp. 174-176

¹¹⁴ Ibid. P. 176

dependent domain not fit for self-rule. The client list political culture of the country derives its strength from such a mind-set.¹¹⁵

3.6.5: Centrally Sponsored Schemes and Devolution

Not only the State government but also the Union Government has significant influence on the devolution of functions and financial resources. The Union Government transfers large financial resource towards the functional domain of the Panchayats through the institution like Planning Commission and various Union Ministries in form of mainly CSSs and Additional Central Assistance. This CSSs covers majority subject of the eleventh schedule which are implemented by different ministries and departments of the union government towards delivering public goods and services.¹¹⁶ The PRI have virtually no role in the implementation of CSS of Rural Development except under the MGNREGS and BRGF. Even in the case of MGNRES which has inbuilt provisions for local governance and audit, is being implemented on the directions of the bureaucracy and state governments without much involvement of the people. In this programme, the Block Panchayat and the District Panchayats have in fact only a formal rather than a real role. Other CSSs, with inbuilt PRI participation, like the Sarva Shiksha Abhiyan (SSA), the Integrated Child Development Scheme (ICDA) and the National Rural Health Mission (NRHM), had been similarly weakened.¹¹⁷ Rather improving the process of devolution States create an alternative administrative system under the executive control of the elected representatives of PRIs.¹¹⁸ For example in each state, there is the state district primary education society for implementing the District Primary Education Programme (DPEP) funded by various donors. Another example is the society set up to deal with the problem of blindness in rural areas, with branches in the districts and drawing on the health department staff at the local level. Panchayats have no role in such

¹¹⁵D. Bandyopadhyay, Saila K Ghosh, Buddhadeb Ghosh, "Dependency versus Autonomy: Identity Crisis of India's Panchayats", *Economic and Political Weekly*, Vol. 38, No. 38, September 20, 2003, p. 3989

¹¹⁶Ministry of Panchayati Raj, "Report of the Task Force of Officials in Charge of Panchayati Raj in States to Examine the Centrally Sponsored Schemes", Government of India, New Delhi, 2004, p. 03

¹¹⁷ Rahul Banerjee, "What Ails Panchayati Raj?" *Economic and Political Weekly*, Vol. xlvi, No. 30, July 27, 2013, p. 175

¹¹⁸ IRMA (2008): The State of Panchayats: 2007-08: An Independent Assessment, Vol I – Thematic Report, Ministry of Panchayati Raj, Delhi. and IRMA – (2010): The State of Panchayats: 2009-10: An Independent Assessment, Vol I – Thematic Report, Ministry of Panchayati Raj, Delhi. quoted in Rahul Banerjee, "What Ails Panchayati Raj?", *Economic and Political Weekly*, Vol xlvi no 30, July 27, 2013, p. 175

institution and programmes.¹¹⁹ It has been also noted by the Second Commission on Centre-State Relation that various parastatals¹²⁰ and other institutions are created by the state governments for implementation of various schemes of the programmes. The functional domain of these institutions are in direct competition with that of local bodies.¹²¹ So, it reflects various CSSs are implemented through grassroots level parallel bodies and line departments without articulating the role of PRI.¹²² Even through the guidelines state governments have got around the CSS by retaining line control of the bureaucracy in the various departments responsible for the implementation of the CSS. In this process state governments have been able to indirectly have a say in the spending of these funds.¹²³ Such systematic hurdles both from Central and State government resulted negatively toward effective local self-government.¹²⁴

The Economic Survey 2012-13 highlights the institutionalising process of undermining the capacity of people to plan and implement their development need as per their priority with the help of their elected representatives. This creates systematically ineffectiveness of PRI and undermines the objective of eleventh schedule of constitutions through agencies, parallel bodies, bureaucracy and civil societies.¹²⁵

¹¹⁹ Vinod Vyasulu, "Transformation in Governance since 1990s : Some Reflection, *Economic and Political Weekly*, Vol. 39, No. 23, June 5, 2004, p. 2377

¹²⁰ Para-statals are semi-government organisations, companies or agencies owned or controlled wholly or partly by the government, which have their own governing boards. These institutions were created prior to the 73rd and 74th amendment Act 1993.

¹²¹ Abdul Aziz, "Democratic Decentralization: Experience of Karnataka", 35(39) *Economic and Political Weekly*, Vol. 35, No. 39, 2000, pp. 3521-3526

¹²² India was in position 134 in 2009 UN HDI and stands on 119 rank in 2010 UN HDI. It is important to note that the index has shifted to Oxford Poverty and Human Development Initiative. Hence the report cautioned that straight comparisons between two reports should not be made. See Table 2, UNDP Human Development report, 2010, p.138 (there is no change in India's relative ranking)

¹²³ Rahul Banerjee, "What Ails Panchayati Raj?" *Economic and Political Weekly*, Vol. xlvi, No. 30, July 27, 2013, p. 175

¹²⁴ Example, the Bangalore Water Supply and Sewerage Board must become a department of the Bangalore Mahanagar Palike – a suggestion made in a report prepared by B K Chandrasekhar (a former academic till recently a minister) and A Ravindra (former chief secretary). The question of low capacity at local levels is true, but then, does it justify continuing with parallel institutions? Why not build the capacity?)

¹²⁵ Raunak Ahmad, "The Politics of Representative, Responsive and Responsible Panchayat Raj in Indian Development Scenario", *Excellence International Journal Of Education And Research*, Vol. 1, Issue-3, November, 2013, p.117

Toward the role of PRI in formulation and implementation of development policy or welfare programmes, the Economic Survey reveals that “While Plan programmes are designed with a bottom-up approach and PRI-centric, they are actually implemented in a top-down manner and do not effectively articulate the needs and aspirations of the local people, especially the most vulnerable”. Even the Expert Committee on Leveraging Panchayats for effective Delivery of Public Goods and Services unable to accept Plan programmes are actually “designed” in a PRI-centric manner, but greatly welcome the realization that PRI-centric schemes are essential to effectively articulate the felt needs and priorities of “the local people, especially the most vulnerable”. At the end of the Economic Survey report, it accepted the ineffectiveness of PRI as saying “Institutionally, the PRIs remain weak and do not have the capacity to plan or implement programmes effectively. This calls for greater focus on empowering PRIs through training and awareness generation coupled with social audit of all social sector programmes”.¹²⁶ Such status of the PRI also highlighted previously in the Second Administrative Reforms Commission (ARC). In its report on Local Governance (October, 2007) the reluctance of state governments and the bureaucracy to let PRIs become independent self-governing entities in accordance with the “principal of subsidiarity” was highlighted. The report blames the skewed concentration of political power at the higher levels for the prevailing sorry state of affairs.¹²⁷ It noted that many State Acts do not contain provisions relating to the actual task of preparing development plans at all the levels of Panchayats as envisaged in Article 243G. The Commission also highlights that no real devolution of functions have taken place nor substantial untied funds made available which is the preconditions for effective planning. The report of the commission also noted that the Planning Commission at the Centre and the State Planning Boards have also not evinced much interest in integrating State and local plans.¹²⁸

¹²⁶ Economic Survey 2012-13, para 13.53, p. 294 as quoted in Towards Holistic Panchayat Raj, twentieth Anniversary Report of the Expert Committee on Leveraging Panchayats for effective Delivery of Public Goods and Services, Vol-1, Policy Issues, National Panchayat Raj Day 24th April 2013, New Delhi page 33

¹²⁷ GoI (2007): “Local Governance – An Inspiring Journey into the Future”, Second Administrative Reforms Commission: Sixth Report, Government of India, Delhi.

¹²⁸ Commission on Centre-State Relations, ““District Planning”, Chapter-5, in *Local Self-Governments and Decentralized Governance*, Report, Volume IV, New Delhi, March 2010, pp. 94-95

The second and third SoPR report for 2007-08 and 2008-09 also observed the considerable resistance in both the central ministries and the state governments to devolve the 3Fs.¹²⁹ So, the Panchayats had not able to evolve into institutions of self-governance. Various legislative and executive orders have been initiated for devolution. But in reality, there was no accompanying devolution of functionaries and funds which rendered the orders ineffective.¹³⁰ The growing arbitrary interference in daily working of PRI is also another hurdle in the successful working of Panchayats. This hampers the initiative of the local bodies. Such situation also creates disinterest among the independent minded public spirited persons to become members of these local bodies”.¹³¹

Another disturbing feature is the increasing trend towards politicization of local body election. This seriously prevents PRI from concentrating on local issues. Party loyalties at times override local concerns and force individual local bodies to conform to rather than pursue independence action on local matters or to seek deviation from plans and priorities conceived at higher levels.¹³²

3.6.6: Politics of Devolution in Financial Resources

Various empirical studies reveal decentralisation of authority and functionaries are not accompanied by decentralisation of financial resources. The proper devolution of financial resources is necessary for effective utilisation of authority and functioning of the functionaries. Self-governance cannot be actualised without adequate funds. Through realising this, the then Union Minister of State for Rural Development, G. Venkat Swamy said while moving the Constitution (73rd Amendment) Bill in Parliament “Constitution (seventy-third) Amendment cast a duty on the centre as well as the states to establish and nourish the village panchayats so as to make them

¹²⁹ IRMA (2008): The State of Panchayats: 2007-08: An Independent Assessment, Vol I – Thematic Report, Ministry of Panchayati Raj, Delhi. And IRMA – (2010): The State of Panchayats: 2009-10: An Independent Assessment, Vol I – Thematic Report, Ministry of Panchayati Raj, Delhi. quoted in Rahul Banerjee, “What Ails Panchayati Raj?”, *Economic and Political Weekly*, Vol xlvi, No 30, July 27, 2013, p. 175

¹³⁰ Rahul Banerjee, “What Ails Panchayati Raj?” *Economic and Political Weekly*, Vol. xlvi, No. 30, July 27, 2013, P. 175

¹³¹ Dasarathi Bhuyan, “Panchayati Raj institution in Orissa: Issues and challenges” in book *Panchayat Raj Institutions: Issues and challenges*, ed. R. L. Panigrahy, (New Delhi: Discovery Publishing House, 2007)

¹³² Commission on Centre-State Relations, “Situation Today”, Chapter 4, in *Local Self-Governments and Decentralized Governance*, Report, Volume IV, New Delhi, March 2010, p. 45

effective self-governing institutions.....We feel that unless the panchayats are provided with adequate financial strength, it will be impossible for them to grow in stature”.¹³³

Article 243H provides the constitutional basis for state to enact legislation related to the financial management of the local bodies. Such state legislation could authorize the local bodies to levy, collect and appropriate taxes, duties, toll ad fees; provide for assignment to them taxes, duties, tolls and feed levied and collected by the States as also to make grants-in-aid from the Consolidated Fund of the State.¹³⁴ Article 243I directs the state for establishing State Finance Commission (SFC) to review the financial position of the Panchayats and to make recommendations to the Governor. Devolution of taxes to panchayats is linked with the activities assigned to them under the list of the 11th schedule, which vary from state to state. To this end, the devolution of taxes to the three tiers of the panchayats needs to be linked to the activity mapping for the devolution of functions and functionaries.¹³⁵

After 73rd CAA variety of taxes have been devolved to different levels of panchayats. The intermediate and district panchayats are endowed with powers to collect very few taxes, where village panchayats are given substantial taxing powers. In a number of cases, under the tax rental arrangement, the village panchayats collect taxes and pass them on to the higher level of panchayats.¹³⁶

After twenty years of CAA, it was realised that panchayats are financially and technically under equipped to perform even core functions, welfare functions and other economic functions related to agriculture and industries. Panchayats rely more on fiscal transfers from the state government in the form of shared taxes and grants. State taxes are shared according to the recommendations of the SFC.¹³⁷ The own

¹³³ V.N. Alok, “ Panchayati Raj and Rural Development” Part-III, *Role of Panchayat Bodies in Rural Development since 1959*, Theme Paper for the Fifty-Fifth Members’ Annual Conference, Indian Institute of Public Administration, New Delhi, October 22, 2011, p.25

¹³⁴ Commission on Centre-State Relations, “Situation Today”, Chapter 4, in *Local Self-Governments and Decentralized Governance*, Report, Volume IV, New Delhi, March 2010, p. 48

¹³⁵ V.N. Alok, “ Panchayati Raj and Rural Development” Part-III, *Role of Panchayat Bodies in Rural Development since 1959*, Theme Paper for the Fifty-Fifth Members’ Annual Conference, Indian Institute of Public Administration, New Delhi, October 22, 2011, p.26

¹³⁶ Ibid.

¹³⁷ Ibid. pp.24-28

revenue of Panchayats (all tiers) as percentage State own revenue is 0.83%.¹³⁸ Consequently, state governments are starved of funds. This reflects the understandable reluctance to constitute SFCs as mandated and implementation of the recommendation on funds devolution.¹³⁹ Not only this, but the CSS funds are a major bone of contention between state governments and PRIs. The CSS funds are equivalent to 75% of a state government's own revenue. Further the funds which flows from the various institutions of central government in form of CSSs have sector specific conditionality and in the hands of those who receive them.¹⁴⁰ It has been observed that without devolving 3Fs to the PRI, state governments effectively ensure its control over the expenditure of CSS funds.¹⁴¹ The rigid conditionality provides no amount of flexibility for elected local government to use as it deems fit.¹⁴²

Various State of Panchayat Report (SoPR) also noted that SFCs have not been functioning independently to strengthen the finances and databases of PRIs. These reports also criticised that despite continuous efforts by the MoPR and several recommendations by the 11th, 12th and 13th central Finance Commissions (CFCs), states have neither standardised the accounting systems and databases of PRIs to provide the CFCs and SFCs with a solid foundation for recommending devolution of funds nor created panchayat windows in the budgets of the departments from which functions are to be devolved to PRIs.¹⁴³

It has been blamed that state governments are reluctant towards devolution of financial resources but, in reality, State governments are starved of funds due to the Indian federal fiscal system which skewed heavily in favour of the union government. Further, the fiscal deficit of the states have increased due to a higher debt burden, and interest payments constituted the single largest item of revenue expenditure. State

¹³⁸Basic data obtained from Panchayati Raj Department of various States, the XIII Finance Commission and Finance Accounts of the C& AG

¹³⁹ Rahul Banerjee, "What Ails Panchayati Raj?" *Economic and Political Weekly*, Vol. xlvi, No. 30, July 27, 2013, p.174-175

¹⁴⁰ Commission on Centre-State Relations, "Situation Today", Chapter 4, in *Local Self-Governments and Decentralized Governance*, Report, Volume IV, New Delhi, March 2010, p. 50

¹⁴¹ Rahul Banerjee, "What Ails Panchayati Raj?" *Economic and Political Weekly*, Vol. xlvi, No. 30, July 27, 2013, p. 176

¹⁴² Vinod Vyasulu, "Transformation in Governance since 1990s: Some Reflection, *Economic and Political Weekly*, Vol. 39, No. 23, June 5, 2004, p. 2383

¹⁴³Rahul Banerjee, "What Ails Panchayati Raj?" *Economic and Political Weekly*, Vol. xlvi, No. 30, July 27, 2013, p. 175

have to rely heavily on grants and transfers of their share of the taxes levied by the union government. This too makes them cautious about devolving fiscal powers and funds to PRIs, as it will further erode their financial buoyancy. The devolution of fund will transfer control over a substantial portion of their tax revenue to PRI and it would be left with even less financial leeway than they have at present. So States are not only reluctant to devolve resources to PRI but also to give away their meagre own resources to panchayats and even exert considerable control over the funds devolved under centrally sponsored schemes (CSS) directly to PRIs. So the devolution process in India has remained a weak one.¹⁴⁴

Various Finance Commissions highlighted the reluctant nature of the states and role of the Centre towards transfer of resources and emphasized the issue of transferring responsibilities and revenue to the local governments. It has been noticed that the Central Finance Commissions have not taken effect, owing to a number of operational and synchronisational problems.¹⁴⁵

But, the 12th Finance Commission in its report notes that “The Central government should not impose any condition other than those prescribed by us, for release or utilisation of these grants”.¹⁴⁶ Even further the 13th Finance Commission recommended ad hoc lump sum grants to panchayats.¹⁴⁷ It also suggest that the grant would be calculated from the volume of the Union divisible pool of the previous year. In this context, the percentage share would gradually increase from 1.5% in 2010-11 to 2.28% in 2010-15. This is a major development with regard to the predictable devolution of finance to panchayats. This is also a positive step towards creating/enhancing the fiscal capacity of Panchayats. In a memorandum to the 13th Finance Commission, the ministry of Panchayat Raj pleaded to recommend 5% share

¹⁴⁴ Ibid., pp. 174- 176

¹⁴⁵ Commission on Centre-State Relations, “Situation Today”, Chapter-4, *Local Self Governments and Decentralized Governance*, Vol. 4, March, 2010, p. 50

¹⁴⁶ Government of India 2004 d, 262

¹⁴⁷ V.N. Alok, “ Panchayati Raj and Rural Development” Part-III, *Role of Panchayat Bodies in Rural Development since 1959*, Theme Paper for the Fifty-Fifth Members’ Annual Conference, Indian Institute of Public Administration, New Delhi, October 22, 2011, p.32

in the union divisible pool to the states for panchayats towards operation and maintenance of panchayats.¹⁴⁸

With considering the present deficiencies in the provision of basic services, the Thirteenth Finance Commission observed the need to bolster the finances of the rural as well as urban local bodies. Taking into account the demand of the local bodies, they be allowed to benefit from the buoyancy of Central taxes. It also recommended for transfer of a percentage share of the divisible pool of taxes over and above the share of the States to the local bodies. The Commission recommended that the divisible pool of Central taxes of the previous year may be used as a base for computing the grant eligibility of local bodies in the following years.¹⁴⁹

The above analysis of politics of decentralisation reflects that the state legislative assemblies failed in fulfilling the constitutional obligation of endowing panchayats with power, functions and finances to make them autonomous institutions of self-government. It will be improper to blame the legislators or the ministers alone rather it is the part of political system for this situation. It looks like the vested interest in keeping the PRIs subservient. This is the reason why the issue of local democracy has not been on the agenda of public debate. It amounts to an elite conspiracy intending to suppress the emergence of an authentic voice of the marginalised people in the countryside.¹⁵⁰

3.6.7: Initiatives for Effective Devolution

Towards realising the stagnant role of the Centre on effective devolution, the then Prime Minister of India said “Before we set this right at the centre we cannot be asking the state to do so”. According to him “Central Government has to play a major role in the effective functioning of Panchayati Raj Institutions”.¹⁵¹ Some steps have

¹⁴⁸ V.N. Alok, “ Panchayati Raj and Rural Development” Part-III, *Role of Panchayat Bodies in Rural Development since 1959*, Theme Paper for the Fifty-Fifth Members’ Annual Conference, Indian Institute of Public Administration, New Delhi, October 22, 2011, p.33

¹⁴⁹ Commission on Centre-State Relations, “Situation Today”, Chapter-4, *Local Self Governments and Decentralized Governance*, Vol. 4, March, 2010, p. 51

¹⁵⁰ D. Bandyopadhyay, Saila K Ghosh, Buddhadeb Ghosh, “Dependency versus Autonomy: Identity Crisis of India’s Panchayats”, *Economic and Political Weekly*, Vol. 38, No. 38, September 20, 2003, p. 3990

¹⁵¹ The Prime Minister reiterated this point at the National Convention to commemorate the 50th Anniversary of Panchayati Raj on Gandhi Jayanti, 2 October 2009 as quoted in Towards Holistic Panchayat Raj, twentieth Anniversary Report of the Expert Committee on Leveraging Panchayats for

been initiated towards devolution in letter and spirit and for effective and self-governance of PRI.

The Taskforce of the Union Ministry of Rural Development on devolution of powers and functions to panchayats has developed an activity-mapping model on the 'principle of subsidiarity'¹⁵². Various Round Table Conferences of the Ministry of Panchayati Raj from various states were organised every year to discuss the way for effective PRI. Even a Memorandum of Understanding (MoU) has been signed by the Chief Ministers of different States with the Union Minister of Panchayati Raj by the Chief Ministers of different States with the Union Minister of Panchayati Raj in 2005 towards that end. Later a Roadmap has been prepared with consultation of States by the Ministry of Panchayati Raj to envisage PRI as per the thrust of 73rd amendment Act 1993. Not only this but the Planning Commission tried to persuade the State Government to prepare Annual Plans on the basis of District Plans which prepared by the District Planning Committees. But all these failed to make decentralised planning a reality in most of the states.¹⁵³

The first state of panchayat report (SoPR) in 2006-07 noted the recommendation for a 'big bang' approach to overcome the sluggishness in the devolution of functions, functionaries and funds (3Fs) to the PRIs. This approach speaks that if substantial functions, functionaries and funds were devolved at one go with accompanying investment in capacity building and training of staff and elected representatives to handle the greatly increased responsibilities, then this big bang would blow away much of the inertia and inexperience that were proving to be the major hurdles. The success of PRIs in Kerala where this approach was first followed was held up as an example. The second and third report of SoPR again recommended for adoption of big-bang approach in PRI.¹⁵⁴

effective Delivery of Public Goods and Services, Vol-1, Policy Issues, National Panchayat Raj Day 24th April 2013, New Delhi, p. 9

¹⁵² The principle of subsidiary states that any activity that can be undertaken at a lower level must be undertaken at that level in preference to being undertaken at any higher level.

¹⁵³ Raunak Ahmad, "The Politics of Representative, Responsive and Responsible Panchayat Raj in Indian Development Scenario", *Excellence International Journal Of Education And Research*, Vol. 1, Issue-3, November, 2013, p.118

¹⁵⁴ Rahul Banerjee, "What Ails Panchayati Raj?" *Economic and Political Weekly*, Vol. xlvi, No. 30, July 27, 2013, p. 175

3.6.8: Delegation of Powers under Centrally Sponsored Schemes (CSSs) to Panchayats

The basic thrust of the CSSs is socio-economic development of the rural people. The major role of the PRI in CSSs can become more context specific and a greater measure of accountability and transparency. Through highlighting various loopholes in CSSs, various committees recommended for channelizing CSSs through PRI for more accountable system of delivery. The committees recognised that only through the active involvement of PRI, benefits can able to reach effectively to two-third population leaving in rural India.¹⁵⁵In this context, the then Prime Minister of India in his inaugural address at the Chief Ministers' Conference noted that "For differential strategies to emerge in rural development and to make rural India our big opportunity we need to implement the provisions of Panchayat Raj in letter and spirit."¹⁵⁶After this the Cabinet Secretary in October 2004 issued a circular to modify their CSS guidelines to bring the centrality of panchayat in planning as well as implementation. Though the task commenced but faded gradually without due force from higher authorities.¹⁵⁷

In recent times the panchayats are being increasingly recognised as implementing institutions for the plan schemes of line ministries. The most important of these is MGNREGA, where the panchayats at the district, intermediate and village levels have been given specific responsibilities as principal authorities for planning and implementation. Village panchayats are required to take minimum 50% value of the works.¹⁵⁸

Towards more involvement of PRIs in CSSs, MoPR constituted an Expert Committee under the chairmanship of Shri Mani Shankar Aiyar, M.P. in 2012. The basic objective of the Committee was to review the existing policy and guidelines of

¹⁵⁵ Raunak Ahmad, "The Politics of Representative, Responsive and Responsible Panchayat Raj in Indian Development Scenario", Excellence International Journal Of Education And Research, Vol. 1, Issue-3, November, 2013, p.116

¹⁵⁶ PM's Inaugural Address at the Chief Ministers' Conference on Poverty Alleviation and Rural Prosperity through Panchayat Raj, 29 June, 2004

¹⁵⁷ Raunak Ahmad, "The Politics of Representative, Responsive and Responsible Panchayat Raj in Indian Development Scenario", Excellence International Journal Of Education And Research, Vol. 1, Issue-3, November, 2013, p.118

¹⁵⁸ N. Alok, " Panchayati Raj and Rural Development" Part-III, *Role of Panchayat Bodies in Rural Development since 1959*, Theme Paper for the Fifty-Fifth Members' Annual Conference, Indian Institute of Public Administration, New Delhi, October 22, 2011, p.34

relevant Central Sector or CSSs dealing with social sector and anti-poverty programmes and to give specific recommendations on the process to involve more PRI in this schemes. It also expected to find out ways to incentivize States to devolve 3Fs to Panchayats and built PRI as self-governance institution. The report contains several recommendations for empowerment of PRIs which include revision of CSS guidelines and activity mapping for CSSs for providing role and responsibilities to the PRIs. The report of the Expert Committee was circulated to all the State Governments and Central Ministries for taking appropriate action. Moreover, an Inter-Ministerial Steering Committee on “Enhancing the role of Panchayats in CSSs” headed by Secretary, Panchayati Raj met in July 2013 and reviewed the status of implementation of the recommendation of the Expert Committee in respect of CSSs. Further the Cabinet Secretary wrote in August, 2013 to all Secretaries in the Ministries/Departments to take time bound action for revision of CSS guidelines and preparation of activity mapping based on the Expert Committee’s recommendations. Meeting of the Committee of Secretaries were also convened to review the progress made. All the eight Ministries/Departments namely Rural Development, Agriculture and Cooperation, Water Resources, Rural Drinking Water and Sanitation, School Education and Literacy, Health and Family Welfare, Women and Child Development and Tribal Affairs have revised the guidelines of the identified schemes along with completion of activity mapping for providing appropriate role and responsibility to PRIs.¹⁵⁹

It is expected that such initiatives from the Central government will bring desired change in the effort of development specific to poverty elevation and social sector. It will not only making the PRIs more empowered but through them the empowerment of common man is likely to be seen.¹⁶⁰

In the juncture of improper devolution and reluctant nature of States towards effective Panchayati Raj institutions, the Central government gets its space to visualise its existence and authority in the grass root level basically in the district level. This is

¹⁵⁹), Ministry of Panchayati Raj, “Devolution of Powers to Panchayats”, Chapter-3, *Panchayati Raj Institutions Gateway to Sushasan (Good Governance)*, E-Book, Ministry of Panchayati Raj, Government of India, New Delhi, Jan, 2015,p. 12-14

¹⁶⁰Raunak Ahmad, "The Politics of Representative, Responsive and Responsible Panchayat Raj in Indian Development Scenario", *Excellence International Journal Of Education And Research*, Vol. 1, Issue-3, November, 2013, p.119

basically done through the central bureaucrats' i.e district collector and various CSSs. In this regard since 2002-03, a considerable percentage funds are transferred directly to autonomous agencies bypassing the States. This leads to the trend to ignore the State Government by the local officials especially on these Schemes since they have to coordinate directly with New Delhi. Thus, this sizable funding of CSS to the tune of about 60 per cent of the Central Assistance is resulting in an expanding role of the Centre in the State sector, by sidestepping the States and placing district functionaries directly under the control of the concerned central ministries and giving over half the Central Assistance as Additional Central Assistance, which is not within the purview of the Gadgil formula (or FC criteria) with a great deal of discretion with the concerned central ministries in allocations and disbursement.¹⁶¹ Such process leads to implicit central control in the developmental activities.

This also pointed out by the Second Commission on Centre-State Relation in Volume IV of its report that the motivating factor behind to give Constitutional Status by the 73rd and 74th Amendment Act were to take away the legislative discretionary power of the States in related to local self-government and the Commission also realized that without constitutional status a distinct life and composition of local self-government was not possible as per past experience. Only by this method could the objective enshrined in Article 40 of the Directive Principles be achieved and units of self-government can be achieved. The statement of objects and reasons to the Amendment Bill accordingly said that “there is an imperative need to enshrine in the Constitution certain basic and essential features of Panchayati Raj Institutions to impart certainty, continuity and strength to them.”¹⁶²

3.7: Status of Panchayati Raj Institution

In such a notional decentralisation and implicit central control juncture, the implementation of 73rd Constitutional Amendment Act has reflected some positive and effective outcome of the Panchayati Raj Institution. It was also fact that the

¹⁶¹Commission on Centre-State Relations, “Centrally Sponsored Developmental Schemes and Federal Relation” Chapter-5, *Socio-Economic Development, Public Policy and Good Governance*, Report, Vol.7, March 2010, pp.91-922

¹⁶²Commission on Centre-State Relations, ““District Planning”, Chapter-5, in *Local Self-Governments and Decentralized Governance*, Report, Volume IV, New Delhi, March 2010 March 2010, p. 43.

objective of the CAA has not been visualised still after twenty-one years of existence of PRI as constitutional institutions.

It would be quite apparent that the situation is basically unchanged. But with exception the Second Commission on Centre-State Relation highlights that in Kerala around 25-30% of plan resources are spent through local bodies. A cadre of local leadership has emerged and there is evidence that money spent on poverty eradication is actually reaching the needy people because resource allocation are being made locally and not by a department driven delivery system. At the same time the situation of district planning in most states would not be much better.¹⁶³

A massive local bureaucracy and elected representatives has been created over the years, with Panchayat Secretary and Sarapacha at the Gram Panchayat level, the block development officer and Chairman of Panchayat Samiti in the block/taluk and Chief Executive Officer i.e. Collector and President at its head to implement the many schemes of the Government of India and State Government in the social sphere. Not only impact of the schemes are below expectation as poverty and deprivation continued to exist¹⁶⁴ but the bureaucrats and elected representatives failed to meet the challenges. It has resulted in the decay of these institutions in every level. The reality in the field also reflects the inefficiency and corruption on a massive scale.¹⁶⁵

3.7.1: Participation in Panchayati Raj Institution

It is true that the basic thrust i.e. autonomy of PRI has not been achieved fully still today, but it has resulted positively towards the participation in socio-economic and political aspects. More than three million elected representatives are found in the panchayat bodies. Among the elected representatives, huge number of the women and scheduled castes and scheduled tribes has been visualised as per the reservation of seats. Various studies highlight the manipulation of women and weaker section representatives by the male folk in the family or by the political parties and power

¹⁶³Commission on Centre-State Relations, "Situation Today", Chapter 4, in *Local Self-Governments and Decentralized Governance*, Report, Volume IV, New Delhi, March 2010, p. 47-51

¹⁶⁴(In the 1980s, there has been a drop in the poverty ratios. But the absolute magnitude of poverty is still very high in India.)

¹⁶⁵ (For example, see the citizen report cards brought out by the Public Affairs Centre in Bangalore on several occasions. Their millennial survey throws much light on this subject in depth. See also, Gurharpal Singh, 'Understanding Political Corruption in Contemporary Indian Politics', *Political Studies*, Vol 4, No 3, 1997.)

groups. At the same time some reports reflect numerous instances of women and weaker section of society are exercising political power through enhancing their standing both in the society and in the family against heavy odds. The regular election of PRI has resulted not only empowered those who get elected but also who participate in the election process formally and substantially. But such political empowerment always have not matched with empowerment in the context of social and economic in the countryside. So they might not have been very effective everywhere but there is no denying that there are signs of assertion and independence. Such changing phenomenon in the political field have likely impacted on the current political equilibrium which was dominated by the landowning propertied classes/castes in the countryside. These changing scenario implies the mobility of the rural society in a faster way.¹⁶⁶

At the same time the unsatisfactory attendance in various meetings of the Gram Sabha infers that the panchayats have not been able to create ground for social and political mobilisation to bring about a significant change in the established political equation of the dominant economic, social and political forces. Generally people are not getting enthused to attend such meetings as panchayats are treated as the extended arms of the state administration with very little of their own to do. It is a known fact that the central and state governments are currently exercising usurped powers and functions which basically belong to the different tiers of panchayat under the principle of subsidiarity.¹⁶⁷ Such lack of participation in the governance reflects that the overall growth process has been associated with increasing levels of inequality, both at rural and urban levels.¹⁶⁸ The unsatisfactory attendance in Gram Sabha and even ward sabha meetings became unable to make accountable the President of the village Panchayat and his bureaucrats. They are able to get away with token, or even bogus meetings of the Gram Sabha.¹⁶⁹

¹⁶⁶ D. Bandyopadhyay, Saila K Ghosh, Buddhadeb Ghosh, "Dependency versus Autonomy: Identity Crisis of India's Panchayats", *Economic and Political Weekly*, Vol. 38, No. 38, September 20, 2003, p. 3990

¹⁶⁷ D. Bandyopadhyay, Saila K Ghosh, Buddhadeb Ghosh, "Dependency versus Autonomy: Identity Crisis of India's Panchayats", *Economic and Political Weekly*, Vol. 38, No. 38,, September 20, 2003, p. 3991

¹⁶⁸ India Development Report 2012-13, p. 225

¹⁶⁹ Answer by the Hon'ble Minister of Panchayati Raj to a Lok Sabha Question on 2 August 2010 [http:// www.pib.nic.in/newsite/erelease.aspx?relid=63931](http://www.pib.nic.in/newsite/erelease.aspx?relid=63931) The two circulars of 2 October 2009 are

3.7.2: Impact of Globalisation on Panchayati Raj Institution

It has been noticed that influence of the market economy would find easier to manipulate and operate the central and state governments rather than to handle quarter of a million panchayat bodies. The effectiveness of the PRI and uninfluenced nature of PRI from market economy has been reflected in the effort and activity of Gram Panchayat in Goa which prevented Du Pont from establishing a plant in its area in spite of all other clearances. The empowerment of elected representative in grass root level even reflected in the case of lady chairperson of Bhanduvencheri gram panchayat in Tamil Nadu who stopped mining operation in her panchayat as it adversely affected the groundwater level of the area. Some tribal gram panchayats of Rayagoda district of Odisha have so far successfully restricted giant national and Multinational Corporation combines from starting mining operations in their area. All these success incidences reveal the result of political empowerment without being legally empowered sufficiently.¹⁷⁰

The state machinery are day by day realising that a faceless and non-responsive bureaucracy alone cannot govern the countryside. In recent years the state machinery are increasingly forced to involve the local community in providing the basic services like primary education, primary health care, and environmental protection, local resource mobilisation as well as community policing. Such steps has been initiated with experiencing failures of centralised planning to respond to the grass roots realities. The social activists through the civil society institution are also clamouring for community empowerment, local autonomy, transparent and participatory government at the local level. It seems that a process of political and social churning has started for which panchayats are increasingly providing an institutional base. This may lead to the grass roots level demand for closing the gap between the de jure and de facto position of the panchayats. There is a possibility that the coming years will

reproduced at pp. 452-463 of the Compilation of Important Correspondence and Minutes of Major Meetings, April 2008-March 2010, published by the Ministry of Panchayati Raj and available on the Ministry's website <http://www.panchayat.gov.in>. The Committee commend the slogan on the publication as it says it all: "Gram Sabha- for Empowered People and Accountable Panchayats".

¹⁷⁰ D. Bandyopadhyay, Saila K Ghosh, Buddhadeb Ghosh, "Dependency versus Autonomy: Identity Crisis of India's Panchayats", *Economic and Political Weekly*, Vol. 38, No. 38,, September 20, 2003, p. 3991

see the Indian political discourse being structured to a considerable extent around this conflict. The outcome of this conflict is still uncertain, still embedded in future.¹⁷¹

Towards more effective devolution and materialisation of true local self-governance in a long run needs a three-way dialogue between central, state and PRI-level politicians. In such a process only the reluctant nature of the state in fear of marginalisation will be minimised. A drastic reorganisation and redesigning of the political and administrative system at the state level is required to accommodate strong district and lower-level PRIs on the principle of subsidiarity. Ultimately a greater political pressure from the people at the grass roots is necessary as in the case of Kerala and West Bengal.¹⁷² At the same time a fresh constitutional amendment towards fulfilling the Constitutional mandate is also necessary as realised by the Second Commission on Centre-State Relation.¹⁷³

The experience of 21 years development process after 73rd CAA reflects the effective devolution can increase more involvement of people in the development process and able to establish a meaningful panchayat raj institution. Further such participation will leads the steps for lively Gram Sabha and less nefarious the nexus between the lower bureaucracy and the Panchayat members. The more organised and participation of elected members will built their voice stronger in matters of rural development and rural welfare, as also in influencing the political process at higher echelons. The strong organised elected PRI will become a means for the effectiveness of Panchayat Raj at the grassroots and the less the significance of Panchayat Raj in the daily lives of the people the less do they demand Panchayat Raj.¹⁷⁴ However gradually various

¹⁷¹ D. Bandyopadhyay, Saila K Ghosh, Buddhadeb Ghosh, "Dependency versus Autonomy: Identity Crisis of India's Panchayats", *Economic and Political Weekly*, Vol. 38, No. 38,, September 20, 2003, p. 3991

¹⁷² Rahul Banerjee, "What Ails Panchayati Raj?" *Economic and Political Weekly*, Vol. xlvi, No. 30, July 27, 2013, p. 176

¹⁷³ Commission on Centre-State Relations, "Decentralised Governance and Intergovernmental Relation", Chapter 8, *Constitutional Governance And The Management of Centre-State Relations* Vol. 2, March 2010, p. 174,

¹⁷⁴ Towards Holistic Panchayat Raj, twentieth Anniversary Report of the Expert Committee on Leveraging Panchayats for effective Delivery of Public Goods and Services, Vol-1, Policy Issues, National Panchayat Raj Day 24th April 2013, New Delhi p. 378

shortcomings are being attended towards visualising the basic thrust behind creation of Panchayati Raj Institution.¹⁷⁵

3.8: Summing up

This chapter analyses the democratic decentralization in India. It discusses various 73rd Constitutional amendments Act. It also narrates various constitutional Acts and Amendments in Odisha in regard to the Panchayati Raj institutions. The analysis of various Odisha Act reflects steps have been taken to more democratize and inclusion of the unprivileged section of the society in various developmental activities. Towards the end it critically examines various decentralized institutions which are basic machinery towards the implementation of various poverty alleviation programmes. This chapter comes to the conclusion that the transfer of the various subject and powers to the Panchayati raj in Odisha is in the theory not in the practice. The real transfer has not been taken place. In such situation without much power more responsibility like implementation of poverty alleviation programme has been transferred directly from centre to the local self-government. The next chapter deals with the various phases of developmental approaches and various poverty alleviation programme. It also deals with the shift of the approach in the developmental approach in India with the socio-economic and political context.

¹⁷⁵ Commission on Centre-State Relations, "Situation Today", Chapter 4, in *Local Self-Governments and Decentralized Governance*, Report, Volume IV, New Delhi, March 2010, p. 45

CHAPTER – 4

Understanding of Rural Poverty Alleviation Programmes in India

This chapter deals with the understanding of various rural poverty alleviation programmes. It critically examines the shift in the approach of the various developmental plans and welfare programmes. It starts with the definition and constitutional status of poverty in India. It also analyses various five year plans and their approach toward rural poverty.

4.1: Introduction

Alleviation of rural poverty has been one of the primary objectives in the developmental policy of India. From the inception of planning, the policies of the government have continued for rapid economic growth and uplifting the rural poor through offering more productive employment and enhancing income. The major theme of the entire rural poverty alleviation programmes is to rejuvenate the economic and social life in the rural areas. This has been a major challenge for policy makers since independence. The rural poverty alleviation programmes have been designed and redesigned according to the demand of the time by the successive governments. Various developmental approaches (Growth to Distribution mode and latter inclusive and sustainable growth model) have been adopted in different plans to tackle rural poverty. Rural poverty has become a major challenge not only for India but also for the world in the 21st Century. For this reason United Nation had organized a world summit on Social Development in Copenhagen in 1995 to reduce by half by 2015 the proportion of people living in extreme poverty.

4.2: Indian Constitution and Poverty

Poverty was at the heart of the social policy and political agenda of the Indian National Congress (INC) during freedom struggle. The emphasis on poverty had been mentioned in a letter of Jawaharlal Nehru during 1936 as “We cannot fought to get rid of poverty under the present system i.e. political and economic system. If we could get rid of it then the problem is a simple one and even the need for Swaraj is not very apparent”.¹ Even in the eve of independence, the first Prime Minister of India, Pandit Jawaharlal Nehru said in his famous *Tryst with Destiny* speech “The future beckons to

¹ Prमित Chaudhuri, “Changing Perceptions to poverty in India: State and Poverty”, *The Indian Journal of Statistics*, Special Volume 55, No. 3, 1993, pp.310-21

us. Whither do we go and what shall be our endeavor? To bring freedom and opportunity to the common man, to the peasants and the workers of India, to fight and end poverty and ignorance and diseases, to build up a prosperous, democratic and progressive nation, and to create social, political and economic institutions which will ensure justice and fullness of life to every man and women”.²

The word ‘poverty’ has not been mentioned in the Indian Constitution. But as India has got independence under the leadership of Mahatma Gandhi, the Gandhian philosophy like the social and economic development of village life has incorporated in the Directive Principles of State Policy part IV of the Indian Constitution. The social and economic development comes under the list 20 of the concurrent list. It comes under the part-IV of the Indian Constitution. The Articles like 41 “right to work, to education and to public assistance in certain cases. The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want” and Art. 47 “duty of the state to raise the level of nutrition and the standard of living and to improve public health” has been followed by the planners in formation of the various welfare programmes in general and rural poverty alleviation programmes in particular. Alleviation of rural poverty comes under the Concurrent List of Indian Constitution in the Seventh schedule as ‘economic and social planning’. It means both the Central and the State governments can prepare the policies in the context of economic and social planning. But the Central government plays major role in financing as well as formulation of policy in regard to rural poverty due to nature of strong Centre in resources as well as legislative domain in the federal structure of India.

²Ghanshyam Shah, “Poverty Alleviation Programmes in India”, Chapter-7, in *Contemporary India Transitions*, (Ed.) Peter Roland Desouza, Sage Publication, New Delhi, 2000, p. 150

4.3: Definition of Poverty

Poverty means the inability of an individual to secure a normative minimum level of living. It has been determined by the prevailing standards of what is needed for health, nurturing of children, social participation and the maintenance of social respect.³

Poverty has been defined in terms of income or consumption below a norm which has been commonly known as nutritional norms by Planning Commission. Poverty is multidimensional in nature. This dimension is nothing but the economic aspect (income, consumption) whereas other dimensions like social (health, education) have not been taken into account till Eight Five Year Plan. As Amartya Sen has pointed out, education and health will not only improve human welfare directly, it will also contribute to economic growth over a longer period and furthermore, it will improve the ability of the poor to participate more actively in the growth process.⁴ Policies to improve health or educational status of the poor thus come to be viewed as supplementary or ancillary to the major target of raising the consumption of the poor, rather than as a condition for sustainable poverty reduction strategy.

The main determinants of poverty are (i) lack of income and purchasing power attributable to lack of productive employment and considerable underemployment and not to lack of employment (ii) a continuous increase in the price of food, especially food grains which account for 70-80 percent of the consumption basket and (iii) inadequacy of social infrastructure, affecting the quality of life of the people and their employability.⁵

The Planning Commission of India has been analyzed poverty in terms of the ability to access a minimum nutrition level which is expressed in terms of a norm of daily energy intake in calories, required for the working health. It was suggested in Dandekar and Rath's⁶ pioneering 1971 paper and accepted by the Planning Commission after the report of Task Force on Projection of Minimum Needs and

³Ram Ahuja, *Social Problems in India*, Rawat Publication, New Delhi, 1997, p. 28.

⁴ Montek S. Ahluwalia,, "India in a Globalizing World", 27th Jawaharlal Nehru Memorial Lecture, London, 20th April 2005.

⁵ Planning Commission, Ninth Five Year Plan 1997-2002, Government of India, Yojana Bhavan, New Delhi, <http://planningcommission.gov.in/plans/planrel/fiveyr/index8.html>, accessed on 22nd March 2015

⁶ Dandekar, V. M and N Rath: *Poverty in India*, Indian School of Political Economy, Pune, 1971.

Effective Consumption which was set up in 1979. It was also accepted by the Indian Council of Medical Research after considering the population structure by age and gender. Consequently it was accepted by taking the average of 2400 and 2100 calories per day per capita worked out as the required allowances (RDA) for energy intake for rural and urban areas respectively and all the persons unable to access this through their expenditure were to be considered as poor.⁷ Government of India has accepted nutritional norm in respect to measuring poverty which has narrowly included the sense of hunger and endemic malnourishment. Since then in India, poverty studies have been based on the 'poverty line'. Various poverty estimation in India reveals that majority of the poor people are living the rural areas in comparison to urban areas. So this study is basically concentrated on the rural poverty.

4.4: Poverty Line in India

A common method which used to measure poverty is based on incomes or consumption levels. A person is considered as poor if his or her consumption or income level falls below some minimum level which is necessary to meet the basic needs. This minimum level is usually called the 'poverty line'.

The Planning Commission of India is the nodal agency for estimation of poverty. It estimates incidence of poverty at national and state level separately in rural and urban areas. The incidence of poverty is measured by the poverty ratio, which is the ratio of number of poor to the total population expressed as percentage. It is also known as head-count ratio. The methodology for estimation of poverty used by the Planning Commission has been based on the recommendations of the Working Group/Task Force/Expert Groups consisting of eminent experts in the field. The Planning Commission has constituted these groups from time to time to revisit the methodological issues related to the measurement of poverty so as to make the estimates more relevant to the contemporary economic situation.⁸

The Below Poverty Line (BPL) is an economic benchmark and poverty threshold used by the government of India to indicate economic disadvantage and to identify

⁷ Utsa Patnaik, "Neo-liberalism and Rural Poverty in India", *Economic and Political Weekly*, Vol. XLII, No-30, July 28, 2007, pp. 3132-33

⁸ Planning Commission, "The Background", Chapter 1, *Report of the Expert Group to Review the Methodology for Measurement of Poverty*, Government of India, June 2014, p. 6

individuals and households in need of government assistance and aid. It is determined using various parameters which vary from state to state and within states. The Ministry of Rural Development, Govt. of India carries out the BPL survey across the country. BPL census was started in India in the year of 1992. As per decision of the central Government BPL census must be carried out once in every five years. Accordingly the second census was carried out across the country in the year 1997. Similarly the third BPL census was carried out in 2002. Due to some errors in the methodology & targeting the 2002 BPL Census was challenged in the apex court and has not been implemented in many states including Orissa.

For the first time in 1962, the Working Group of the Planning Commission delineated the methodology for poverty estimation. But it has been widely debated by the academicians, experts, policy planners, etc. over the years. So, the Planning Commission has constituted Task Force/Expert Group from time to time to review the methodology. These include the Task Force under the chairmanship of Dr. Y. K. Alagh in 1977, the Expert Groups under the chairmanship of Prof. D.T. Lakdawala in 1989 and Prof. S.D. Tendulkar in 2005.⁹

Since January 2011, the methodology used by the Planning Commission to estimate poverty is based on the recommendations of the Expert Group under the chairmanship of Professor Suresh D. Tendulkar. This recommendation of this Committee reflects that the poverty line is fixed at Rs 27 in rural areas and Rs. 33 in urban areas per day. It became a much political and academic debate as it did not reflect the changing times and aspirations of the people of India. So, in June 2012 a new Expert Committee under the Chairmanship of Dr. C. Rangarajan was appointed. The basic thrust of the Expert Committee was to review alternative methods of estimation of poverty which may be in use in other countries, including their procedural aspects and indicate whether on this basis, a particular method can be evolved for empirical estimation of poverty in India, including procedures for updating it over time and across states. The other task of the committee were to recommend how the estimates of poverty, as evolved above, should be linked to eligibility and entitlements for

⁹Planning Commission, "Evolution and Measurement of Poverty in India", Chapter 2, *Report of the Expert Group to Review the Methodology for Measurement of Poverty*, Government of India, June 2014, p. 9

schemes and programmes under the Government of India. In June 2014 this committee submitted its report. As per the recommendations of the Committee new poverty line thus work out to monthly per capita consumption expenditure of Rs.972 in rural areas and Rs.1, 407 in urban areas in 2011-12. For a family of five, this translates into a monthly consumption expenditure of Rs.4, 860 in rural areas and Rs.7, 035 in urban areas.¹⁰

These BPL surveys are being conducting periodically at the interval of five years basically at the beginning of the five year plan period. This survey has been conducted by the Ministry of Rural Development in association with State and Union Territories. The objective of BPL list Census is to identify the rural households living Below the Poverty Line. On the basis of the BPL, assistance has been provided under various programme of the Ministry such as IAY, NSAP, SGSY, TSC, MGNREGS etc. to the poor¹¹. Such survey has been carried out in 1992, 1997, 2002, and the latest in the 2011. But the 1997 BPL Survey still has been used for various poverty alleviation programme due to the Supreme Court's intervention in response to a writ petition about 2002 BPL census. The rural poverty in Orissa as evident in 1997 BPL survey seems much higher than the poverty estimates given by Planning Commission in 1999-2000. However, it is difficult to compare these statistics as the methodologies adopted in both the surveys are different.¹²

4.5: Status of Rural Poverty in India

There was a general perception that India is a poor country because of its low per capita income. According to Dreze and Sen there is no simple and direct link between a low GNP and poverty nor GNP levels help us to understand why particular demographic and social categories, e.g. women, or pre-school age children, or female children, or land less agricultural labourers, figure disproportionately amongst the

¹⁰Ibid, pp. 01-06

¹¹Ministry of Rural Development, "Introduction", *Report of the Expert Group to advice the Ministry of Rural Development on the methodology for conducting the Below Poverty Line (BPL) Census for 11th Five Year Plan*, Government of India, Krishi Bhavan, New Delhi, August 2009, p.01

¹²Pratap Ranjan Jena, *Rural Decentralization and Participatory Planning for Poverty Reduction*, Odisha State Report, National Institute of Public Finance and Policy, New Delhi, March 2007, pp.19- 23

poor. These characteristics of poverty reflect partly structural aspects of particular societies and partly policy priorities.¹³

It has been noticed that the estimation of poverty or the number of poor in the country is a controversial issue. Various committees use different methodology for the estimation of poverty. This has been reflected in the Table-4.1. It reflects in the year 2009-10 38.2 percent of poverty according to Rangarajan Committee whereas 29.8 percent of poverty in India according to Tendulkar Committee. The 21.9 percent of poverty according to Tendulkar Committee whereas 29.5 percent of poverty in India according to Rangarajan Committee.

Table- 4.1: Poverty Estimates in 2009-10 & 2011-12

Year	Poverty Ratio		
	Rural	Urban	Total
Expert Group (Rangarajan)			
2009-10	39.6	35.1	38.2
2011-12	30.9	26.4	29.5
Reduction % Points	8.7	8.7	8.7
Expert Group (Tendulkar)			
2009-10	33.8	20.9	29.8
2011-12	25.7	13.7	21.9
Reduction % point	8.1	7.2	7.9

Source: *Planning Commission, Report of the Expert Group to Review the methodology for measurement of poverty, Government of India, June, 2014*

Note: The estimates of poverty ratio for the year 2009-10 and 2011-12 derived from the Expert Group Rangarajan methodology and Tendulkar methodology are summarized in Table

4.6: Five Year Plans and Approaches towards Rural Poverty- A Review

At the time of independence, the socio-economic scenario of India was predominated by rural economy with feudal structure. The high rate of poverty, low literacy rate, rigid social structure was widespread. In view of such socio-economic conditions, the basic objective of planning was economic development with social justice.

All the rural poverty alleviation programmes are part of the rural development in a broader sense. Rural development implies both the economic betterment of people as well as greater social transformation. The major theme of rural development is to

¹³ Dreze and Sen, *Hunger and Public Action*, Oxford University Press, 1991

increase participation of people in the rural development process, decentralization of planning, better enforcement of land reforms and greater access to credit and inputs in providing the rural people for better prospects of economic development. Programmes like health care facility, education, drinking water, energy supply, sanitation and housing, wage employment etc. are the part of rural development which is essential for the social and economic development of rural people.

National planning is a process of setting national targets, and preparing programmes and policies that will help achieve those targets. The policies and programmes are prepared with ensuring optimal use of national resources both financial and real. These policies are based on an understanding of the response of the economy to these interventions. This exercise has become more complex over time for several reasons. First, the setting of targets is not just a technocratic process. It must reflect the aspirations of an increasingly aware public and a active civil society to command the broadest possible social and political support. Secondly, the strategies outlined by the plan must reflect the growing complexity and maturity of the economy, including its growing integration with the rest of the world, and the changing role of the public and private sectors. Finally, plan strategies are only as good as our ability to implement them and therefore implementation capability is very important.

The development planning in India aimed at bringing the weaker section of the society to the main stream of development. Government of India and state Governments brought out specific programmes for the poorer section of society since the inception of Fifth Five Year Plan. It is the vital instrument to realize the social objectives enshrined in our Constitution. It is the method to meet challenges which have emerged either because of a new political and economic developments in the country and in the world, or as a consequence of progress already achieved. So, development plan in form of Five Year Plan (FYP) plays an important role towards the development of the nation and alleviation of rural poverty. So, the first five year plan (1951-56) describes the planning as “Economic planning has to be viewed as an integral part of a wider process aiming not merely at the development of resources in a narrow technical sense but at the development of human faculties and the building up of an institutional framework adequate to the needs and aspiration of the

people.”¹⁴ So, through this plan an attempt was made to strike a balance between the prevailing socio-economic conditions and the building up of a model society founded by the Indian Constitution related to the protection of the weaker sections of the society. The first development i.e. Community Development (CDP) was implemented nationwide with the objective of socio-economic change primarily in the life of rural population. It was the first instrument to tackle poverty in independence India. The activities which were carried out under this were agriculture and allied activities, irrigation, communication, education, health, supplementary employment, housing, training and social welfare. Towards the implementation of the programme a new institutional structure was set up. Each community project consisted of three Development blocks and each block comprised nearly hundreds of villages. The development blocks were stratified into group of five villages and each group was under the supervision of a village level officer. The basic thrust of the programme was to motivate community to participate in the development programme. The institution of Panchayati Raj was also introduced towards the implementation of CDP. These programmes also continued in the subsequent plans. But in reality this failed to generate the desired result due to over dependency of the on the government but also on the government funding. So, this failed to achieve desired results in terms of improving the lives of rural poor. Major land reform policies like abolition of intermediary institutions and systems of land holding like Zamindari, Jagirdari, etc., were initiated during this plan. This plan had emphasized more on the industrial growth to deal with the socio-economic condition of the country at that time. It was assumed that such industrial growth will generate employment and consequently it will impact positively on the alleviation of poverty.¹⁵

The Second Five Year Plan (1956-61) was heavily influenced by Professor P. C. Mahalanobis model of development. The strategy of development in this plan was in the two economic sectors like production of capital goods and consumer goods. With continuing the previous industrialization, this plan emphasized on the massive industrial development with an emphasis on balanced regional development of

¹⁴ Text of the First Five Year Plan Document, available at:

<http://panningcommission.nic.in/plan/planrel/fiveyr/welcom.html> accessed on August 20th 2007.

¹⁵ Kaushik Ranjan Bandyopadhy, “Poverty Reduction Strategies in India over the Successive Five Year Plans”, Chapter-1, *Poverty Alleviation and Pro-poor Growth in India*, Asian Institute of Transport Development, New Delhi, 2007, pp. 05-10

industrial and agricultural growth. Such steps were initiated on the basis of socio-economic conditions and with a socialist approach of the then Prime Minister Jawahar Lal Nehru. Industrial development was prioritized to increase employment. But the success of this plan was not much as expected due to the serious balance of payment crisis and acute food deficit. Such problems were accompanied with the financial inflation and rapid growth of population. During this plan emphasis was given on balance development of regional growth not directly attacking on poverty.¹⁶

Unemployment had become a major issue even after the emphasis on the generation of employment from the last two plans. During the third five year plan (1961-66) major initiatives like comprehensive rural work was initiated to generate additional employment opportunities with utilizing the large rural labour force for the accelerating the process of economic growth. But the performance of the third plan was below expectations. Such result was due to the poor harvest and the conditions of war with China and Pakistan in 1962 and 1965. During this plan Government focused more on national defense rather than the development priority due to the national security concern. The last three plans were focused on two strategies of growth model i.e. a) economic growth with balanced regional development and b) institutional changes. Such steps were initiated by the planner with the assumption that such planned growth model with regional balance will trickle down share of development to the masses. But such approach of growth model was not resulted as expected. The empirical evidence revealed that the fruits of development had not percolated down to the masses and a large number of deprived and deserving communities remained unmet. It was realized that such growth model was not met the challenge of socio-economic turmoil of the country. So, in the year 1962, the Planning Commission changed its approach from development model to distribution model which was reflected in the paper titled 'Perspectives of Development: 1961-1976: Implication of Planning for a Minimum Level of Living'. For the first time the planners recognized the distribution model of development. Some schemes like public distribution of food grains at reasonable prices, Small Farmer Development Agency (SFDA) and Marginal Farmers and Agricultural Labourers (MFAL) were introduced in the late 1960s and early 1970s to target the small and marginal farmers. Even importance was

¹⁶ Ibid

also given for the growth of agricultural production.¹⁷ During 1960's targeted poverty alleviation was initiated due to the failure of the Government to reach the fruits of the development to the poor and disadvantaged sections of the society. The targeted poverty alleviation programmes are basically supply-side interventions on the part of the state in response to the needs of the poor and disadvantaged. But in reality, such interventions had not reached intended beneficiaries as they were not demand driven. The problems get further compounded with asymmetric information, lack of transparency, non-accountability and non-participatory nature of functioning of these programmes.¹⁸

The fourth plan (1969-74) emphasized on the growth with stability because of the socio-economic and political scenario of the previous plan. The strategy of cooperative development was occupied the central position in this plan. This plan reflected the shift of importance from the industry to agriculture. Both agricultural cooperatives on the one hand and consumer cooperatives on the other occupied the central position. The agricultural growth is largely dependent on intensive agricultural and a substantial increase in credit, inputs and services. The basic focus was given to institutionalize the services which farmer requires for agricultural growth. Some steps were also initiated like institutionalization of cooperative society and establishment of agricultural industries.¹⁹

The above four five year plan reflects emphasis on the high rates of growth as the principal means to alleviate malnourishment, unemployment, illiteracy and other manifestations of poverty. It reflects that after independence the members of Indian planning have emphasized more on economic growth as a means to alleviate the various manifestations of poverty. To reduce inequalities of income and wealth, major political strategies like land reform, public ownership and control of key sectors and progressive taxation were initiated. By the end of the third plan, it was felt that growth rate is not sufficient to remove poverty. So, the planners had decided to shift their approach to distribution model and to undertake specific measures to remove rural poverty. But there was no mention of minimum standard of living or basic needs

¹⁷ Ibid

¹⁸ Ibid

¹⁹ <http://planningcommission.nic.in/plans/planrel/fiveyr/index4.html>, accessed on 12th March 2015

in the fourth five year plan. It was so because of political instability and natural calamities like the death of Nehru, India's military engagement with China and Pakistan and the droughts. Major steps like abolition of Zamindari System, Privy Purse and nationalization of Banks towards distribution model were initiated after the insertion of word 'socialism' in the preamble through 42nd Constitutional Amendment in 1976 of the Indian Constitution. So, the fifth five year plan (1974-79) has defined the poverty line and minimum standard of living. At the time of defining the poverty line, the various dimensions of poverty like material deprivation and a low standard of life, including poor health indicator and deprivation in relation to education and culture were also taken into consideration. But the material deprivation was taken seriously in defining the poverty line. So, Government of India has accepted nutritional norms with respect to measuring poverty. Since then in India, poverty studies have been based on the 'poverty line'. Thus poverty alleviation programmes were becomes an integral part of the Fifth Plan and subsequent plans. The government had recognized with the evidence of empirical research that the acute poverty has prevailed among the wage labourers, Scheduled Tribes and Scheduled Castes and people inhabiting the backward region in the eve of the fifth five year plan. During this plan the development strategy was derived basically from the idea of poverty reduction through growth process as proposed by Prof. Sukhamoy Chakraborty who suggested that "just a high rate of economic growth is not enough but growth should happen in a manner which increases income much more for the lowest 30 percent of the population".²⁰ A number of targeted income and employment generation programmes were introduced as a component of the development strategy of the fifth five year plan with the objective of ameliorating the living conditions of the disadvantaged. During this plan a direct attack on the poverty strategy was adopted. Towards the direct attacking poverty a three pronged approach was adopted like I) creation of income-generating asset base for the rural poor ii) generation of opportunities for wage employment and iii) area development programmes in the backward region like dry land, rain fed, drought prone, tribal, hilly and desert areas.

²⁰ The model for raising the consumption for the bottom most 30 percent of the population in the fifth five year plan as developed by Professor Sukhamoy Chakravarty was based on integration of the Leontif's Input-Output system with the models of macro-economic growth belonging to the family of Harrod-Domar. The consumption demand of the bottom most 30 percent was mathematically quantified and integrated with the overall rate of economic growth.

Towards the industrial development for capturing large scale of labour, the government also introduced Rural Industrializations (RIP) and Rural Artisans (RAP). The notion of poverty that had been applied during this plan by the planner and policy makers were income and commodity centric and poverty was conceived simply in terms of lowness of income or calorie consumption. This strategy of growth with redistribution model and the direct attack on poverty was continued both in the sixth five year plan (1980-85) and Seventh Plan (1985-90). Till the eighties (Sixth Five Year Plan) due to the preoccupation with the growth and income poverty by the planners, the social sector, such as the universal elementary education, health care for all, rural housing, nutrition and health of women and children, free medical care for the poor did not assume much significance. Both the sixth and seventh plan can be seen as the influence of the slogan given by the 'Garibi Hato' by the then Prime Minister Smt. Indira Gandhi.²¹ The problem of rural poverty was brought into a sharper focus during the Sixth Plan. The Seventh Plan too emphasized growth with social justice. By realizing the poverty situation in India, a sustainable strategy of poverty alleviation was adopted. It was based on increasing the productive employment opportunities in the process of growth itself. Even it was realized that the process of growth bypasses some sections of the population. So, specific poverty alleviation programmes for generation of a certain minimum level of income for the rural poor was formulated. Emphasis was given on the increase of participation of people in the rural development process, decentralization of planning, better enforcement of land reforms and greater access to credit and inputs to provide the rural people with better prospects for economic development. Improvements in health, education, drinking water, energy supply, sanitation and housing coupled with attitudinal changes also facilitate their social development. The strategy on direct attack on poverty was implemented through special employment programmes, area development programmes and land reforms. During this plan period special focus was given on the role of the Panchayati Raj Institutions and voluntary organizations in the implementation of these programmes.²²

²¹ Kaushik Ranjan Bandyopadhy,, "Poverty Reduction Strategies in India over the Successive Five Year Plans", Chapter-1, *Poverty Alleviation and Pro-poor Growth in India*, Asian Institute of Transport Development, New Delhi, 2007, pg. 7.

²² Planning Commission, Seventh five year plan 1985-90, government of India, Yojna Bhawan, New Delhi

The Eight Five Year Plan (1992-97) was prepared in the environment of widespread changes in the international socio-economic order. During this period centralized economies are opened up for free market forces and competition. This plan also reflects the adoption of economic reform and structural adjustments without sacrificing the imperatives of development. It was a landmark in the development strategy when the poverty came to be recognized as not simply 'a state of low income or consumption' but as the lack of freedom of a person to choose and live the life he/she has reason of value. It was the impact of the Nobel Laureate Amartya Sen's work "Development as Freedom" on the planning. The policy experts recognized that poverty is multifaceted in nature. It includes the state of health, level of education, demographic characteristics, socio-cultural environment, which determines the access to development opportunities. It reflects that the 'capability approach' was adopted in the eighth plan. The notion of 'capability' as implied by Prof. Sen rests on the assessment of wellbeing and freedom to pursue wellbeing. The capability of a person basically reflects a person's freedom to choose between different ways of living. Some of the basic capabilities which are crucial to live a life with dignity are capability of being free from hunger, illiteracy and ill-health. When a person fails to realize these basic capabilities then he may be considered as poor since lack of these capabilities constraints and cripples the person in not only accessing the economic opportunities but also in the enjoyment of other fundamental freedoms, which are equally important to live a life with dignity. Poverty could be conceived of as a 'capability failure'.²³ So, the policy makers and the planners introduced the poverty alleviation strategy with special programmes for building up the capabilities of the poor and disadvantaged. Accordingly the Eight Five Year Plan document reflects the human and social policies as crucial components of the strategy for ensuring 'development with social justice'. A number of empirical studies during late eighties had revealed the decline of the poverty but the conditions of the some sections of the society like women, children, the aged group and the disability remained vulnerable despite the inclusion in the development policy.²⁴ So, elimination of poverty

²³ Kaushik Ranjan Bandyopadhy,, " The State of Capability Poverty", Chapter 3, *Poverty Alleviation and Pro-poor Growth in India*, Asian Institute of Transport Development, New Delhi, 2007, p. 30

²⁴ Kaushik Ranjan Bandyopadhy,, " Poverty Reduction Strategies in India over the Successive Five Year Plans", Chapter-1, *Poverty Alleviation and Pro-poor Growth in India*, Asian Institute of Transport Development, New Delhi, 2007, p. 8.

continues to be a major concern of development planning. Expansion of employment opportunities, augmentation of productivity and income levels of both the underemployed and employed poor was the main instrument for achieving this objective. This plan reflects the following of employment oriented growth strategy. Some short-term employment strategy was also adopted through the existing special employment programmes namely the IRDP and JRY. This was adopted to provide employment for the unemployed and underemployed, particularly among the poor and vulnerable sections. A huge amount was allocated like the previous two plans in the outlay for rural development. But in this plan resources were more utilized for building up of rural infrastructure. Rural infrastructure was an essential pre-requisite for a more sustained employment and development. This plan also emphasized like previous plan on the greater participation of people in various through panchayati raj institutions, cooperatives and other self-managed institutions. Such step was initiated to reduce the dependence on the present development administration for delivery. It also brought certain changes in the broad strategy for rural development to protect the poor and vulnerable sections from some of the burdens of structural adjustment. The midterm evaluation of plan had reflected that the achievements have not been commensurate with the resources spent on them. In the case of IRDP, the overdue on the about half the number of beneficiaries had raised doubts about their ability to come out of the debt syndrome. This was due to the reluctant nature of banks to raise the credit limit, a low level of assistance etc. Even in Jawahar Rozgar Yojana (JRY), the employment which were provided in the lean season and the supplementary incomes were critical for the survival of many poor families. No steps were initiated for maintenance of the assets which were created by this. Such lacunas in the programmes forced the plan experts to integrate the various anti-poverty programmes with the sectoral programmes in a specified area so as to ensure a sustainable increase in employment and income of the rural poor and the infrastructural and environmental development of the area. Some certain degree of flexibility was added into various programmes for leaving the choice to the people at the local level based on their needs and priorities. In this regard steps were initiated to flow directly the funds in various programmes like JRY to the village. Such initiative during the eighth plan reflects the centralized model of development. Emphasis was given on the district plan considering a district as a unit of planning. The plan recommended preparing district

plan taking into account the physical and human endowments of that area with the needs of the people and the funds available. The Zilla Parisad and District Rural Development Agencies (DRDA) were vested with responsibilities for implementation and planning of the district plan.²⁵

The theme of sustainable development like previous plan was prevailed in the Ninth Five Year Plan (1997-2002).²⁶It emphasized on agriculture and rural development with a view to generate adequate productive employment and eradication of poverty. This plan also prioritized on the issue of ensuring the basic needs like ensuring food and nutritional security with providing the basic minimum services of safe drinking water, primary health care facilities, universal primary education, shelter and etc. for all, particularly the vulnerable sections of society. It also promoted for ensuring environmental sustainability of the development process through social mobilization and participation of people at all levels including Panchayati Raj institutions, co-operatives and self-help groups along with empowerment of women and socially disadvantaged groups such as Scheduled Caste (SC), Scheduled Tribes (ST) and Other Backward Classes (OBC) and Minorities and strengthening efforts to build self-reliance. Such steps were initiated with realizing that high growth of incomes is by itself not enough to improve the quality of life of the poor. The orientation of the plan was to provide more opportunities for involving the poor in the economic process towards strengthening the productive potential of the economy. It was acknowledged that poverty can effectively be eradicated only when the poor start contributing to the growth by their active involvement in the growth process. Implementation of the programmes should be increasingly based on approaches and methods which involve the poor themselves in the process of poverty eradication and economic growth.²⁷ Additional employment and income were generated towards sustain the poor through various rural poverty alleviation. This plan also paid attention on the role of non-monetary policies and institutional arrangements. Such attention was paid with

²⁵ Rural Development and Poverty Alleviation, <http://planningcommission.gov.in/plans/planrel/fiveyr/8th/vol2/8v2ch2.htm>, accessed on 25th March 2015

²⁶Kaushik Ranjan Bandyopadhy, “Poverty Reduction Strategies in India over the Successive Five Year Plans”, Chapter-1, *Poverty Alleviation and Pro-poor Growth in India*, Asian Institute of Transport Development, New Delhi, 2007, p. 8.

²⁷ Objectives of Ninth Plan, <http://planningcommission.nic.in/plans/planrel/fiveyr/9th/vol1/v1c1-2.htm>, accessed on 25th March 2015

realization that spending money is not the only way of ameliorating the conditions of the poor. This plan emphasized on the integration of rural poverty alleviation with sectoral like area development programmes within a developmental plan at the district level. Various programmes were reformulated for achieving not only the short-term objective of providing temporary employment, but also in building up the productive capacity of individuals/areas. Such steps consequently led for greater employment on a more sustainable basis. During this plan attempt was initiated to bring all rural poverty alleviation programmes like DPAP and DDP, EAS and the Integrated Wasteland Development (IWDP) under a single ministry.²⁸The Ninth Plan recognized the need to redesign and rationalize the rural poverty alleviation programmes like Integrated Rural Development (IRDP) and its several sub-schemes had been merged into a single self-employment i.e. the Swarnajyanati Gram Swarozgar Yojana (SGSY).

Towards ensuring growth with social justice and equality, emphasis was given on the participation of public and private sectors as well as all tiers of government. In the context of democratization of the institutions and people participation in various, assistance were provided to the States under the scheme to strengthen planning machinery at State and district levels. In this regard new guidelines were formulated for the various programmes in keeping view on the enactment of 73rd and 74th Amendment Act. Through these Acts direction was given to States to set up and strengthen Panchayati Raj Institutions. Additional Central Assistance was also provided with flexibility for states in various schemes to achieve the objective of improving the quality of life.²⁹In this the PRIs, the voluntary organizations and community based Self-Help Groups were closely involved.³⁰The thrust of the plan was strengthening the process of policy from below. The plan highlighted the responsibility of Panchayati Raj institution to formulate and implement various programmes for economic development and social justice through the District Planning Committee. The plan mentioned that village plan will be prepared as

²⁸ Poverty Alleviation in Rural India : Programmes and Strategy, <http://planningcommission.nic.in/plans/planrel/fiveyr/9th/vol2/v2c2-1.htm>, accessed on 23rd March 2015

²⁹ Introduction, <http://planningcommission.nic.in/plans/planrel/fiveyr/9th/vol1/v1c1-1.htm>

³⁰ Objectives of Ninth Plan, <http://planningcommission.nic.in/plans/planrel/fiveyr/9th/vol1/v1c1-2.htm>, accessed 23rd March 2015

articulated in the Gram Sabha meetings. Consequently this plan would be incorporated into the intermediate level plans and finally merged into a district plan. In this way, development planning would begin from below reflecting the aspirations of the people within the constraints of the available physical and financial resources. The voluntary organization was also given responsibility to help the poor to form self-help groups (SHG) with the objective of improving their economic status through concerted action. In this way the PRIs, the voluntary organizations and the community would work in tandem to bring about greater development at the local level and consequent reduction in poverty levels. It was also expected that funds would devolve by States from the Consolidated Funds of the States to the Panchayats. On the same manner allocations made by the Central Government under Centrally Sponsored Schemes had utilized by PRI.³¹

The Tenth Five Year Plan (2002-2007) was formulated with the influence of the vision of the then Prime Minister of India like creation of 100 million employment opportunities over the next ten years and the result of the ninth plan. The end of ninth plan resulted decline in generation of employment due to lower central allocations in JRY and increase in cost of creating employment. In regard to IAY, the evaluation reflected high level of leakage, corruption and limitation of coverage due to resources. The percentage of the population in poverty had continued to decline but not as expected. This vision was reflected to reduce the poverty rate by nearly 7 percent points over the Tenth Plan period through a proper sectoral and regional focus. It was also projected to increase 8 percent of Gross Domestic Product (GDP). Enlargement of self and wage-employment programmes and their effective delivery become an imperative during this plan. The group based approach in place of individual beneficiary approach was continued in this plan.³²The basic thrust of the plan was based on the three pronged strategy like attainment of equity and social justice along with high rates of growth.

³¹ Poverty Alleviation in Rural India : Programmes and Strategy, <http://planningcommission.nic.in/plans/planrel/fiveyr/9th/vol2/v2c2-1.htm>, accessed on 23rd March 2015

³² Planning Commission, "Poverty Alleviation in Rural India-Strategy and Programmes", Chapter-3.2, *Tenth Five Year Plan- 2002-2007*, Government of India, Yojana Bhavan, New Delhi, p. 293-302

This plan was formulated in the milieu of abject poverty and alarming gaps in social attainments even after five decades of planning. It was realized to redefine the strategy of development and the role of both Central Government as well as State Government. Towards achieving the target initiatives were made towards reformulation of policies and restructuring of institution keeping in mind the changes in the Indian economy and in the rest of the world. In this regard also the role of the government have been expanded and restricted in especially social and infrastructure areas. A state wise break-up of the broad developmental approach was adopted including targets for growth rates and social development with consistent national targets for ensuring effective balanced development for all States.

The growth-oriented approach had been reinforced by focusing on specific sectors which provide greater opportunities to the people to participate in the growth process. The various dimensions of poverty relating to health, education and other basic services had been progressively internalized in the planning process.³³ It was realized by the planners that successful implementation of development programmes requires adequate funds, appropriate policy framework, formulation of suitable plan schemes, and effective delivery machinery. But the report on the poverty reflected that availability of fund was no panacea for tackling the problems of poverty, backwardness and low human development in India. The weak governance was the cause of poor service delivery, excessive regulation, and uncoordinated and wasteful public expenditure. It was key factors impinging on growth and development. So, initiatives were taken towards reform in governance in both formulation and implementation aspect which was one of cornerstones of the Tenth Plan. It was noticed that during this plan a notion was prevailed about bureaucracy as wooden, disinterested in public welfare, and corrupt. Ineffective Panchayat Raj Institution was also a factor towards poor delivery of basic services. To tackle all such hurdles and for effective service delivery, institutional reform was initiated.³⁴ Steps were initiated for radically restructuring an over-Centralized system of governance through decentralization of power from Centre to States, States to district, and areas within

³³ Ibid., p. 293

³⁴ Planning Commission, *Tenth Five Year Plan- 2002-2007*, Government of India, Yojana Bhavan, New Delhi, pp. 21-22

districts and villages. This was initiated for empowering people, promoting public participation and increasing efficiency.³⁵

The growth strategy which was continued to create gainful employment opportunities and deal with the policy constraints. Agricultural sector was prioritized to lead to the widest spread of benefits especially to the rural poor. This sector was also assumed as critical for the sustainability of the development process. Investments in agriculture, area development programmes and afforestation provided avenues for employment and income.³⁶ Other sectors like construction, tourism, transport, SSI, retailing, IT and communication-enabled services, and a range of other new services were also paid attention towards creating more employment opportunities.³⁷ Rural infrastructure was prioritized to support not only agriculture but all rural economic activities. Such strategy was adopted with realization that rate of growth of rural incomes and reduction in rural poverty strongly influenced by the provision of rural road connectivity.³⁸

Towards achieving the objective of food and nutritional security for the people, it was continued like previous plan intervention of state for alleviation of poverty with special programmes for providing employment to those living below the poverty line (BPL) and ensuring access to subsidized food grains for the targeted poor. This plan was also addressed sharply on the problem of labour force in the informal sector.³⁹

Towards effective participation, emphasis was given to the role of PRI towards planning, implementation and monitoring of wage employment programmes. Steps were initiated to involve rural communities in the layout and design of the houses under IAY.⁴⁰ Sampoorna Gramin Rozgar Yojana (SGRY) was replaced with Jawahar Rozgar Yojana and Employment Assurance Scheme. The SGSY was reformulated with a focus on social mobilization and group formation.⁴¹ The vision of the plan was

³⁵Ibid. p.105

³⁶ Ibid., p. 293

³⁷ Ibid. pp. 1-9

³⁸ Ibid, pp. 14-15

³⁹ Planning Commission, "Poverty Alleviation in Rural India-Strategy and Programmes", Chapter-3.2, *Tenth Five Year Plan- 2002-2007*, Government of India, Yojana Bhavan, New Delhi, p. 293-307

⁴⁰ Ibid

⁴¹ Planning Commission, *Tenth Five Year Plan- 2002-2007*, Government of India, Yojana Bhavan, New Delhi, p. 18

to ensure the goal of shelter to all by the end of the Eleventh Plan. The allocation was enhanced from the Central and State government for the basic provisions like education, health, sanitation and other facilities which promote capacity-building and well-being of the poor. Special programmes were initiated towards the welfare of scheduled castes (SCs) and scheduled tribes (STs), the disabled and other vulnerable groups.⁴²

The review of tenth five year plan was evident of transformation of the policy with the emergence of vibrant society, media and evolution of more dynamic and sensible judiciary. During this plan the judiciary has taken a proactive role which has evidence with the directives of the Supreme Court and various judiciary organs to the central government and various state governments in regard of allocation for adequate resources, ensure people's participation in implementation and monitoring poverty alleviation programmes, use of excess food stocks to run food for work (FFW) scheme in drought affected states and serve cooked mid-day meals to primary school children. The Mahatma Gandhi National Rural Employment Guarantee Act-2005 (MGNREGA) and the free education for children aged 6 to 14 a fundamental right are the evident of such plan.⁴³

The basic theme of the Eleventh Five Year Plan (2007-2012) was 'towards faster and more Inclusive Growth'. Such theme was adopted with the outcome of the tenth five year plan. It reflected the strength of our economy and the dynamism of the private sector in many areas at the same time the plan failed to achieve in the context of the inclusiveness particularly mid-nineties. The benefit of growth had not reached to everybody as many people were still away from the access to basic services such as health, education, clean drinking water and sanitation facility etc. The crisis in agriculture was due to lack of much importance to agricultural sector. The impact of the tenth plan reflected the decline in poverty but only at a modest pace. Such situation after tenth plan led to widespread distress migration, debt trap, low farm income, increase in vulnerability. On such environment the Eleventh Five Year Plan

⁴² Planning Commission, "Poverty Alleviation in Rural India-Strategy and Programmes", Chapter-3.2, *Tenth Five Year Plan- 2002-2007*, Government of India, Yojana Bhavan, New Delhi, p. 293

⁴³ Bandyopadhy, Kaushik Ranjan, "Poverty Reduction Strategies in India over the Successive Five Year Plans", Chapter-1, *Poverty Alleviation and Pro-poor Growth in India*, Asian Institute of Transport Development, New Delhi, 2007, p. 8

planned to put the economy on a sustainable growth trajectory with growth rate of approximately 10 percent. It was planned for a productive employment at a faster pace with robust agricultural growth at 4 percentages by the end of this plan period. So, investment in agricultural sector was increased. The agricultural growth was viewed as a source of direct employment and increases the agricultural income. The vision of the Plan was to reduce poverty and bridge the various divided that continue to fragment the society. In this regard steps were initiated to ensure access to basic physical infrastructure as well as health and education service to all.⁴⁴ Both the tenth and eleventh five year plan was influenced by the national common minimum of the UPA Government in Centre. The strategy of rapid growth with inclusiveness was adopted to raise the income of masses, an improvement in the living condition through providing basic facility to all. In this regard, it was assumed that the rapid growth will able to generate resources which are consequently necessary to provide basic facilities like health, education, drinking water etc. These basic services are pre-condition for sustainable long term growth. Another strategy i.e. inclusiveness was adopted to demonstrate bridge divides and avoid exclusion or marginalization of larger segment of population.⁴⁵

To support growth strategy and ensure inclusiveness, this plan encouraged growth in the private sector with ensuring a substantial increase in the allocation of public resources for Plan programmes in critical areas. During this plan focus was given on outcomes rather than outlays, including a disaggregated level to examine their impact on different groups and genders in different programmes.⁴⁶ This plan also was focused in improving women's socioeconomic status by mainstreaming gender equity concerns in all sectoral policies and programmes. Special efforts must be made to ensure that the benefits of government schemes accrue in appropriate proportions to women and girls.⁴⁷

Not only increase in allocation of the agricultural and infrastructure sector but in other rural poverty alleviation was visible in the eleventh five year plan. The total outlay of

⁴⁴ Planning Commission, *Eleventh Five Year Plan- 2007-2012*, Government of India, Yojana Bhavan, New Delhi Eleventh Five Year Plan. pp.01-04

⁴⁵ Ibid, p.71

⁴⁶ Ibid, p. 3

⁴⁷ Ibid, p 99

budget allocation for rural development was Rs. 74, 270 crore which was accounted 31 percentage of the total central budget plan provision in 2009-10. Rural development programmes cover employment programmes, such as the Mahatma Gandhi National Rural Employment Guarantee Act and the Swarnjayanti Gram Swarozgar Yojana, housing via the Indira Awaas Yojana (IAY), sanitation via the Total Sanitation Campaign (TSC) and provision of drinking water via the National Rural Drinking Water.⁴⁸

During this plan certain change was visualized to achieve the goal of the plan. MGNREGS was expanded and covered in all parts of the country. The basic approach of the plan is oriented towards the approach of bottom-up, people-centered, demand-driven, self-selecting, rights-based design. But some lacunas like lack of awareness among people and Panchayati Raj Institution, delay in wage payment, rigid bureaucratic procedure were realized.⁴⁹ So, major reform like effective social audit system, active participation of people and PRI were initiated towards effective implementation and ensure adequate funding with special focus on the scheduled castes and tribes.⁵⁰ Same way in the shift away from supporting individuals towards the formation of Self-Help Groups (SHGs) and organizations of the poor at the grassroots through a process of social mobilization was adopted in the IRDP. This was redesigned as National Rural Livelihoods Mission (NRLM) based on the lesson from implementation of SGSY.⁵¹ In the case of Indira Awaas Yojana the amount of financial assistance was increased to Rs 45,000 in plain areas and Rs 48,500 in hilly areas. It was targeted to provide homestead sites to all by 2012 who have neither land nor house site.⁵² With recognition of the role of the infrastructure in removal of poverty, the multi-pronged strategy like Bharat Nirman was initiated. The basic objective was to address the gaps in rural infrastructure and covers irrigation, road connectivity, housing, water supply, electrifications and telephony etc. The other programmes like Sarva Sikhya Abhiyan (SSA) and National Rural Health Mission (NRHM) were introduced for elementary education and primary health services respectively. Such initiatives reflect the vision of the government towards rural

⁴⁸Ibid, p 251

⁴⁹ Ibid, pp 253-56

⁵⁰ Ibid, p 80

⁵¹ Ibid, p 265

⁵² Ibid, p. 267

development and rural poverty alleviation. At the same time the Backward Regions Fund was implemented to address the problem of regional imbalance and to maintain the growth momentum.⁵³

The thrust approach of the Twelfth Five Year Plan (2012-17) is Faster, Sustainable and More Inclusive Growth. It was commenced with the environment of global economy crisis. During this plan steps have been initiated to bring the economy back to rapid growth while ensuring that the growth should both inclusive and sustainable as the growth was slow down to 6.2 percent in the year 2011-12. In this context two pronged strategy has adopted with initially focusing to bring the imbalanced economy under control and to reverse the slowdown while also pushing for structural reforms in many areas that are critical for maintaining medium term growth. Steps are proposed to emphasis not only agricultural sector but both infrastructure and manufacture sector also. This plan has targeted to achieve 8 percentage of growth. This plan not only targeted to achieve growth but also inclusive and sustainable growth. Such strategy has adopted to bring down the share benefit of growth for SCs, STs, OBCs, Minorities and other disadvantaged group.⁵⁴ The aim of the plan to catalyze a growth process which has the structural characteristics that will promote inclusiveness. Reduction of poverty is the key element in the inclusive growth model. The Twelfth Plan aims at accelerating agricultural growth further to 4 percent. This plan also emphasizes on the participation of all stakeholders.⁵⁵ The adoption of participation approach can be traced during preparation of approach paper on twelfth five year plan. The Planning Commission has consulted with Central Government, State Governments, local representatives, citizens, civil society organizations, and other stakeholders much more widely than ever before.⁵⁶

⁵³ Approaches towards the 11th Five Year Plan, Government of India, Planning Commission, Yojana Bhavan, New Delhi, December 2006.

⁵⁴ Manmohan Singh, Forward, in Faster, More Inclusive and Sustainable growth, Vol. 1, Twelfth Five Year Plan (2012-2017), Planning Commission, Government of India, Sage Publication, New Delhi, pp. vi-vii

⁵⁵ Montek Singh Ahluwalia, Preface, in Faster, More Inclusive and Sustainable growth, Vol. 1, Twelfth Five Year Plan (2012-2017), Planning Commission, Government of India, Sage Publication, New Delhi, pp. xi-xiii

⁵⁶ Planning Commission, "Twelfth Plan: An Overview", Chapter-1, in Faster, More Inclusive and Sustainable growth, Vol. 1, *Twelfth Five Year Plan (2012-2017)*, , Government of India, Sage Publication, New Delhi, pp. 01-14

During this plan various flagship development are being implemented i.e. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Indira Awas Yojana (IAY), National Social Assistance (NSAP), Pradhan Mantri Gram Sadak Yojana (PMGSY), National Rural Health Mission (NRHM), Integrated Child Development Schemes (ICDS), Mid-Day Meal (MDM), Sarva Siksha Abhiyan (SSA), Jawaharlal Nehru National Urban Renewal Mission (JNNURAM), Accelerated Irrigation Benefit (AIBP) and other water resources , Rajiv Gandhi Drinking Water Mission (RGDWM) and Total Sanitation Campaign and Rashtriya Vikas Yojana.⁵⁷

A number of changes are being instituted in the architecture of implementation of Plan in the 12th Plan to overcome the universalization without quality syndrome. This plan acknowledges the approach of top-down in formulation, implementation and lack of proper mechanism for effective articulation of the needs and aspirations of the local people, especially the most vulnerable are the basic cause behind the relative lack of success of plan.⁵⁸ The result of the eleventh plan also reflected the poor ground reality in the implementation of the Centrally Sponsored Schemes. This plan emphasizes on the reform both in formulation like flexibility in design of the scheme to reflect the ground reality across states and implementation of the flagship to achieve its targets. In this regard steps are also initiated like social mobilization, capacity building, strengthening of local institutions, building deeper partnerships with civil society organizations and the community to determine the needs and aspirations of the people. The multifaceted approach towards implementation of the policies has become adopted with relying on professionalization of public service delivery, Total Quantity Management, innovation use of IT and other technologies. Such initiatives are initiated to improve monitoring, supervision and bring greater accountability.⁵⁹

⁵⁷Planning Commission, *Approaches towards the 12th Five Year Plan*, Government of India, Yojana Bhavan, New Delhi, October 2011, 01-05

⁵⁸Planning Commission, Governance, Chapter 10 in *Faster, More Inclusive and Sustainable growth*, Vol. 1, *Twelfth Five Year Plan (2012-2017)*, Government of India, Sage Publication, New Delhi, pp.286-87

⁵⁹Planning Commission, “Twelfth Plan: An Overview”, Chapter-1, in *Faster, More Inclusive and Sustainable growth*, Vol. 1, *Twelfth Five Year Plan (2012-2017)*, Government of India, Sage Publication, New Delhi, pp. 01-14

The PRI has remained weak in capacity to plan or implement the effectively even after massive transfer of funds to the PRI after the enactment of MGNREGA. So, to avoid such situation additional funds have been deployed for the Rajiv Gandhi Panchayat Sashaktikaran Abhiyan to strengthen human resource and systems capacities of PRIs under 12th plan as previous plan.⁶⁰

The Twelfth Plan has proposed to restructure the CSSs and provide flexibility in the light of the recommendations of the B. K. Chaturvedi Committee for improving their outcomes. This plan also emphasizes for proper consultation of various stakeholder at the time of formulation of schemes. Steps have initiated to have learning and feedback mechanisms in place to ensure that implementation effectiveness improves. Such structure has expected to help in diagnosis of issues during implementation and rectifying problems identified, using flexibility components of the scheme.⁶¹

The most significant rural development initiative of the 11th plan period was the implementation of MGNREGS. The report of the Ministry of Rural Development reflects that in the year 2011-12 nearly 5 crore families were provided over 211 crore person-days of work under the scheme. The success in water-harvesting and able to minimize the distress migration highlights the success. The formulation of MGNREGA provides opportunity for strengthening Panchayati Raj Institution. The advance information technology has been used in to get rid of inefficiencies and corruption. This has been able to increase the wages of rural worker as per the data of Ministry of Statistics and implementation. As per the NSSO data on landholding labour revealed that MGNREGA has impacted in raising incomes of small and marginal farmer basically in tribal areas. The tightening of the labour market post-MGNREGA is not only a positive indicator of poverty alleviation but also impacted positively on agricultural productivity as revealed by various studies conducted by Indian Institute of Science (IISC), Bangalore, Indian Institute of Forest Management (IIFM), Bhopal, Administrative Staff College of India (ASCI), Hyderabad and etc. During this plan steps have initiated to enlarge the work list not only for strengthening the synergy between MGNREGA and agriculture but also to fulfill demand of the

⁶⁰Planning Commission, "Governance", Chapter 10 in Faster, More Inclusive and Sustainable growth, Vol. 1, *Twelfth Five Year Plan (2012-2017)*, Government of India, Sage Publication, New Delhi, pp.286-91

⁶¹Ibid

States for greater location specific flexibility without compromising on fundamental features of the Act or its architecture. The steps have been initiated to expand the list of works in response. It was assumed that such step will help to improve the ecological balance in rural India and provide a cleaner healthier environment to people. The programmes focuses in creation of durable assets. As per the guideline, the Gram Panchayat has given responsibility to determine the works in order of priority with special mention that no contractors/ labour-displacing machinery to be used. New Guideline has prepared to strengthen demand-driven character of MGNREGA and ensure more participation of people and Panchayati Raj Institution. Various institutions have evolved like District officer, Block Officer and village level worker (VLW) and social audit system for effective implementation, better vigilance and grievance redressal of the .⁶²

National Rural Livelihood Mission (NRLM) is emerged as centerpiece of the India's battle against rural poverty during twelfth plan. It has been designed to overcome the limitations of SGSY. It was planned to implement in a phased manner for intensive implementation with keeping in mind to ensure quality of outcomes and to avoid spreading resources. The key component of the Mission is building institutions for the poor, promotion of financial inclusion, diversification and strengthening of the livelihoods of the poor, promotion of convergence and partnerships, between institutions of the poor and the government and non-government agencies, promotion of skills and placement support and support for livelihoods and social innovations. The major focus of the NRLM is to train rural poor youth for both self-employment in microenterprises and job placement at the entry level in high growth sectors like textiles, construction, hospitality, retail, security, automobile, health, and services and so on. This Mission targets for supporting one crore youth and to nurture 30 lakh entrepreneurs from among the poor to set up micro-enterprise in this plan.⁶³

Indira Awas Yojana has been passed through various reforms in both approach and institution to ensure more accessibility for the poorest in rural India. A permanent waitlist has been proposed to display in all Gram Panchayats for bringing

⁶²Planning Commission, "Rural Development", Chapter 17, in Economic Sectors, Volume II, *Twelfth Five Year Plan (2012-2017)*, , Government of India, Sage Publication, New Delhi, pp.286-296

⁶³Ibid, p.300

transparency in the selection of beneficiary. The report of the Committee constituted by the Ministry of Rural Development for formulation of Concrete Bankable Schemes for Rural Housing (2011) revealed that although credit flow to the housing sector witnessed a growth of about 30 per cent over the last five years with lending to rural areas grew only about 10 per cent. The quality of housing has also suffered due to inadequate financial support. In this context the twelfth plan proposed to increase the unit of assistance for house construction under IAY to Rs. 65,000/- in plain areas and to Rs.70,000/- in hilly/difficult areas with an increase each year to absorb rising cost of material and labour. Steps are initiated for smoother transfer of funds from centre to state and consequently from state to DRDA of concerned Districts within guidelines. Towards effective implementation and improving quality of the shelter, steps are evolved for active participation of the local stakeholders like people, Panchayati Raj and NGOs.⁶⁴

The above critical review of various five year plans reflect shift in the growth model to redistribution model and consequently inclusive and sustainable growth model that has been adopted towards the development of the nation in general and alleviation of rural poverty in particular. The first shift in the strategy of development was adopted during the 1960's when it was realized that the growth model as principal means to alleviate poverty was not enough. So, various policies and programmes were redesigned as well as formulated new policies of income and asset redistribution with active state interventions. But such strategy was not enough towards alleviate of poverty as recognized during early nineties. So, by the end of eighties the focus was again shifted to the growth and the government accepted the policy of liberalization. The adoption of the liberalization policy reflected faster growth in the economy. But the benefit of such growth had not able to reach the poor and it was resulted in a heightened degree of social unrest, mostly in the countryside. With such fact, the inclusive and sustainable approach towards growth has been adopted during the end of nineties. The approach of the policies and programmes in rural poverty alleviation programmes has been changed from supply driven to demand driven, top-down to bottom-to-top approach etc. Not only approach of the policies and programmes but also different institutional approach has been adopted towards alleviation of poverty.

⁶⁴Planning Commission, "Rural Development", Chapter 17 in Economic Sectors, Volume II, *Twelfth Five Year Plan (2012-2017)*, Government of India, Sage Publication, New Delhi, pp.307-12

4.7: Major Rural Poverty Alleviation Programmes- A Review

Several rural poverty alleviation programmes has been formulated and implemented towards alleviation of rural poverty. These programmes have been reformulated according to the demand and strategy of development. Presently three major centrally sponsored flagship programmes like Swarnjayanti Gram Swarozgar Yojana, Indira Awaas Yojana and Mahatma Gandhi National Rural Employment Guarantee Scheme has been implement as the central piece towards alleviate poverty.

4.7.1: Swarnjayanti Gram Swarozgar Yojana (SGSY)

The Swarnjayanti Gram Swarozgar Yojana (SGSY) was launched in 1st April 1999 as single self-employment with the merging of IRDP and allied programmes including the Million Wells Scheme (MWS). This was formulated in view of strength and weakness of the above programmes. The aim of the is to bring assisted poor families above poverty line by supporting income generating activities through the combination of bank credit and government subsidy.⁶⁵ It is conceived as a holistic of micro enterprise development in rural areas with emphasis on organising the rural poor into self-help groups, capacity-building, planning of activity clusters, infrastructure support, technology, credit and marketing linkages. It seeks to promote a network of agencies, namely, the District Rural Development Agencies (DRDAs), line departments of state governments, banks, NGOs and Panchayati Raj Institutions (PRIs) for implementation of the . This laid emphasis on social mobilization and group formation rather concentrated on individual beneficiaries as IRDP. This is in-built safeguards for the weaker sections. It insists that 50 per cent of the self-help groups must be formed exclusively by women and that 50 per cent of the benefits should flow to SCs and STs. There is also a provision of 3 percent for disabled beneficiaries. However, the DRDAs are responsible for administering the programme. The SHG approach helps the poor to build their self-confidence through community action. Interactions in group meetings and collective decision making enable them in identification and prioritization of their needs and resources. This process would ultimately lead to the strengthening and socio-economic empowerment of the rural

⁶⁵Planning Commission, "Rural Development", Chapter-12, *Eleventh Five Year-2007-2012 Plan*, Government of India, New Delhi, p. 261

poor as well as improve their collective bargaining power. This is based on cluster approach⁶⁶.

Selection of Key Activities

The success of this depends upon the choice of activities. The choice of activities is based on the local resources, the aptitude as well as the skill of the people and demand of the market. The selection of activities is based on participative approach in which the Block SGSY committee plays an important role. The experience over the years as well as Evaluation Studies has shown that investments on land based activities have resulted in generation of income on a more sustainable basis. So, the Block SGSY committee gives priority to for farm activities. As per the guideline the next priority used to give the inherent skill with supporting rural artisans. The unemployment youth also are involved through training under the programme. At the time of selection of activities, the block SGSY committee generally follows the report of NABARD as well any other survey carried out by various banks, industrial/technical organization, etc and consults with local Khadi and Village Industry as well as the District Manager of District Industry Centre. The Block Committee with interaction of Sarpanchs, SHGs, landless labour, educated unemployed, rural poor, artisan class generally explore various strategies to enable the poor in crossing the poverty line through providing credit, technology, skill up gradation and marketing. In such process the committee identifies about 8-10 activities. Consequently the lists of activities are placed before the general body of Panchayat Samiti and later this reports forwarded by the BDO to the District Committee. The District SGSY Committee further scrutinizes the proposals with concerned line department officials. The Committee has the responsibility towards fixing the unit cost and other techno-economic parameters. This committee also empowered to add or delete any activities in the list of selected key activities with due justification. Consequently DRDA prepares directory of selected key activities in the Districts which will be consolidated at the state level for preparation of directory of selected key activities.

⁶⁶Cluster approach means instead of funding diverse activities, each block should concentrate on a few select activities (key activities) and attend to all aspects of these activities, so that the Swarozgaris can draw sustainable incomes from their investments.

Institutional Arrangements

The Swarnajayanti Gram Swarozgar Yojana is implemented by the District Rural Development Agencies (DRDA) through the Panchayat Samitis and with the active involvement of other Panchayati Raj institutions, the banks, line departments and the NGOs.

SWAROZGARIS: The beneficiaries are known as Swarozgaris in Swarnajayanti Gram Swarozgar Yojana. The swarozgaris can be either individual or group. This programme lays emphasis on the group approach rather than individual beneficiaries. Under this approach the rural poor are organized into self-help groups (SHG). BPL census is the basis for identification of the families for assistance under SGSY.

Self Help Groups (SHGs): This basically focuses on organization of the poor at grassroots level through a process of social mobilization for poverty eradication. This social mobilization enables the poor to build their organizations (SHGs). In the SHGs, they participate fully and directly in decision on all issues related to poverty eradication. These SHGs are an informal group. The groups can also register under the Societies Registration Act, the State cooperative Act or as a partnership firm. Social mobilization and community organization is a process oriented approach which is different from target oriented approach.

District Rural Development Agencies (DRDA): DRDA plays an important role to initiate, sustain the process of social mobilization for poverty eradication by formation, development and strengthening of the SHGs. DRDA coordinates the implementation of the programmes. The involvement of DRDA is critical in organization of the SHGs and their capacity buildings as well as in terms of coordination with the technical institutions for technology and training, the banks for planning and credit mobilization, the line departments for infrastructure and technical follow up as well as in coordinating the marketing activities.

Panchayat Raj Institution (PRI): The Gram Panchayat plays a crucial role in SGSY. As per norms, the list of BPL families approves by the Gram Sabha. The guideline of the SGSY also reflects that identification of key activities is designed by three member committees, including Sarpanch. The Gram Panchayat also keeps

vigilant eyes on the performance and repayment of the loan by Swarozgaris. In Block level the Panchayat Samiti approve the key activities. It also reviews the report of the Block SGSY Committee and particularly the recovery performance. In District level the Zilla Parisad reviews the performance under the SGSY in its general meetings.

Bank: SGSY is a credit -cum-subsidy. Credit is a key component and subsidy is only a minor and enabling component in the programme. In regard to credit and subsidy, bank play a very critical role in implementation of the programme. Banks are consulted in each stage of the including implementation stage like from the identification of key activities, cluster, formation of self-help groups, identification of individual beneficiaries and planning stage of all key activities of the programmes. The bank has also final say in the selection of Swarozgaris. The programme has mentioned the mechanisms in post-credit monitor as well as loan recovery.

Line Department: Line department play vital role for implementation and monitor of respective sectoral activities. The responsibility of the Line Department starts with the identification of key activities and preparation of project reports, consequently on creation of the infrastructure, technical assistance to the Swarozgaris. They also verify the requirement and quality of training to Swarozgaris. The line department assist the DRDA in ensuring the ability of the programme and Swarozgaris to derive the expected levels of income.

NGOs: The programme reflects the active participation of the NGOs. They also play crucial role towards formation and capacity building of the SHGs and monitor the progress of the Swarozgaris. The service of the NGOs can also be utilized for provision of technology support, quality control of the products wherever feasible.

Block Level SGSY Committee: The guideline of the programme reflects the formation of Block Level SGSY Committee in each block. The block level committee meets regularly between 5th & 10th of every month. The composition of the Committee follows Project Director of DRDA as Chairperson, the Block Development Officer as Convenor and members are Project Officer (Self-employment), Branch Manager of all Implementing bank branches in Block, one NGO representative and the block level or Sub-Division Level officers of the concerned departments. The basic functions of the committee are selection of key

activities, villages, number of Swarozgaris, distribution of the work among the bank branches, monitor of the performance by different agencies, coordination issues in respect of infrastructure, credit, technology and marketing, review of income being earned by Swarozgaris, the recovery performance and progress of Swarozgaris in crossing poverty line and preparation of monthly report of the progress of the programme.

District Level SGSY Committee: District Committees are formed under the chairmanship of the District Collector or Chief Executive Officer in each district. This Committee meets every month to review the progress of SGSY and suggest corrective action wherever necessary. The composition of District SGSY Committee includes lead bank officer as convener and members includes DDM of NABARD, LDO of RBI, District level coordinators of the implementing bank, concerned Heads of district level line departments, General Manager, DIC, District KVIB officer, Project Director, DRDA and 2-3 NGO representatives. The various functions of the District SGSY Committee include review of SGSY Plan, monitor and review of the overall progress in physical and financial terms, sorting out inter-agency differences and to prepare items for consideration of State Level Committee and monitor the recovery position bank wise and block wise and initiate corrective measures where necessary.

State Level SGSY Committee: The Department of Rural Development in State level is responsible for planning, implementation, monitor and evaluation of the programme in State level. As per guideline a State level SGSY Committee has been set up to oversee the implementation and performance of the programme. The composition of the Committee is Chief-Secretary or Development Commissioner as Chairperson, Secretary in charge of Rural Development as Member Secretary and members are Secretary, Institute of Finance, Secretary, Planning Secretary, In charge of Women's Development, Secretary In-charge of Charge of Welfare of SC/STs, Representative of NABARD (Local Head of Regional Office), Representative of RBI, Representative of NABARD (Local Head of Regional Office), Representative of RBI, Representative of concerned implementing Banks at State Headquarters, representative of the Government of India (not below the rank of Deputy Secretary, Director, SIRD and Convener, SLBC. The basic functions of the Committees are to provide leadership and guidance in the planning, implementation and monitoring of the programme,

review, monitor and evaluate district-wise progress and review the involvement of NGO in SGSY and etc.

Central Level Coordination Committee: The Department of Rural Development under the Ministry of Rural Development, Government of India has the overall responsibility of policy formulation, implementation, monitoring and evaluation of the programme. The Ministry also releases its share of fund for the programme. The guideline mentions about the formation of Central Level Coordination Committee (CLCC) to assist the Department. Generally this committee meets once in a six month. The committee comprises of Secretary, Ministry of Rural Development as Chairperson, Joint-Secretary (SGSY), Department of Rural Development as Member Secretary and other members are Deputy Governor, Reserve Bank of India Member, Secretary, Department of Agriculture & Cooperation, Secretary, Department of Expenditure, Special Secretary, Banking Division, Ministry of Finance, Secretary, Department of Women and Child Development, Secretary, Department of Small Scale & Agro-related Industries, Secretary, Department of Science & Technology, Secretary, Ministry of Welfare, Managing Director, NABARD, Adviser (Rural Development), Planning Commission, Additional Secretary & FA, Ministry of Rural Development, State Secretaries of Rural Development, Chairman-cum-Managing Director of all commercial sector banks, Director General CAPART, Director General, NIRD and Chairman, Indian Banks Association. The functions of the CLCC include to review and ensure effective implementation of the programmes, review linkages for support services for SGSY, to review progress of these programmes in physical, financial and qualitative terms including credit assistance, to consider concurrent evaluation reports, to provide a forum for a continuous dialogue with the State Governments and Bankers, to review the credit arrangements and recommend changes and improvements as when necessary.

Funding Pattern

Swarnjayanti Gram Swarozgar Yojana (SGSY) is a Centrally Sponsored Scheme. The financial allocation has been shared between the Centre and the States in the ratio of 75:25. The Central allocation is based on the incidence of poverty in the States and additional parameters like absorption capacity (based on past trend in utilization of

SGSY funds) and special requirement has also been taken into consideration during the course of the year. The Central share has been transferred directly to the DRDAs. Devolution to the Blocks may be decided by the Governing Body of the DRDA based on level of poverty and other local factors.⁶⁷

Restructuring SGSY: National Rural Livelihood Mission

The SGSY has restructured as the National Rural Livelihood Mission (NRLM) during the 2010 with based on the weakness and strength of the implementation of the programme . The objectives of the NRLM are implementation of the programmes in a mission mode with greater emphasis on federations of SHGs. This programmes also provides flexibility to states for designing specific action plans for alleviation of poverty through a demand driven strategy and introduction of interest subsidy for encouraging repayments of loans and multiple doses of credit. The programmes also focuses on training and capacity building efforts through setting up skill training institutes in each district and introduction of mechanism of social audit for better monitor. The vision of the programmes is to create a platform that enables industries and their associations to better integrate micro-enterprises set up by SHGs/federations into the larger macroeconomic environment in the country. Steps are initiated to facilitate marketing linkage so that SHG products are able to access global markets.⁶⁸

4.7.2: Indira Awaas Yojana (IAY)

Indira Awaas Yojana is a flagship scheme of the Ministry of Rural Development as a part of larger strategy of rural poverty eradication. This programme was formulated in order to reduce the poverty and to provide dignity of an address to the poor households with enabling them to access different rural development programmes. Consequently this scheme became part of the national vision of ‘shelter for all’. The object of this habitat approach is to achieve adequate shelter for all, especially the deprived urban and rural poor through an enabling approach leading to development and improvements in access with basic facilities like infrastructure, safe drinking water, sanitation, electricity etc. A home contributes significantly to well-being and is

⁶⁷Swarnjayanti Gram Swarozgar Yojana, Guidelines, Ministry of Rural Development, Government of India, New Delhi, <http://rural.nic.in/sites/downloads/programmes-schemes/prog-schemes-sgsy.pdf>, accessed on 30th March 2015

⁶⁸ Planning Commission, “Rural Development”, Chapter-12, *Eleventh Five Year-2007-2012 Plan*, Government of India, New Delhi, pp. 265-66

essential for a person's social and economic development. It supports livelihoods and promotes social integration.⁶⁹

Public housing started with the rehabilitation of refugees immediately after partition of India. In the year 1957, a formal village housing scheme was launched as part of the Community Development. The housing programmes was enlarged and construction of houses was taken up as a major activity under the National Rural Employment Guarantee (NREGP) in 1980 and Rural Landless Employment Guarantee (RLEGP) in 1983. During seventh five year plan Indira Awas Yojana was launched as a sub-scheme of RLEGP and from April 1989 as a sub-scheme of the Jawahar Rozgar Yojana (JRY). On the eighth plan IAY was delinked from JRY and became an independent scheme in 1st January 1996.⁷⁰

Target Group

The thrust of the programme is to provide financial assistance to rural BPL families (either houseless or having inadequate housing facilities) for constructing a safe and durable shelter. The beneficiaries are to identify by the community through Gram Sabha. At the time of identification, the Gram Sabha follows the criteria as suggested by the guideline of the IAY.⁷¹ Under the Indira Awas Yojana (IAY), since 1985, nearly 285 lakh houses have been constructed with an expenditure of about Rs. 84,234 crore. The twelfth five year plan has proposed for assistance under IAY to households in order of priority to be determined on the basis of the other indicators of deprivation thrown up by the Socio-Economic and Caste Census.⁷²

⁶⁹ Department of Rural Development, Approaches and Strategies, Chapter-2, Guidelines, Indira Awas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, pp 01-02

⁷⁰ Ministry of Rural Development, Chapter 3, Government Initiatives in the areas of Rural Housing, Working Group on Rural Housing for the 11th Five Year Plan, Government of India, Krishi Bhawan, New Delhi, p. 10

⁷¹ Department of Rural Development, Salient Features of the Scheme, Chapter-3, Guidelines, Indira Awas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, p.5

⁷² Planning Commission, Rural Development, Chapter-17, in Economic Sector, Vol.II, Twelfth Five Year Plan (2012-2017), Government of India, New Delhi, 2013, Sage Publication, New Delhi, 2013, pp.307- 310

Funding Pattern

As it is a flagship of the Central government, the financial share ratio between the Centre and State is 75:25 excluding the component for provision of house sites. But in the North- East states the ratio is 90:10. The cost of providing house sites is shared between the Centre and State as 50:50 but in full cost will be provided by the Government of India in respect of Union Territories.⁷³ Since 2005-06 the allocation of fund in this is based on the on the criteria of housing shortage (75%) and the poverty ratio (25%). Before it was considered equally. The guideline assumes that same criteria will be followed by Districts for reallocating funds to blocks. Generally funds are routed by the DRDA. The announcement of the then Prime Minister on August 15, 2005 to construct 15 lakh houses per annum as part of the IAY scheme was comes under the Bharat Nirman . But from the year 2005-2009 no separate provision for any additional funding was allocated. The share of Government of India in IAY has been transferred directly to Districts on the basis of the consolidated proposal. As per the norms of the programmes, the State Government releases its share to the districts within 15 days of release of central share.⁷⁴

The funds (Central share as well as State share) at the District level shall be kept in a nationalised bank in an exclusive and separate Savings Bank account by the Zilla Parishad/DRDA. DRDA follows the accounting procedures prescribed by the Ministry of Rural Development. As per the Government of India, all the funds are audited by the CAG.⁷⁵

The 60 percentage of the funds provided under IAY are meant for SCs and STs beneficiaries and 15% of the funds from among the minorities whereas at least 3% of beneficiaries are from among persons with disabilities. The 4 percentage of the fund

⁷³Department of Rural Development, Salient Features of the Scheme, Chapter-3, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, p.8

⁷⁴ Ministry of Rural Development, Chapter 3, Government Initiatives in the areas of Rural Housing, Working Group on Rural Housing for the 11th Five Year Plan, Government of India, Krishi Bhawan, New Delhi, pp. 10-12

⁷⁵Department of Rural Development, Release and Management of fund, Chapter 5, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, P. 24-25

are used for administrative expenditure out of which only 0.5 percentage are retained at the state level and the balance are distributed to the districts as per guideline.⁷⁶

Payment to beneficiaries

As per the guideline, the payments to beneficiaries are transferred through her/his Bank/Post Office account only except in cases where prior permission to pay in cash has been taken from the Empowered Committee.⁷⁷ The subsidy is sanctioned either in the name of the female member of the household or jointly in the names of both spouses.⁷⁸ As per the recent guideline 2013 the total allocation including centre and state for construction of new house in plain areas is Rs. 70,000 per unit where as in hilly States and difficult areas including IAP district the total allocation is Rs. 75,000.⁷⁹

Implementing Agencies

Zilla Parishad is the responsible in implementing the IAY with the coordination of DRDA in district level whereas Gram Panchayat at the local level.⁸⁰

Empowered Committee

As per the guideline of the IAY, an Empowered Committee has constituted chaired by Secretary or Additional Secretary of Rural Development with other members like

- i. Joint Secretary (Rural Housing)
- ii. Adviser (Planning Commission)
- iii. Representative of HUDCO
- iv. Representative of Knowledge Network
- v. Representatives of two eminent NGOs from the field of building construction

⁷⁶Department of Rural Development, Salient Features of the Scheme, Chapter-3, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, p.10

⁷⁷ Department of Rural Development, Release and Management of fund, Chapter 5, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, p. 25

⁷⁸ Department of Rural Development, Salient Features of the Scheme, Chapter-3, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, p.8

⁷⁹ Department of Rural Development, Schedule, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, p.45

⁸⁰Department of Rural Development, Salient Features of the Scheme, Chapter-3, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, p.11

- vi. Secretary dealing with Rural Housing, of the state concerned
- vii. Representative of I.F.D

The basic functions of the Committee are as follows

- (i) To approve State's criteria for determination of difficult areas
- (ii) To decide on targets for completion of houses and for new construction
- (iii) To approve any alternative formula adopted by States for the district wise allocation
- (iv) To decide on reallocation of funds
- (v) To sanction special projects for the 5% allocation
- (vi) To clear special projects for subsidy-linked schemes availing bank loans
- (vii) To permit cash payments temporarily in exceptional case
- (viii) To permit transfer of Central share by state agency in a single instalment to difficult areas
- (ix) To approve new construction technologies proposed by State Governments which have not been approved by any technical body
- (x) To review the, suggest studies etc.
- (xi) To issue clarifications in matters where there are genuine difficulties in operationalizing the guidelines⁸¹

Selection of Beneficiaries

At the time of selection of beneficiaries among the BPL families by Gram Panchayat the first priority will be given to families of manual scavengers, including those rehabilitated and rehabilitated bonded labourers. There after the beneficiaries will be chosen on the basis as follows:

- (i) Women in difficult circumstances, including widows, those divorced or deserted, women victims of atrocities and those whose husbands are missing for at least three years, and, women headed families.
- (ii) Differently Abled with minimum 40 percentage
- (iii) Transgender persons
- (iv) Widows and next-of-kin of members of defense/paramilitary/police forces killed in action (even if not BPL)

⁸¹Department of Rural Development, Salient Features of the Scheme, Chapter-3, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, p.11-12

Latter as per Vide Ministry's order No. M- 13011/07/2013- RH dated 28/11/2013 other category has been included in the priority list like:

- i. Households with a single girl child
- ii) Households where a member is suffering from Leprosy or Cancer.
- iii. People living with HIV (PLHIV)
- iv) Other houseless BPL families

Such selection of beneficiaries as per the priority list has been mentioned in the guideline to ensure coverage of the most vulnerable people. The above suggested priority needs to be followed for SCs, STs, persons with disabilities, Minorities and others. Flexibility in guideline in regard to decide proportion of houses to be taken up following the habitation approach and scattered individual beneficiaries.⁸²

Construction of houses

The guideline mentions that the construction of house should be carried out by the beneficiary himself/herself without involvement of any contractor or any Government department/agencies. But the government agencies can provide technical assistance or arrange for coordinated supply of material such as cement, steel or bricks or prefabricated components as per requirement. But in extraordinary situation, reputed agencies can be involved for construction of house in the case of very old beneficiaries above sixty years of age and persons with disabilities. Such involvement is possible only after the written request. The guideline has specified that the work should be completed not more than two years from the date of sanction of first instalment. In case of delay the, it should be completed within three years as per guideline. After the completion of the work, the Zilla Parishad ensures the completion of construction of each house. As per norms, a display board should be displayed indicating the IAY logo, year of construction, name of the beneficiary etc.⁸³

⁸²Department of Rural Development, Implementation of IAY, Chapter 4, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, p.14

⁸³ Department of Rural Development, Implementation of IAY, Chapter 4, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, pp. 18-20

Role of Self-help Groups, NGOs and Panchayati Raj Institutions

The IAY programmes recognize the role of the SHGs and NGOs. Both play the role of facilitator for all the services related to rural housing like provision of design and architecture, housing finance, and supervision of construction. Government recognizes the supportive role of the NGOs towards Panchayati Raj Institution to track demand and monitor implementation of schemes.⁸⁴

Panchayati Raj Institutions

Panchayati Raj Institutions are central to effective habitat development in rural areas. The PRIs play a key role in tracking need and monitoring implementation at the local level.

The Gram Panchayat plays crucial role in implementation of the scheme like from selection of the beneficiaries to completion of the work. The GP selects the beneficiaries as per prescribed guidelines, finalize the five year priority list, the annual select list of beneficiaries and facilitate in accessing materials required for construction at reasonable rates. It monitors the programme in every stage of construction and discusses in every monthly meetings. The GP plays a proactive role in conduct of social audit for the programme. Various committees like special Functional Committee or Task Force are constitute by the GP with elected head as chairperson and volunteer from SHGs, representatives of NGOs/Civil Society Organizations and local officials as its member for better coordination in different activities under IAY.⁸⁵

The Panchayat Samiti which is intermediate level of Panchayati Raj Institution provides the technical assistance especially relating to building materials and construction technologies. It is the custodian of the publications and electronic material on different aspects of construction and proactively disseminates their contents. The grievance redress mechanism has been evolved in this level for

⁸⁴Ministry of Rural Development, Other interventions for Rural Housing, Chapter-7, Working Group on Rural Housing for the 11th Five Year Plan, Government of India, Krishi Bhawan, New Delhi p. 47

⁸⁵ Department of Rural Development, Role of Panchayats, Chapter-7, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhawan, New Delhi-110114, pp.31-32

beneficiaries. It always plays proactive role in getting the houses completed without delay.⁸⁶

The upper level of Panchayati Raj Institution, i.e. Zilla Parisad plays coordinating role for overall implementation of the programme in the district. It also ensures that different provisions of the guidelines are adhered to in practice. It has responsibility to monitor the progress of the scheme and ensure smooth flow of funds.⁸⁷ As like Panchayat Samiti level, the grievance redress mechanism has been constituted in the Zilla Parisad as per the guidelines. Both the grievance redress mechanism deals with the issues like: irregularities in selection of beneficiaries, release of instalments, non-provision of support services, non-provision of convergence schemes and refusal to agree to the choice of design/construction technology made by the beneficiary.⁸⁸

Monitoring

The programme has been monitored at all levels and with special emphasis on quality and timely completion of construction. The new technology has been used for updates in related to the progress of the work in ground. All the data related to beneficiaries, progress of construction and release of funds, including photographs and inspection reports has been placed on Awas Soft. The IAY provision reflects that the National level Monitors and Area Officers have responsibility to visit IAY houses during the field visits as much as possible. The officers at the block level and district level have responsibility to inspect the construct in 10 percentage and 20 percentage of at each state of construction from random list generated by AwaasSoft. Not only the Panchayat Raj Institutions but State Government has the responsibility to put in place a system of quality monitoring to guide and assist the beneficiary in achieving satisfactory quality. The Management Information System has been set up to facilitate

⁸⁶Ibid

⁸⁷Ibid

⁸⁸Department of Rural Development, Accountability, Chapter-8, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, pp.37-38

e-governance of IAY. The System is designed for all stakeholders of IAY including the beneficiary.⁸⁹

4.7.3: Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

The National Rural Employment Guarantee Act (NREGA) was notified on September 7, 2005 as the latest initiative in combating poverty. It visualizes the regeneration of the rural economy by creating productive assets like water harvesting tanks, watershed development and plantation of trees for soil and moisture conservation. This Act was implemented in all over India except Jammu and Kashmir. The Act came into force on 2nd February 2006 and implemented in a phased manner. MGNREGA is a village level activity which is implemented through the Panchyati Raj institutions. People participation is the basic Principle for implementation of MGNREGA. It is not merely as an Act, It is a historic Act which is based up on right to work and a demand driven programmes rather than allocation base. The Act came to existence as per the Article 41 which explains that, the State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want. Article 21 “Right to life and liberty” is also responsible for formulation of MGNREGA.⁹⁰

MGNREGS is the flagship of the Government of India that directly touches lives of the poor and promotes inclusive growth. The basic aim of the to enhance livelihood security of households in rural areas of the country through providing at least one hundred days of guaranteed wage employment in a financial year to every household. It has been resulted in creation of productive asserts of productive assets of prescribed quality and durability. The Act ensures social inclusion and strengthens of PRI.⁹¹

The MGNREGS is a centrally sponsored, where the Central Government shared major part of the financial burden and implementation resides with the state

⁸⁹ Department of Rural Development, Monitoring, Chapter-9, Guidelines, Indira Awaas Yojana (IAY), Ministry of Rural Development, Government of India, June 2013, Krishi Bhavan, New Delhi-110114, pp.39-40

⁹⁰ Ashok K. Pankaj, *Right to work and Rural India, working of the Mahatma Gandhi national Rural Employment Guarantee Scheme* (New Delhi: SAGE Publication India, 2012, pp.9-10.

⁹¹ Ministry of Rural Development, E-books, 2014-15, Government of India, New Delhi

Government. At the time of formulation of the Act and Scheme, the previous success and failure of the programmes like NREP, RLEGP, JRY, EAS, JSGY, SGRY, NFFWP were seriously considered. The programme is universal targeting to remove bureaucratic discretion which has been the major source of corruption, delay and leakage. So, this scheme came to force to address the crucial issues of unemployment and rural poverty with features of decentralized planning and implementation, effective people's participation with more importance to women and weaker section of the society. This program is a paradigm shift from supply based to demand based by the workers demand. In year 2006, SGRY and NFFWP were merged with MGNREGS.⁹²

Objectives of MGNREGS

The basic objective of the is to provide for enhancement of livelihood security of the rural households of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work.⁹³ Thus, NREGA fosters conditions for inclusive growth ranging from basic wage security and recharging rural economy to a transformative empowerment process of democracy.⁹⁴ The major goal of the programme is to enhance livelihood security of the rural poor by generating wage employment opportunity in works that develop the infrastructure base of the area concerned, rejuvenate the resource base of the area concerned, create a productive rural assert base, stimulate the local economy by providing a safety net to rural poor, ensure empowerment to women, strengthen grassroot democratic institution and etc.⁹⁵

Coverage

This scheme has been implemented in a phased manner. In first phase it was introduced in 200 of the most backward districts of the country. In second phase (Year 2007-2008) it was implemented in an additional 130 districts. In third phase the

⁹² Ashok K. Pankaj, *Right to work and Rural India, working of the Mahatma Gandhi national Rural Employment Guarantee Scheme* (New Delhi: SAGE Publication India, 2012 p. 10-11.

⁹³ Legislative Department, The Gazette of India, Part-II, Section-1, Ministry of Law and Justice, Government of India, New Delhi, 7th September 2005, p.01

⁹⁴ Department of Rural Development, NREGA: Objectives and Salient features of the Act, Chapter-1, Operational Guidelines, The National Rural Employment Guarantee Act (NREGA) 2005, 3rd edition, Ministry of Rural Development, Government of India, 2008, p. 01

⁹⁵ Ministry of Rural Development, E-books, 2014-15, Government of India, New Delhi

Act was notified in remaining 285 rural districts of India from 1st April, 2008.⁹⁶ On 2nd October 2009 it was renamed as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).⁹⁷

Key features of MGNREGS

The MGNREGS as per the guideline implements through various procedure like application for registration, issuing job cards, application for work, work allotment, registration of household, nature of work, wage material ratio, facilities in work site, time bound employment and payment etc. The key feature includes the provision like social audit, special provision for persons with disability and vulnerability groups, vulnerable Tribal groups etc.

Social Audit Process

The right based MGNREGS emphasizes participation of people in planning, implementation, monitoring and evaluation of the programme. The system of Social Audit is a democratic participation approach in the context of evaluation in MGNREGS. It is a process by which the people, the final beneficiaries of any scheme, policy or law, are empowered to audit such schemes, programmes, policies and laws. This is an ongoing process by which the potential beneficiaries and other stakeholders of an activity or project are involved from the planning, monitor and evaluation of that activity or project.⁹⁸ In the context of MGNREGA the basic objective of a social audit is to ensure public accountability in the implementation of projects. In the case of MGNREGS, social audit can be taken up in four stages such as in planning stage, preparation stage, implementation stage and after the completion of work.⁹⁹

The Gram Sabha will do the social audit regularly once in six months. For these Gram Sabha will elect from itself a social audit committee from workers from the same Gram Panchayat who have worked in current or previous works under MGNREGA as

⁹⁶ Department of Rural Development, Operational Guidelines, The National Rural Employment Guarantee Act (NREGA) 2005, 3rd edition, Ministry of Rural Development, Government of India, 2008, p. 2

⁹⁷ Ministry of Rural development Government of India, accessed January 25, 2014, http://nrega.nic.in/circular/MGNREGA_Steps.pdf

⁹⁸ MGNREGA, *Social Audit*, accessed April 23, 2014, http://nrega.nic.in/circular/So_Audit_I.pdf

⁹⁹ Ministry of Rural Development, *MGNREG Act 2005*, p. 61

per the provision. In the Social audit committee at least one third member should be women.¹⁰⁰

Institutions and MGNREGA¹⁰¹

The Mahatma Gandhi National Rural Employment Guarantee Act is a complex plot of many actor and authorities.¹⁰² This is based up on decentralized framework so from top to the bottom specific institutions are associated with MGNREGA in definite level.

Central Level

Under central level, the Central Employment Guarantee Council has been set up under the Chairmanship of the Union Minister of Rural Development. The Central Employment Guarantee Council has assigned with specific roles and responsibilities. It set up a central evaluation and monitoring system. The council counsels the central Government on all matters regarding implementation of the Act. It reviews the monitoring and redresses mechanism from time to time and recommends required improvements. It has the responsibility for widest circulation of information regarding the scheme. The Council monitors the implementation of this Act and prepares annual reports of the implementation of this Act to be laid before parliament.¹⁰³

State Level

At the state level, this scheme is to be monitored by a State Employment Guarantee Council. The state council is essentially an advisory body for the state government. For instance, the state council is expected to advice the state government regarding the schedule of rates, unemployment allowances and monitoring arrangements. Other responsibilities of the state council include preparing a list of preferred works to be

¹⁰⁰ Ministry of Rural Development, *Mahatma Gandhi National Rural Employment Guarantee Act* 2005 Report to the people, 7.

¹⁰¹ Department of Rural Development, Stakeholders, Chapter-2, Operational Guidelines, The National Rural Employment Guarantee Act (NREGA) 2005, 3rd edition, Ministry of Rural Development, Government of India, 2008, p. 1

¹⁰² Nikhil Dey, Dreze and Khera, Nikhil Dey, Dreze and Khera, Nikhil Dey, Dreze and Khera, *Employment Guarantee Act A Primer*. New Delhi: National Book Trust, 2006, p. 20.

¹⁰³ Ministry of Rural Development, *MGNREG Act 2005*, 10.

taken up on priority basis conducting evaluation of the scheme and preparing an annual report to be laid before the state legislature.¹⁰⁴

District Level

At the district level the supervision of scheme is the responsibility of the District Coordinator. The district coordinator is expected to coordinate the work of the officers. The responsibility of district coordinator includes conducting regular inspections of the works in the District, sanctioning works that are not within the jurisdiction of officers assisting the District Panchayts and preparing an annual report to the state council.¹⁰⁵

Block level

At the block level Officer acts as the coordinator for MGNREGS. The primary responsibility of the PO is to ensure that every applicant is provided unskilled manual work in accordance with the provision of the scheme within fifteen days. Along with this the Officer has assigned with specific responsibility and function.

- Prepare a plan for the Block by consolidating the project proposals prepared by the Gram Panchayts and other implementing agencies.
- Match the demand for employment with the employment opportunities available in the block.
- Receive application for work and issue dated receipt to the applicant.
- Notify applicants to report for work. This responsibility is shared with the Gram Panchayat.
- Ensure quick and fair payment of wages to all labourers employed under NREGS.
- Sanction and distribute the unemployment allowance.
- Sanction project to be taken up by the Gram Panchayts as by other implementing agencies within the jurisdiction of the officer.
- Monitor the projects taken up by the Gram Panchayts and implementing agencies with the block.

¹⁰⁴ Nikhil Dey, Dreze and Khera, Nikhil Dey, Dreze and Khera, Nikhil Dey, Dreze and Khera, *Employment Guarantee Act A Primer*. New Delhi: National Book Trust, 2006, p. 22-27.

¹⁰⁵ Ibid

- Ensure that regular social audits of all works are carried out by the Gram Sabha.
- Deal promptly within seven days with any complaint that may arise in connection with the implementation of the scheme.
- Prepare an annual report on the implementation of MGNREGS in the Block¹⁰⁶

Gram Panchayat

Gram Panchayat is the nodal agency to implement the scheme. It has the authority to select, design and implement 50 percent of works. It prepares a development plan and maintains a shelf of possible works to be taken up under MGNREGS, taking in to account the recommendation of Gram Sabha. It registers the name those who are willing to work and issue them Job Cards. Gram Panchayat receives application for work and issue a dated receipt to the applicant. Allocate work opportunities among the applicant and ask them to report for work. Implement works that have been sanctioned by the programmes officer. It also makes all relevant documents available to the Gram Sabha for the purpose of social audits. It keeps a copy of the muster rolls available for public scrutiny at the panchayat office and prepares an annual report on the implementation of the scheme.¹⁰⁷

Gram Sabha

Gram Sabha is the ground level authority to implement MGNREGS. In the Gram Sabha meeting the wage seekers raise their voice about their problems and make demand for works. The Gram Sabha is expected to monitor the work of the Gram panchayat and also to participate in the planning process. In particular the Gram Sabha will discuss and prioritize the works to be taken up, conduct regular social audits of all works carried out in the Panchayat and verify all the reverent documents.¹⁰⁸

4.8: Summing up.

The above critical analysis of the SGSY, IAY and MGNREGS reflects the strategy and institutional approach towards reduction of rural poverty. The guideline of

¹⁰⁶ Ibid

¹⁰⁷ Ibid

¹⁰⁸ Ministry of Rural Development, MGNREGA-2005, p. 6.

various programmes shows the dominance of the central government in the context of the planning, monitor, evaluation and allocation of budget in the above three programmes. It has been noticed that major share has been directly transferred bypassing the state from the central government to district institution like DRDA. This reflects in notion of decentralization, the Union Government is attempting to keep direct contact with the district administration. Such process may be called as implicit control of the Central government. Even the report of the Second Commission of Centre-State relation in 2010 reflects such a view.¹⁰⁹

This chapter critically examines various approaches of the development model and poverty alleviation programmes through analyzing various five year plans. It reflects the Union government's hegemony towards formulation of various poverty alleviation programmes. It also reflects the change in the policy towards poverty with the political context. Poverty has been used as a vote bank of politics. The shift of the institution also reflects the centralization of the various institutions. Such conclusion has come into the limelight due to the lack of sufficient power with the local self government. This chapter also narrates the process of transfer of power from centre to the local self government. The next chapter deals with the field work which has been carried out in the Jharsuguda and Nuapada district of the Odisha.

¹⁰⁹Commission of Centre-State Relation, Report, "Centrally Sponsored Development Schemes and Federal Relations", *Socio-economic Development, Public Policy and Good Governance*, Chapter-5, VOL.VIII, New Delhi, 31st March 2010, p. 91

CHAPTER-5

Institutional Support to Rural Poverty Alleviation Programmes: A Case Study of Jharsuguda and Nuapada Districts, Odisha

This chapter focuses on field work which has carried out in the Jharsuguda and Nuapada districts of Odisha. It tries to find out role of various institutions in the implementation process of rural poverty alleviation programmes. It understands institutionalization process of centralization and decentralization nature of policy related to poverty formulation, implementation, monitor and evaluation of various poverty alleviation programmes in Odisha in general and Jharsuguda and Nuapada District in Particular. This chapter also examines the perception of Sarpanch in devolution of 3 Fs (Functions, Functionaries and Funds) in Panchayati Raj Institutions in Odisha.

5.1: Profile of the State - Odisha

Orissa was formed on the basis of linguistic difference on April 1, 1936, and was renamed as 'Odisha' on November 1, 2011. The state is located along the Eastern coast of India between 17.15⁰ N and 22.45⁰ N latitudes and between 81.45⁰ E and 87.50⁰ E longitudes. The state is bound by Jharkhand in the north, West Bengal in the northeast, Chhattisgarh in the west, Telangana in the south-west and Andhra Pradesh in the south and the Bay of Bengal in the east. It lies in a sub-tropical geo-climatic region with vast topographical variations. The northern plateau and upland region is a continuation of the Chottanagpur plateau of Jharkhand. The central tableland in the heart of the state mostly consists of fertile valleys, plains and hilly lands. The Eastern Ghat region of the uplands is dissected by steep-sided mountain ranges with canyons, fertile inter-mountain valleys and high plateau. The coastal belt comprises a diverse spread of marshy deltaic tracts, cultivable alluvial plains, broken hills and undulating tracts ascending the tablelands. The six major rivers (the Mahanadi, the Baitarani, the Subarnarekha, the Budhabalanga, the Brahmani and the Rushi Kulya) that flow through this zone down to the Bay of Bengal not only make this belt very fertile but also increase its irrigation potential manifold.

Odisha is the 9th largest state in India in terms of its physical size. The land area of Odisha is 155,707 Sq. Kms., which is 4.74 percent of the total land area of the country. Odisha is considered as the 11th largest population state in India which stands at 41,947,358 population, out of which 34,951,234 (83.32 percent) constitute the rural and 6,996,124 (16.68 percent) constitute the urban population, signifying an increase of 1.69 percent since 2001. The density of population which was 136 per sq. km. in

2001 has risen up to 269 per sq. km. in 2011. However, it is still below the national average of 382 per sq. Km. According to the Census 2011, India demonstrated the decadal growth rate of 17.64 percent as compared to the 21.15 percent of Census 2001. Odisha's decadal population growth rate has declined from 16.15 percent in 1991-2001 to 13.97 percent in 2001-2011. The growth rate of the rural population is 11.71 percent and that of the urban population is 26.80 percent. The sex-ratio (i.e. number of females per 1,000 males) in the state has marginally increased from 972 in 2001 to 978 in 2011, which is 38 points more than the national figure. The rural sex-ratio of the state is 987 while the urban sex-ratio stands at 895.¹ The Scheduled Castes (SCs) and Scheduled Tribes (STs) population in the state constitute 22.13 percent and 16.53 percent of the state's total population respectively. Altogether, SCs and STs constitute 38.66 percent of the state's total population. This is comparatively higher than the All India figure of 16.20 percent SC and 8.19 percent ST population (see Table-5.1).²

Table – 5.1: Demographic profile of Odisha as compared to India

Sl. No.	Particulars	Odisha	India
1.	Number of Total Population	41,947,358	1,210,193,422
2.	Percent of Decadal Population Growth	13.97	17.64
3.	Sex Ratio (Per 1000 males)	978	940
4.	Population Density (Persons per sq km.)	269	382
5.	Number of Rural Population	34,951,234	833,087,662
6.	Percent of Rural Population	83.32	68.84
7.	Number of Urban Population	6,996,124	377,105,760
8.	Number of SC Population	71,88,463	20,13,78,086
9.	Number of ST Population	95,90,756	10,42,81,034
10.	Percent of Literacy Rate	73.45	74.4
11.	Percent of Male Literacy Rate	82.40	82.14
12.	Percent of Female Literacy Rate	64.36	65.46
13.	Percent of Population under BPL(2011-12)	32.59*	21.97*

Source: Office of the Registrar General and Census Commissioner, Ministry of Home Affairs, Government of India, Census 2011.

Note: *Indicates tentative poverty estimates, Percent of Poverty Head Count Ratio by Tendulkar Committee Methodology.

¹ Census - 2011, Provisional Population Totals, Director of Census Operations, Odisha, 2011, p. 2.

² Ibid.

A. Literacy

The total literacy rate of the state has increased from 63.08 percent in 2001 to 73.45 percent in 2011. Alongside the increase in the male literacy rate from 71.28 percent in 2001 to 82.40 percent in 2011 which is more than the national average of 82.12 percent, the female literacy rate has also risen up from 50.51 percent in 2001 to 64.36 percent in 2011. At the same time, the rural literacy rate has increased from 59.84 to 70.78 percent, indicating a decadal increase of 10.94 percent from 2001 to 2011, whereas the urban literacy rate has raised from 80.84 to 86.45 percent. However, the male rural literacy and the female rural literacy rate are 80.41 and 61.10 percent respectively compared to the 91.83 percent male literacy rate and 80.70 percent female literacy rate of urban Odisha.

B. Administration and the Demographic Profile

Administratively, the state is divided into 30 districts, 58 Sub-divisions, 314 blocks, 317 Tahasils, 223 towns (138 towns in 2001) and 51,313 villages (51,349 in 2001) as per Census 2011. There is an increase of 85 towns and a decrease of 36 villages when compared to the 2001 Census. The total number of Urban Local bodies is 107, 6,234 Gram Panchayats with 854 Zilla Parisad Members, 6233 Panchayat Samiti Members, 6, 234 Sarpanch and 87,542 Ward Members.³

However, there are wide disparities among the districts in the state with respect to demographic features. Odisha is one of the poorest and least developed states in the country in terms of its per capita income, productivity, industrial output, employment, social development and health status. As per 2011 census, the number of main workers has increased by 3.2 percent over 2001 census, but the percentage of main worker to total workers has declined from 67.2 percent to 61 percent during the same period. On the other hand the percentage of marginal workers to total workers has increased. As per 2011 census, there were 68.34 lakh marginal workers in the state (who worked for less than six months) accounted for 38.96 percent to the total workers as against 32.80 percent in 2001. Out of these marginal workers, 18 percent worked for less than three months. This indicates that there is an increase in

³Economic Survey 2014-15, Human Development and Poverty, Chapter-7, Planning and Co-ordination Department, Director of Economic and Statistics, Government of Odisha, Bhubaneswar, February 2015, p. 7/13

underemployment in the State. In order to tackle the problem of unemployment and underemployment, the State Government has constituted a High-power Employment Mission under the Chairmanship of the Chief Minister to facilitate generation of adequate employment opportunities, both wage employment and self-employment, in the State. The State aims to generate 10 lakh employment and self -employment opportunities during the 12th Five Year Plan.⁴

C. Poverty and Regional Disparity

Odisha has historically witnessed higher incidence of poverty. Poverty is the main stumbling block for the development of Odisha and is closely associated with the lack of economic growth in the state. As per the estimates made by the Planning Commission based on the Tendulkar Committee Methodology, poverty in Odisha declined by 24.6 percentage points from 57.2 percent in 2004-05 to 32.6 percent in 2011-12. This was the highest poverty reduction by any major state in the country.

⁵So, the state of Odisha has been considered as poorest states and also shows one of the highest incidences of poverty among the major states in the country (The All India average being 21.92 percent).⁶

Table- 5.2: Head Count Ratio (Percent) by Social Classes for Rural Odisha, 2004-12 (As per Tendulkar Methodology)

Year	Head Count Ratio (Percent) by Social Classes					Head Count Ratio (Percent) by NSS Regions			
	ST	SC	OBC	Others	Total	Southern	Northern	Coastal	Total
2004-05	84.40	67.90	52.70	37.10	60.80	73.40	70.50	41.60	60.80
2009-10	66.00	47.10	25.60	24.50	39.20	52.40	41.70	25.30	39.20
2011-12	63.52	41.39	24.16	14.20	35.69	48.00	39.97	21.65	35.69

Source: *Economic Survey 2014-15*, Planning and Co-ordination Department, Directorate of Economic & Statistics, Government of Odisha, Bhubaneswar, February, 2015, p. 7/4.

⁴Economic Survey 2014-15, Human Development and Poverty, Chapter-7, Planning and Co-ordination Department, Director of Economic and Statistics, Government of Odisha, Bhubaneswar, February 2015, p. 7/13

⁵ *Economic Survey 2014-15*, Planning and Co-ordination Department, Directorate of Economic & Statistics, Government of Odisha, Bhubaneswar, February, 2015, p. 1/9.

⁶ Ibid.

The Table-5.2 reflects poverty is more prevalent in the rural areas (35.69 percent) than in the urban areas (17.29 percent).⁷ There are considerable variations within the state itself, with the Coastal areas generally being more developed and having a lower rate of poverty; the Coastal area accounts for 21.65 percent of poverty where as the Southern part and the Northern part account for 48.00 and 39.97 percent respectively of poverty in the state. Among the regions, the northern region has registered the highest reduction of poverty with 30.53 percentage points, followed by the southern region with 25.40 percentage points and the coastal region with 19.95 percentage points in comparison to 2004-05 and 2011-12. The interior parts are less developed and have very high rates of poverty in some places. The SCs and STs Population constitute 60 percent of the total number of the poor in Odisha, whereas their share of the total population is only 43 percent.⁸ A very high percent of the state's poor exists among the SCs and STs. Among all the social groups, the head count ratio is higher among the STs and they constitute 63.52 percent of the poor alongside the 41.39 percent SCs, when compared to the 24.16 percent of the OBC group and 14.20 percent of the others 2011-12. It is heartening to note that in recent years, poverty among ST and SC communities has been reducing at a faster rate i.e. 20.88 and 26.51 percentage points respectively from 2004-05 to 2011-12.⁹ Apart from these, the state depends completely on agriculture and by the year 1999-2000, Odisha's¹⁰ agricultural wages achieved a major source of income for the poor but was still low compared to the national level. Other factors contributing to poverty in Odisha include high inequality in asset ownership (especially land), significant dependence on forest products, low levels of literacy among women and, until recently, very little private (foreign) investment.

D. Social identity

Odisha has the third highest concentration (after Madhya Pradesh and Maharashtra) of ST population, SC and ST population constitute 17.13 and 22.86 percent respectively of the total population as per census 2011. Poverty among the SC and especially the

⁷*Economic Survey 2014-15*, Planning and Co-ordination Department, Directorate of Economic & Statistics, Government of Odisha, Bhubaneswar, February, 2015, p. 7/2

⁸ Manoj Panda, "Economic Development in Orissa: Growth without inclusion", *Working Paper-2008-025*, Indira Gandhi Institute of Development Research, Mumbai, November, 2008, p. 13.

⁹ Op.cit, *Economic Survey, 2014-15*, p. 7/4.

¹⁰ A Deaton and J. Dreze, "Poverty and inequality in India: A re-examination", *Economic and Political Weekly*, Vol. 37, No. 36, September 2002.

ST population is strikingly higher than among other population. Thus, while the ST population represents 22.86 percent of the population of Odisha, they constitute 63.52 percent of the total number of poor. The relative disadvantage of the ST population is a remarkably robust feature of the poverty in Odisha. Many social indicators (education, health) for this particular category are considerably worse than the majority of the population. When all taken together, regional and social identity characteristics present a very striking picture, no less than 92.4 percent of the ST population living in the rural areas of the southern region of the state is poor.

5.2: Methodology

Odisha is recognized as one of the poorest states (sixth) in India where 32.6 percent of poor people live according to the Tendulkar methodology in the year 2011-12. Among the poor people, 35.7 percent belong to the rural areas whereas 17.3 percent live in urban areas.¹¹ But the state specific poverty line for 2011-12 reflects the monthly per capita of Odisha is Rs. 695/- in rural areas and Rs. 861/- in urban areas in comparison to national average of Rs. 861/- in rural areas and Rs. 1000/- in urban areas. Such monthly per capita is the lowest among all states. Such state specific poverty line has been determined as per Tendulkar method on Mixed Reference Period (MRP).¹²

As the study is based on the rural poverty alleviation programmes, the Below Poverty Line (BPL) census has been taken into consideration as the major criteria for selection of Odisha state as the field Study. The BPL list has been followed by the implementing authorities (both Centre and State Government) in various development programmes, and welfare measures. This list has been prepared by the Ministry of Rural Development (MoRD). The report of the 2011 BPL census has not been published. Due to some errors in the methodology for selection of the genuine BPL beneficiary in BPL Census--2002 was challenged in the apex court of India¹³, and

¹¹ Planning Commission, Number and Percentage Population below Poverty Line, 2011-12, Report of the Expert Group to Review the Methodology for Measurement of Poverty, Government of India, New Delhi, June, 2014, p. 31

¹² Planning Commission, State Specific Poverty Line (Tendulkar Methodology), Annexure-B, Report of the Expert Group to Review the Methodology for Measurement of Poverty, Government of India, New Delhi, June, 2014, p. 28

¹³ WRIT PETITION (C) NO. 196 OF 2001, THE SUPREME COURT OF INDIA, RECORD OF PROCEEDINGS, dated 07/01/2013), p. 9 reflects the comments and recommendation of Supreme Court in the context of BPL census 2002. The comment of the Supreme Court of India on BPL census 2002 as "There is great deal of inclusion and exclusion errors in identification of BPL families. For

BPL Census--2002 list has not been implemented in many states including Odisha. As a result, BPL - 2002 Census was contested in the apex court and the Supreme Court has given a stay order. This has led continuation of BPL Survey of 1997 by the Government of Odisha till date.¹⁴

On the basis of percentage of BPL population (as per the BPL Census-1997), Jharsuguda and Nuapada districts of Odisha have been selected for the field study with a method of purposive sampling. Jharsuguda district has been selected as the lowest percent of BPL population i.e. 49.02% whereas Nuapada district has been selected as the highest i.e. 85.7% of BPL population respectively. As per the methods of study, two blocks (on the basis of one lowest and another highest in BPL population) from each of the districts have been selected for the study. In this process, from Jharsuguda district, Kirimira and Jharsuguda block have been selected on the basis of highest 65% and lowest percent 25% of BPL families. In a similar way, from Nuapada district, Sinapali block has been selected as highest percent (100%) of the BPL families and Nuapada block (77.98%) as lowest percent of BPL families. As per the BPL census 1997, 66.7 percentage of BPL families live in Odisha.¹⁵ All village panchayats which comes under these bocks have been covered with the methodology of census sampling. During field survey interview was taken from Sarapancha (elected representative of Gram Panchayat) and Panchayat Secretary of the Gram Panchayat. The field study has been carried out during December 2013 to February 2014. The details of the Jharsuguda and Nuapada districts have been given in Table-5.3.

BPL identification some States like Tripura adopted 'income' and 'expenditure' approach based on the BPL Census, 1992 and 1997 respectively. Other States like Punjab follow "Score Based, Ranking" criteria based on 13 cardinal indicators as laid down in BPL Census 2002 while some other States have their own criteria for identifying BPL families. For example in State of Uttakhand any family having monthly income more than Rs.750/-is not a BPL." The Court also recommended that "The first and foremost thing for the central Government is to lay down criteria for BPL category. Thereafter, steps should be taken for identification of BPL families."

¹⁴Annual Report, 2008-09 and 2009-10, Panchayati Raj Department, Government of Orissa, State Institute for Rural Development, Bhubaneswar, p. 8. Report of the NEW INDIAN Express, May 18, 2010

¹⁵ District Handbook, Panchayati Raj, Department, Government of Orissa, Bhubaneswar, 2008

Table - 5.3: Demographic profile of Jharsuguda and Nuapada Districts, Odisha

Sl. No.	Particulars	Jharsuguda	Nuapada
1.	Number of Total Population	57,95,05	61,03,82
2.	Number of Male Population	29,66,90	30,19,62
3.	Number of Female Population	28,28,15	30,84,20
4.	Number of SC Population	10,46,20	82,159
5.	Number of ST Population	17,67,58	20,63,27
6.	Number of Literacy Population	40,58,79	2,99,383
7.	Number of Male Literacy Population	2,28,992	1,80,903
8.	Number of Female Literacy Population	1,77,787	1,18,480
	Percent of Population under BPL	49.2*	85.7*

Source: Office of the Registrar General and Census Commissioner, Ministry of Home Affairs, Government of India, Census 2011.

Note: *The data indicates the BPL Census 1997, Source: Panchayati Raj Department, Government of Odisha, 1997Indicates tentative poverty estimates, Percent of Poverty Head Count Ratio by Tendulkar Committee Methodology.

JHARSUGUDA

As per the administrative set up of the District is concerned, Jharsuguda District has got one sub division namely Jharsuguda. There are total five Tahsils (Jharsuguda, Lakhanpur, Laikera, Kolabira-N and Kirimira-N) in the District. Total five Blocks (Jharsuguda, Lakhanpur, Laikera, Kirimira and Kolabira) and 78 Gram Panchayats are there in the District. The district is represented by two MLAs in the Odisha Assembly.

NUAPADA

The administrative headquarters of the District is located at Nuapada itself. The District of Nuapada was a part of undivided Kalahandi District till early March 1993, but for the administrative convenience, Kalahandi District was divided into two parts i.e. Kalahandi and Nuapada vide State Government Notification No. DRC-44/93/14218/R. dated. 27 March 1993. Now, Nuapada District comprises one Sub-Division (Nuapada), five Tahsils (Nuapada, Khariar, Komna, Boden and Sinapali) and five Blocks (Khariar, Sinapali, Boden, Nuapada and Komna). The total number of Gram Panchayat is 109 in the district of Nuapada.

5.3: Understanding of Sarpanch on Rural Poverty Alleviation Programmes

This section presents the opinion of Sarpanch (elected representative of Gram Panchayat) on various programmes like Swarnajayanti Gram Swarozgar Yojana

(SGSY), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) on alleviation of rural poverty. It also deals with their understanding on formulation, implementation, monitor and evaluation of different rural poverty alleviation programmes. Sarpanch is the elected head of the Gram Panchayat which is recognized as the grassroots level institution in local democracy. It implements various welfare schemes and development programmes in rural areas. These institutions are directly engaged in implementation of various welfare schemes and play a significant role towards achieving the objectives and targets in alleviation of rural poverty. The perception of Sarpanch on various programmes in the context of alleviation of rural poverty provides crucial ground reality for development. So, the opinion of Sarpanch provides better understanding in the context of institution and approach in implementation of rural poverty alleviation programmes.

5.3.1: Profile of Elected Representatives (Sarpanch's)

The profile of the Sarpanch is given in Table-5.4. It shows that 48 percent of the respondents are from the age group between 36-50 years, 41.3 percent within 25-35 years whereas only 10.7 percent respondents belong to the age group of above 50 year. While comparing the districts, the majority of the respondents (56 percent) are from Jharsuguda district between the age group of 25-35 years where as 54 percent from the Nuapada district within the age group of 36-50 years. The young age group between 25-35 years reflects less experience as they are elected first time as Sarpanch. Among the social category 34.66 percent respondents belong to the Scheduled Tribes. This reflects that the sample area is highly dominated by the tribal population as per the population census is concerned. There are 52 percentage respondents are from the category of up to 10th class, 44 percent from intermediate and graduation educational level where as only 4 percent belong to the above graduation educational level. Majority of the respondents (64 percent) from the Jharsuguda district belong to the educational qualification of up to 10th class whereas 48 percent from Nuapada district belong to the intermediate and graduation level. While conducting interview, it was found that 65.33 percent respondents belong to male where as 34.67 percent from the female. Among the female respondents, 40 percent are from the Jharsuguda district where as only 32percent are from Nuapada district. This reflects the dominance of male among the elected representative in comparison to female in the grassroots level democratic institution.

Table - 5.4: Background and Social Characteristics of the Sarpanch (N=75)

Characteristics		Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Age Group	25-35	9(52.9%)	5(62.5%)	14(56%)	7(25%)	10(45.5%)	17(34%)	31(41.3%)
	36-50	6 (35.3%)	3(37.5%)	9(36%)	17(60.7%)	10(45.5%)	27(54%)	36(48%)
	Above 50	2 (11.8%)	0	2(8%)	4(14.3%)	2(9.1%)	6(12%)	8(10.7%)
	Total	17(100%)	8(100%)	25(100%)	28(100%)	22(100%)	50(100%)	75(100%)
Social Category	Unreserved	2(11.8%)	0	2(8%)	6(21.42%)	8(36.36%)	14(28%)	16(21.33%)
	BCC	5(29.41%)	3(37.5%)	8(32%)	3(10.71%)	2(9.09%)	5 (10%)	13(17.33%)
	OBC	0	0	0	5(17.85%)	4(18.16%)	9(18%)	9(12%)
	SC	4(23.52%)	1(12.5%)	5(20%)	3(10.71%)	3(13.63%)	6(12%)	11(14.66%)
	ST	6(35.29%)	4(50%)	10(40%)	11(39.29%)	5(22.7%)	16(32%)	26(34.66%)
	Total	17(100%)	8(100%)	25(100%)	28(100%)	22(100%)	50(100%)	75(100%)
Education	Up to 10th	11(64.7%)	5(62.5%)	16(64%)	13(46.4%)	10(45.5%)	23(46%)	39(52%)
	Inter & Graduation	6(35.3%)	3(37.5%)	9(36%)	13(46.4%)	11(50%)	24(48%)	33(44%)
	Above Graduation	0	0	0	2(7.1%)	1(4.5%)	3(6%)	3(4%)
	Total	17(100%)	8(100%)	25(100%)	28(100%)	22(100%)	50(100%)	75(100%)
Gender	Male	11(64.7%)	4(50%)	15(60%)	19(67.9%)	15(68.18%)	34(68%)	49(65.33%)
	Female	6(35.3%)	4(50%)	10(40%)	9(32.1%)	7(31.82%)	16(32%)	26(34.67%)
	Total	17(100%)	8(100%)	25(100%)	28(100%)	22(100%)	50(100%)	75(100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

5.3.2: Objectives of the Rural Poverty Alleviation Programmes

Poverty has been a major challenge for the planner from the period of independence. So, various development programmes have been formulated with the strategy to alleviate rural poverty. During Fifth Five Year Plan the focus was on tackling poverty directly. The basic thrust of rural poverty alleviation programmes is to eliminate poverty in rural areas. In this regard, various programmes related to poverty have been formulated not only targeting poor but also various aspects of poverty. So, all the alleviation of rural poverty programmes can be divided into self-employment programmes, wage employment and housing programmes. At the time of interview, it has been noticed about different perception of the Sarpanch in regard to orientation or aim of the rural poverty alleviation programmes.

Table-5.5 presents the different perception of Sarpanch towards the orientation of rural poverty alleviation programme. While taking interview, 64 percent respondents said that eradication of poverty in rural areas is the basic thrust of the rural poverty alleviation programmes whereas 29.3 percent respondents are on the opinion of some extent the major focus is on eradicating poverty. At the same time only 6.7 percent respondents belong to the negative view that rural poverty alleviation programmes are not oriented towards eradication of poverty in real sense. Among the respondents on the view of favorable orientation of eradication of poverty, 60 percent belong to the Jharsuguda whereas 66 percent from the Nuapada district. At the same time 40 percent respondents from Jharsuguda and 24 percent from Nuapada district expressed that some extent the major focus of rural areas are poverty eradication. The negative view among the respondents in context of orientation or aim of the rural poverty alleviation programmes belong to the district of Nuapada only. The opinion of the Sarpanch may be influenced by the experience in implementation of programmes and perception of people through direct interaction. The above response reflects the highest poverty ratio districts are on the opinion that rural poverty alleviation programme are formulated with the aim for rural poor people in comparison to others.

Table-5.5: Objectives of the Rural Poverty Alleviation Programme (N=75)

Rural Poverty Alleviation Programme for Rural Poor	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Yes	10(58.8%)	5(62.5%)	15(60%)	18(64.3%)	15(68.2%)	33(66%)	48(64%)
No	0	0	0	4(14.3%)	1(4.5%)	5(10%)	5(6.7%)
Some extent	7(41.2%)	3(37.5%)	10(40%)	6(21.4%)	6(27.3%)	12(24%)	22(29.3%)
Total	17(100%)	8(100%)	25(100%)	28(100%)	22(100%)	50(100%)	75(100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table-5.6: Rural Poverty Alleviation Programme has been prepared according to local needs (N=75)

Local Needs	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Yes	1(5.9%)	5(62.5%)	6(24%)	9(32.1%)	8(36.4%)	17(34%)	23(30.7%)
No	3(17.6%)	1(12.5%)	4(16%)	12(42.9%)	4(18.2%)	16(32%)	20(26.7%)
To Some extent	13(76.5%)	2(25%)	15(60%)	4(14.3%)	10(45.5%)	14(28%)	29(38.7%)
Can't Say	0	0	0	3(10.7%)	0	3(6%)	3(4%)
Total	17(100%)	8(100%)	25(100%)	28(100%)	22(100%)	50(100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

5.3.3: Local needs is the basis in formulation of rural poverty alleviation programmes

The rural poverty alleviation programmes have been formulated on the basis of the local needs. Through focusing on the local needs, the alleviation of poverty programmes can expect the participation and involvement of the people. Beginning from the Balwantrai Mehta committee as of now many evaluation reports and committees on various rural poverty alleviation programmes suggested to focus more on local needs and emphasis on the participatory approach at the time of formulation and implementation of various programmes towards alleviation of rural poverty. But it is quite different in the case of the experience of the Sarpanch.

The table 5.6 shows 38.7 percent respondents belong to the category who believes that some extent rural poverty alleviation programmes are formulated according to local needs whereas 26.7 percent are opposite of this view. At the same time 30.7 percent respondents are on the view that local needs are the basis for preparation of rural poverty alleviation programme. Only 4 percent respondents said that they do not have any opinion in regard this.

In comparing districts, 60 percent respondents belong to Jharsuguda and 28 percent from the Nuapada are on the opinion that some extent local needs have been considered at the time of formulation various programmes towards alleviation of poverty in rural areas. At the same time 34 percent of respondents from Nuapada and 24 percent respondents of Jharsuguda belong to the view that local needs are the basis in formulation of the programmes. The 32 percent respondents of Nuapada and 16 percent from the Jharsuguda are on the opinion that local needs have not been considered at the time in formulation of rural poverty alleviation programmes. Such perception of the respondents reflects that more poverty affected districts have more negative view in comparison to other in the context of local needs. The majority opinion in favor of some extent reveals that Sarpanchs are not satisfied with the process of formulation and implementation of rural poverty alleviation programmes. Such opinions are based on their experience and the perception of the people. During the implementation of the various rural poverty alleviation programme they have been realizing that local needs have not been addressed properly. According to Sarpanch policies have been formulated in higher tier of the government without keeping the

local needs in mind. The Commission on Centre State Relation have commented on the approach of ‘one policy for all’ in its report. They have suggested the aspect of flexibility in policy to address diversities in the Indian polity among regions and States.¹⁶

5.3. 4: Reason of the Existence of Poverty after Sixty-Six Years of Independence

Various development programme in the name of rural poverty alleviation programmes have been formulated to alleviate poverty from rural areas from the time of independence. But still 25.7 percent of people in rural areas are surviving with poverty as per Tendulkar Methodology in 2011-12. Media has been reporting the hunger death even after sixty- six years of independence. During the study, this question was raised. The opinions of the Sarpanch were different each other like problem with policy, people perception, corruption, political, implementation etc for the existence of rural poverty. The perception of Sarpanch should be considered seriously because their perception reflects demand of the local people as they are the grass root level elected representatives. At the same time they are the grass root level implementing authority, they realize basic hurdles towards achieving the targets of the programmes. Education criteria have been taken to analyses the responses of the respondents.

Table-5.7: Reason of existence of poverty after 66th years of Independence (N=75)

Reason of Existence of Poverty	Up to 10 th Class	Inter and Graduation	Above Graduation	Total
Policy/Guidelines	13(33.3%)	16(48.5%)	3(100%)	32(42.7%)
Perception of People	2(5.1%)	3(9.1%)	0	5(6.7%)
Corruption	6(15.4%)	6(18.2%)	0	12(16%)
Political intervention	1(2.6%)	6(18.2%)	0	7(9.3%)
Process of Implementation	14(35.9%)	2(6.1%)	0	16(21.3%)
Can't Say	3(7.7%)	0	0	3(4%)
Total	39(100%)	33(100%)	3(100%)	75(100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table 5.7 reflects 42 percent belong to the opinion that the problem within the policy/guidelines itself like rigid guideline, formulation of policy without focusing on local

¹⁶ Report, Public Policy, Constitutional Governance and Public Administration, Chapter-2 in Socio-Economic Development, Public Policy and Good Governance, Vol. VII, Commission on Centre-State Relations, New Delhi, March 2010, p. 11

needs and approach like 'one policy fit for all', etc, are the major factor towards existence of rural poverty. Such view also has been highlighted in the report of the Commission on Centre-State Relations.¹⁷Such perception was viewed by all the respondents from the educational category of the above graduation and 48.5 percent from the Inter and Graduation where as 33.3 percent respondent belong to the up to 10th class educational background. According to them at the time of formulation of programmes or policies local authorities have not been properly consulted. At the same time the rigid guideline of the various programmes create hurdles at the time of implementation. The various surveys in the context of measurement the percentage of poverty (preparation of BPL List) have not been conducted regularly. Not only methodological controversies rise at the time of such survey but also genuine in the preparation of BPL list has been questioned. Such list sometimes left out the genuine peoples. This has been resulted with the 2002 BPL list. Such view also reflected in report of the Second Commission on Centre-State Relation in volume VII. Therefore the failure of policy is the major hindrance for the existence of poverty till today. Out of the total respondents 21.3 gave their opinion that due to the bizarre process of implementation poverty is still existed in the rural areas. On the other hand 16 percent respondents are on the view of corruption is the reason. At the same time 9.3 percent respondent viewed, political interference is the obstacle which is why the really needy people are not getting selected and some of the poverty alleviation funds are diverting for their own cause. Among the educational background of Intermediate and Graduation, 18.2 percent are on the view of corruption and political intervention whereas 9.1 percent on the perception of people at the same time 6.1 percent highlights the problem with the process of implementation are the basic reason for the existence of poverty. The respondents belong to 10th Class educational background, majority (35.9 percent) are on the perception of process of implementation, 33.3 percent on the policy/ guideline, 15.4 percent respondents on corruption, 5.1 percent on perception of people and 2.6 percent belong on the political interventions are the reasons for the existence of poverty. At the same time 4.00 percent respondents have no opinion in this regards in which all are belonging to the education background up to 10th Class. The above view reflects that higher education groups emphasize more

¹⁷Report, Public Policy, Constitutional Governance and Public Administration, Chapter-2 in Socio-Economic Development, Public Policy and Good Governance, Vol. VII, Commission on Centre-State Relations, New Delhi, March 2010, p. 11

the problem with the policy/guideline, corruption and political interference whereas lower education group emphasis on problem with process of implementation and corruption are the reason for the existence of poverty in rural areas. On the issue of perception of people, the respondent are on the opinion that the welfare programmes have changed the mindset of the people. The availability of basic necessary items like food in low cost have habituated people to avail the facility without work. This has created laziness among the people. This has been reflected in availability of unutilized fund in various programmes like MGNREGS etc.

In the name of guideline and shortage of financial allocation, some changes have been reported in the list of beneficiaries on various rural poverty alleviation programmes as per the opinion of Sarpanch. Such changes have been noticed in higher tier like block or district level. This was explanation by the Sarpanch in the context of political interventions. . Even the sanction of financial resources to concerned panchayat is based on the influence of the local M.L.A and M.Ps.

5.3.5: Institutional control over the Rural Poverty Alleviation Programmes

The alleviation of poverty comes under Entry 20 of list III (concurrent list) on 'economic and social planning'. So, both the Union and State government formulate various policies and programmes towards the alleviation of rural poverty as per constitutional norms. But various Five Year Plans, programmes related to the rural poverty reflect the supremacy of the Union in every stage of rural poverty alleviation programmes like the formulation of guidelines, programmes, allocation of budget, monitor, evaluation etc. The Planning Commission plays crucial role as per the federal structure of India in regards to formulation of developmental and welfare programmes and adoption of various strategies. Under the Centrally Sponsored Schemes, the Central Government dominates the allocation of budget in related to alleviation of poverty. As per the provisions of the various wage employment, self-employment and housing schemes, various centralized institution have been evolved to implement, monitor and evaluation of the programmes. In such environment the question was raised for better understanding the perception of the respondents towards the institutions and rural poverty alleviation programmes in the era of democratic decentralization. The controlling of various rural poverty alleviation

programmes refer to the dominate role of the institutions like Centre and State in the context formulation, allocation of resources and implementation.

5.8: Institutional control over the Rural Poverty Alleviation Programmes (N=75)

Controlling Programme	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Centre	12 (70.6%)	4 (50%)	16 (64%)	17 (60.7%)	10 (45.5%)	27 (54%)	43 (57.3%)
State	3 (17.6%)	2 (25%)	5 (20%)	8 (28.6%)	7 (31.8%)	15 (30%)	20 (26.7%)
Both Centre & State	2 (11.8%)	1 (12.5%)	3 (12%)	1 (3.6%)	4 (18.2%)	5 (10%)	8 (10.7%)
Can't Say	0	1 (12.5%)	1 (4%)	2 (7.1%)	1 (4.5%)	3 (6%)	4 (5.3%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table: 5.8 reflect that 57.3 percent respondents viewed that center is dominating the programmes, 26.7 percent respondents viewed the State dominates whereas 10.7 percent on the opinion on both the Centre and State control the rural poverty alleviation programmes. At the same time 5.3 percent respondent said that they cannot in this regard. Among the view of dominating role of Centre in rural poverty alleviation programmes, 54 percent belong to Nuapada and 64 percent respondent from the district of Jharsuguda. The respondents who are in opinion on dominating role of the Centre, narrates due to the federal structure the Central Government formulates various rural poverty alleviation programmes with an approach of 'one policy for all' without any flexibility. Not only centre formulates poverty programmes but also provides a big share of financial resources as it control the national economy. At the same time as the nature of strong Centre, it decides financial share of the States in various Centrally Sponsored Schemes (CSS) without proper consultation with states. At the same time institutions are evolved by the Central government in the context of monitor and evaluation of the various rural poverty alleviation programmes. Basically during the implementation the district collector and the institutions like DRDA play crucial role as the funds have been transferred directly to DRDA bypassing the state machinery. The collector belong to the part of centralized institution like All India Services. So, she/he acts like the agent of the center. Such notion has been developed among the elected representative because during the implementation the bureaucrats asked them that all the guideline has been prepared by the central government. The above opinion reflect the centralized character of the

poverty alleviation programmes. Such dominating nature of the Centre reflects the implicit control of the Centre through the process of decentralization. According to the report of Commission on Centre-State Relation the Central Government not only dominates but also pass the state institutions while allocating financial resources to the local bodies. According to this report keeping the state out of the process leads to an anomalous situation where the entity with constitutional power with regard certain facets of social and economic policy are deprived of power to function effectively.¹⁸

The argument towards justifying the dominating role of the State, the respondents are on the view that state through its bureaucrats control the programmes. Bureaucrats play a vital role in implementation of the programme and policies. Such notion has developed among the elected representative because of the rigid guideline and bureaucratic procedure which they have faced during the implementation. It reflects the red-tapism culture in bureaucracy. The more poverty affected district is on such opinion in comparison to others. According to them state government through its bureaucrats involves directly in the implementation of the programmes. Basically the Block Development Officer (BDO) plays a dominant role in this regard. State government controls the poverty alleviation programmes in the process like implementation, monitor and evaluation of the programmes. But the BDO is answerable to the collectors for the implementation of the programme. It reflects that indirect control of central government over the programmes. Such opinion has been viewed by the respondents who are in favor on the role of both the centre and state.

5.3.6: Role of the elected representatives and the various institutions in the context of Rural Poverty Alleviation Programmes

All the institutions like Central Government, State Government and Panchayati Raj Institutions play vital role in the context of formulation, implementation and monitor of various rural poverty alleviation programme. Through the field study an attempt was made to know the perception of Sarpanch in regard to the role of above institutions towards various rural poverty alleviation programme. The perception of the Sarpanch about the role of various institutions reflects the ground reality.

¹⁸Report, Commission on Centre-State Relation, Vol. VII, Government of India, New Delhi, March, 2010, p.20

Various rural poverty alleviation programmes like Swarnajayanthi Gram Swarozgar Yojana (SGSY), Mahatma Gandhi National Rural Employment Scheme (MGNREGS), Indira Awaas Yojana (IAY) and MOKUDIA have been implemented in Odisha. Among the programmes SGSY, MGNREGS and IAY are centrally sponsored programmes whereas MOKUDIA is a state sponsored programmes. To evaluate the role of the various institutions in these programmes, the variables like awareness, planning and budget, selection of work site, selection of beneficiaries, monitor and evaluation and operation and maintenance have been taken into consideration. These variables reflect various stages of implementation. The details of these programmes and role of various institutions have been discussed in the previous chapter as per the guideline of the programmes. (See Chapter-4)

5.3.6.1: Role of Elected Representatives and different implementing agencies on Swarna jayanti Gram Swarozgar Yojana (SGSY)

The discussion on Swarnajayanthi Gram Swarozgar Yojana (SGSY) in previous chapter¹⁹ reflects that the role of Sarpanch is minimal in comparison of other PRI institutions, State and Central Government. The District Rural Development Agency (DRDA) has been playing dominant role in regard to implementation of the programme.

Awareness is an important factor in regard to the success of the programme. It can empower the rural poor to know about the programme and enhance their involvement. Table 5.9 reflects that 85.3 percent respondents recognize their role towards creating awareness whereas all the respondents are in favor of role in creating awareness by the upper tier PRI like Panchayat Samiti (PS) and Zilla Parisad (ZP), State and Centre. In the case of planning and allocation of financial resources, all the respondents acknowledge the role of State and upper tier PRI whereas 61.3 percent respondents viewed the role of Centre. At the same time no respondents realize their role in this context. Such view reflects that the Center formulates the guideline where state implements the programmes through its bureaucrats with the coordination of Panchayat Samiti and Zilla Parisad. At the same time allocation of resources are shared by the centre and States. The loans are provided by the Banks. Towards the selection and prioritizing the work, 76 percent respondents belong to the role of the

¹⁹ For details See Chapter-4, p. 170

Centre whereas all the respondents are on the role of the State and upper tier of PRI. At the same time no respondents in favor of their role in the selection of work. Such view reflects, the block level committee and district level committee play vital role in selection of work in consultation with banks. But in the case of selection of beneficiaries, 58.7 percent respondents recognizes their role and role of the upper tier of PRI whereas no respondents belong to the role of the Centre or State. But the selection of work and beneficiaries are based on the guideline of the programmes which have been prepared by the Centre. In the next stage of implementation of SGSY i.e. monitor and evaluation, 66.7 percent respondents belong to the role of Sarpanch and upper tier of PRI where as 68 percent on the role of the state and 57.3 percent respondents belong to the role of the Centre. In the case of operation and maintenance of the programmes, 24 percent respondents belong to role of Sarpanch and upper tier of PRI where as 42.7 percent towards the role of centre and 38.7 percent respondents in favor the role of the State. As the programmes are implemented as per the guideline, the State and all tier of Panchayat Raj Institution (PRI) always follows the guideline as per the respondents whereas the discretionary authority remains with the Central government who can change the strategy or guideline of the programmes.

The above perception of the respondents reflect the role of the Sarpanch is just an implementing institution who follows the guideline and instruction of higher authority (both bureaucrats and elected representatives) in letter and spirit. Such opinion was found because basically the decision used to take place in the block and district level. The final decision on selection of beneficiaries and work has been taken by the DRDA as per guideline. It has the right to add and remove the name from the beneficiary list. Sometimes also some names has been added or deleted in the block levels. So, the role in the selection of the beneficiary by Sarpanch is more or less meaningless. The BDO and DRDA officials play a greater role in finalize the name of the beneficiary. Such opinion can be implied that minimal role in SGSY programme. This reflects the centralizing nature of the programmes. Various cabinet letter and recommendation of various committees have not been implemented to provide space for PRI to play vital role in the Centrally Sponsored Schemes like SGSY.

Table-5.9: Opinion of Sarpanch on role of Various Institutions in Swarna jayanti Gram Swarozgar Yojana (SGSY) (N=75)

SGSY	Role of the elected representative			Role of Center			Role of State			Role of Panchayati Raj Institution		
	Jharsugud a	Nuapada	Total	Jharsugud a	Nuapada	Total	Jharsugud a	Nuapada	Total	Jharsugud a	Nuapada	Total
Awareness	18 (72%)	46 (92%)	64 (85.3%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Planning & Budget	0	0	0	16 (64%)	30 (60%)	46 (61.3%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Work site	0	0	0	12 (48%)	45 (90%)	57 (76%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Selection Beneficiaries	15 (60%)	29 (58%)	44 (58.7%)	0	0	0	0	0	0	15 (60%)	29 (58%)	44 (58.7%)
Monitoring	16 (64%)	34 (68%)	50 (66.7%)	9 (36%)	34 (68%)	43 (57.3%)	15 (60%)	36 (72%)	51 (68%)	16 (64%)	34 (68%)	50 (66.7%)
Operation and Maintenance	5 (20%)	13 (26%)	18 (24%)	8 (32%)	24 (48%)	32 (42.7%)	7 (28%)	22 (44%)	29 (38.7%)	5 (20%)	13 (26%)	18 (24%)
Operation & Maintenance	5 (20%)	13 (26%)	18 (24%)	8 (32%)	24 (48%)	32 (42.7%)	7 (28%)	22 (44%)	29 (38.7%)	5 (20%)	13 (26%)	18 (24%)
Following	25 (100%)	50 (100%)	75 (100%)	0	0	0	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Discretionary	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0	0	0	0

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

5.3.6.2: Role of Sarpanch, Centre, State and Higher Panchayati Raj Institution in Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

The MGNREGS is now a principal rural poverty alleviation programme with special focus on the role of the PRI. The MGNREGA ensures for 100day wage employment with guarantee. According to the MNREGA PRIs, especially the gram panchayat implement the 50 percent of budgetary allotment. About the detail of the provision and programme has been discussed in the previous chapter. (See Chapter-4, p.184)

The table 5.10 reflects the role of various implementing agency and sarpanch. State and Centre in creating awareness about MGNREGS. In regard to the planning and budgeting, 32 percent respondents recognizes their role while 52 viewed that the role of the upper tier panchayati raj like Panchayat Samiti and Zilla Parisad. At the same time all the respondent are on the view the role of that Centre. The role of the states towards planning, selection of work, beneficiary in MGNREGS is minimal as per the respondents. Towards the selection of work, 34.7 percent respondents realize their role while 62.7 percent for the role of Panchayat Samiti and Zilla Parisad. At the same time all the respondents belong to the role of Centre as the guideline has mentioned a list of work. In the context of selection of beneficiaries all the respondents recognize their and PRI role while denying the role of the Centre and State. But the Central Government indirectly controls the section of beneficiaries as the selection of beneficiary is based on the guideline of the programme. At the time of interview such opinion was prevailed as the Sarpanchs are facing problem in selection of work due to rigid procedures. The guideline has been prescribed a list of work under MGNREGS. So, it has been noticed that huge funds have been pending without utilization as some work are not able to carried out in ground level. As MLAs and MPs are part of the Panchayati Raj basically Zilla Parisad, funds are also diverted in their respective constituencies with political biasness. In the context of monitoring and evaluation of the programmes, the role of all institutions have been reflected in the opinion of the respondents. Towards operation and maintenance, 74.7 percent respondent accept their role, 82.7 percent on the role of upper tier PRI while 62.7 percent respondents belong to the role of the Centre and 82.7 percent respondents for the role of the State. As the programmes are implemented as per the guideline, the State and PRI always follow the guideline as per the respondents whereas the discretionary authority

remains with the Central Government who can change the strategy or guideline of the programmes as the scheme is a centrally sponsored scheme. According to Sarpanch, they are simply following guideline and procedure in the selection of the beneficiary. In this case the central government and state government never play direct role in the selection of beneficiary for MGNREGS. The scheme is more bureaucratic as per ground reality with lack of flexibility. As per guidelines the funds have been directly transferred to DRDA other district. The guideline reflects that the district has to report directly to the Centre about the utilization of fund. Through this way centre directly contact with the district administration. This way centre tries to monitor and evaluation of the program directly with the district administration bypassing the state machinery. It has been noticed that in all the NDC and Conference of Chief Ministers, the states put allegation on the centre that they have not been proper consultate before formulation of scheme.

5.3.6.3: Role on Indira Awaas Yojana (IAY) of elected representatives , centre, state and PRI's

Indira Awaas Yojana (IAY) is a Centrally Sponsored flagship scheme of the Ministry of Rural Development. The objective of the programme is to provide financial assistance in the context for construction of houses to the poor in the rural areas. Detail about this programme has been discussed in the previous chapter (See Chapter 4, p.176). As it is a centrally sponsored scheme, the policy, guideline, allocation of the budget and monitor the programme has been dominated by the Central Government. The table-5.11 reflects the all respondents have acknowledged the role of various institutions like PRI, State and Centre towards creation of awareness about IAY. At same time all the respondents belong to the role of Centre in regard to planning, budget and selection of work while denying role of any other institutions as IAY is a housing scheme of the Centre. As per guideline the beneficiaries will be selected from the permanent IAY waitlists. This list has been prepared on the basis of BPL list in order of seniority list. According to the respondents the BPL list has been prepared according to the methodology which has been accepted by the Planning Commission. The preparation of such list is the responsibility of central agency basically by the bureaucrats with the coordination of State and PRI. Such process leaves little space for the elected representatives of the Gram Panchayat. The irregularity has been reported various time as the case of 2002 BPL census.

Table-5.10: Opinion of Sarpanch on role of Various Institutions in MGNREGS Programme (N=75)

MGNREGS	Role of elected Representatives			Role of Center			Role of State			Role of Panchayati Raj Institution		
	Jharsuguda (%)	Nuapada	Total	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total
Creating Awareness	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Planning & Budget	11 (44%)	13 (26%)	24 (32%)	25 (100%)	50 (100%)	75 (100%)	0	0	0	15 (60%)	24 (48%)	39 (52%)
Work	11 (44%)	15 (30%)	26 (34.7%)	25 (100%)	50 (100%)	75 (100%)	0	0	0	15 (60%)	32 (64%)	47 (62.7%)
Beneficiaries	25 (100%)	50 (100%)	75 (100%)	0	0	0	0	0	0	25 (100%)	50 (100%)	75 (100%)
Monitor & Evaluation	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Operation & Maintenance	15 (60%)	41 (82%)	56 (74.7%)	15 (60%)	32 (64%)	47 (62.7%)	16 (64%)	46 (92%)	62 (82.7%)	20 (80%)	42 (84%)	62 (82.7%)
Following	25 (100%)	50 (100%)	75 (100%)	0	0	0	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Discretionary	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0	0	0	0

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table-5.11: Opinion of Sarpanch on role of Various Institutions in IAY Programme (N= 75)

IAY	Role of the elected Representatives			Role of Center			Role of State			Role of Panchayati Raj Institution		
	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total
Awareness	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Planning & Budget	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0	0	0	0
Work	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0	0	0	0
Beneficiaries	14 (56%)	24 (48%)	38 (50.7%)	0	0	0	0	0	0	19 (76%)	34 (68%)	53 (70.7%)
Monitor & Evaluation	0	0	0	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)	0	0	0
Operation and Maintenance	0	0	0	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)	0	0	0
Following	25 (100%)	50 (100%)	75 (100%)	0	0	0	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Discretionary	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0	0	0	0

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Still 1997 BPL list has been followed at the implementation of various programmes (see annexure-). The rigid guidelines also provides no scope for the Sarpanch in selection of beneficiaries in real sense. The PRI institution plays the role of implementing authority to carry out order and guideline of the central government. At the time of interview 50.7 percent respondents belong the role of the Sarpanch while 70.7 percent on role of Panchayat Samiti and Zilla Parishad in selection of beneficiaries. At the same time all the respondents are on the view that no direct involvement in selection of beneficiaries by the Centre and State. In the case of the monitor, evaluation, operation and maintenance of the programme, the centre and state play a dominating role while denying the role of PRI as per the opinion of all respondents. The institutions which were created like social audit system has not been functioning properly as per the respondents. The Central Government directly control the programme through allocating of funds directly to DRDA bypassing the state machinery. The Indira Awaas Yojana (IAY) funds are operated by the Zilla Parishads/DRDAs at the district level. As per norms of IAY central assistance will be released every year to the Zilla Parishads/DRDAs, in two installments, subject to the fulfillment of the following conditions. Such view reflects following of the guideline in letter and spirit by all institutions during implementation of IAY. The discretionary responsibility is on the central government as IAY is a centrally sponsored programme. The process of transfer of funds and guidelines of IAY implies the implicit control of centre through PRI.

5.3.6.4: opinion of the Elected Representatives and role of state and PRI's MOKUDIA

The State Government has launched MoKudia Scheme for the year 2008-09. The basic objective of the MoKudia is to provide financial resource to the rural households whose name does not find placed in the BPL list but are otherwise genuine poor for construction of houses in the joint name of spouse. As per norms the list of beneficiaries shall be placed before Palli Sabha for information to avoid duplication and better targeting. The Unit cost of MoKudia House in 18 IAP Districts is Rs.75, 000/- and 12 Non IAP Districts is Rs.70, 000/-. The role of the Centre in this programme cannot be noticed as it is a state sponsored scheme.

Table-5.12: Opinion of Sarpanch on role of Various Institutions in MOKUDIA Programme (N=75)

MOKUDIA	Role of elected Representatives			Role of State			Role of Panchayati Raj Institution		
	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total
Awareness	7 (28%)	43 (86%)	50 (66.7%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Planning & Budget	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0
Work	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0
Beneficiaries	0	0	0	6 (24%)	17 (34%)	23 (30.7%)	14 (56%)	33 (66%)	47 (62.7%)
Monitor & Evaluation	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0
Operation and Maintenance	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0
Following	25 (100%)	50 (100%)	75 (100%)	0	0	0	25 (100%)	50 (100%)	75 (100%)
Discretionary	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

The table 5.12 reflects 66.7 percent respondents realize their role towards creating awareness. Out of such opinion 86 percent respondents belong to the Nuapada district and 28 percent from the Jharsuguda district. All the respondents acknowledge the role of state, and upper tier PRI like Sarpanch and Zilla Parisad in the context of creating awareness. The role of the state in planning, budget and selection of work has been reported by all the respondents. At the same time as per the norms, the selection of beneficiaries should be based on pallisabha. But in reality no pallisabha has been conducted in regard to the implementation of the programme. The absence of pallisabha provides enough space to the upper tier of PRI like Panchayat Samiti and Zilla Parisad. So, 62.7 percent respondents belong to the role of upper tier of PRI in selection of beneficiaries. Out of these respondents, 66 percent belong to the Nuapada district where as 56 percent from the Jharsuguda district. So, the elected representatives and bureaucrats in the block level and district level and concerned M.L.A play vital role in selection of beneficiaries. In this context, 30.7 percent respondents acknowledge the role of state. Among such view, 34 percent belong to Nuapada and 24 percent from Jharsuguda district. In regard to the selection of the beneficiaries the block level and district level elected representative and MLA plays crucial role. According to all the respondents the state indirectly involves in the selection process through the guideline, bureaucratic institution and elected representative M.L.A. In the same manner state directly involves in the monitor and evaluation of the programme. No respondent acknowledge either their role or PRI role. In this regard according to the respondents there is no role of PRI institutions. All the respondents acknowledge about the following guideline by the all tier of PRI at the same till they are on the opinion of discretionary power belong to the state. The state has the right to change the guideline as well as policy.

5.3.7: Impediments in implementation of the Rural Poverty Alleviation Programmes

Sarpanchs are intermediary between the Government and people particularly beneficiaries. They are direct service provider in the grass root level according to the notion of the people. At the same time they realizes the problem and expectation of the people in the grass root level through engaged directly in the ups and downs of the people. As the grass root level implementing institution, sometimes they face various problems from the policy strategy, bureaucracy as well as expectations of the

people. These problems are basically due to the rigid nature of guideline, bureaucratic procedure and political interferences.

Table-5.13 Hurdles at the time of implementing the Poverty Alleviation Programmes (N=75)

Facing Problem	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Yes	15 (88.2%)	8 (100%)	23 (92%)	19 (67.9%)	17 (77.3%)	36 (72%)	59 (78.7%)
No	2 (11.8%)	0	2 (8%)	9 (32.1%)	5 (22.7%)	14 (28%)	16 (21.3%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: *Data Collected from the Field Study, December, 2013-February, 2014.*

The table 5.13 shows 78.7 percent respondents belong to the perception of facing problem at the time of implementation whereas 21.3 percent respondents are on the view not facing problem in the context of rural poverty alleviation programmes. Among the perception of facing hurdles 92 percent respondents belong to Jharsuguda and 72 percent from the Nuapada districts. At the same time 8 percent from Jharsuguda and 28 percent respondents belong to the category of not facing problems at the time of implementation programmes. According to the respondents during implementation of various rural poverty alleviation programmes, they are facing problem basically from the bureaucrats. The nature of rigidity in guideline also does not provide scope for free hand towards the implementation. At the time of interview the perception of the Sarpanch reflects the conflict of interest between the bureaucrats and grass root level elected representatives. On the opinion of respondents the basic reason behind delay in the work, delay in payment and unspent financial resources is bureaucratic structure and procedure. Such situation also aggravated and the PRI became powerless in the account of no proper demarcation of functions in the Panchayati Raj Act between the elected representatives and the bureaucrats. As per the Act certain function, functionaries and funds have been transferred but the opinion reflects differently. According to the opinion, powers and functions has been encroached by the bureaucrats in the name of guideline, lack of financial resources etc.

5.3.8: Satisfaction on the implementation process of Rural Poverty Alleviation Programmes

The perception of the Sarpanch on the implementation process of alleviation of rural poverty alleviation programmes reflect the expectation of the people as well as the experience of the hurdles which they have faced during implementation.

Table-5.14: Satisfaction on the process of implementation of Poverty Alleviation Programmes (N=75)

Satisfaction the way PAP are implemented	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Satisfied	5 (29.4%)	0	5 (20%)	14 (50%)	11 (50%)	25 (50%)	30 (40%)
Somehow Satisfied	11 (64.7%)	8 (100%)	19 (76%)	11 (39.3%)	10 (45.5%)	21 (42%)	40 (53.3%)
Dissatisfied	1 (5.9%)	0	1 (4%)	2 (7.1%)	1 (4.5%)	3 (6%)	4 (5.3%)
Somehow Dissatisfied	0	0	0	1 (3.6%)	0	1 (2%)	1 (1.3%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

The Table 5.14 reflects 53.3 percent respondents belong to the perception of somehow satisfied, 40 percent on the satisfied whereas 5.3 percent respondents are on the view of dissatisfied and 1.3 percent on somehow dissatisfaction. Such opinion reflects the incapability to change the system and their helplessness towards implementing the rural poverty alleviation programmes. According to them, their duty is only to follow the guidelines and instruction of higher bureaucracy and higher tier elected representatives. They are on the opinion that at the time of implementation some genuine beneficiaries are left out due to the rigid guidelines and irregularity in the BPL list. At the time of the interview, they have also highlighted the dominance of the higher tier PRI members, bureaucrats, M.L.A and M.Ps etc.

5.3.9: Suggestion for Better Implementation of Rural Poverty Alleviation Programmes

Keeping on the mind the experience and link with the grass root level, suggestions were asked for better implementation of various rural poverty alleviation programmes from the Sarpanch.

Table-5.15: Suggestion for better implementation of rural poverty alleviation programme (N=75)

Suggestion	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Policy should prepare according to the need of people and consultation with PRI	10 (58.8%)	2 (25%)	12 (48%)	18 (64.3%)	14 (63.6%)	32 (64%)	44 (58.7%)
flexibility	3 (17.6%)	3 (37.5%)	6 (24%)	8 (28.6%)	7 (31.8%)	15 (30%)	21 (28%)
Bureaucrats should act with the advice of elected representative	4 (23.5%)	0	4 (16%)	1 (3.6%)	0	1 (2%)	5 (6.7%)
Can't Say	0	3 (37.5%)	3 (12%)	1 (3.6%)	1 (4.5%)	2 (4%)	5 (6.7%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table 5.15 shows majority (58.7 percent) of the respondents belong to the view that policy should prepare with ground reality and consultation with PRI whereas 28 percent on flexibility in the guideline of the programme towards better implementation of rural poverty alleviation programmes. At the same time 6.7 percent respondents belong on the view that bureaucracy should act with the advice of the elected representatives whereas same percentage have no opinion in the context of suggestion for better implementation of rural poverty alleviation programmes. According to the respondents the various policies have been prepared without the ground reality by the higher tier of bureaucracy. All the respondents comment about 'one policy for all' approach of government towards alleviation of poverty. As India belongs to diversity in its climate, geographical location, all the policy guideline cannot be applicable to all regions. The rigid guideline provides scope for dominance of bureaucracy over the elected representatives. After more than twenty years of 73rd Constitutional Amendment, devolution of function, functionaries and funds has not been according to the Act. So, the local bureaucracy is not under the control of the local elected representatives. They are creating hurdles in the daily functioning of the elected representatives in the grass root level. The local bureaucracy follows the order of the higher bureaucracy rather the advice of the elected representatives. Such response reflects through proper devolution to PRI, flexibility and consultation with PRI with focusing on local needs at the time of formulation of policies or programmes

not only targets can be achieved but rural poverty alleviation programmes can be properly implemented.

5.3.10: Perception on better Implementation of the Rural Poverty Alleviation Programme by Panchayati Raj Institution

Various Commissions like Balwantrai Mehta, Ashok Mehta, Commission on Centre-State Relation, Sarkaria Commission have been emphasized on the adoption of bottom-up planning process. In this regard the Gram Panchayats are the grass root level implementing institution for various development programme in general and rural poverty alleviation programmes in particular. As the head of elected representative, Sarpanch have direct interaction with the grass root level people. They have experience about various problems of the people. The idea of bottom-up planning process envisaged by the Panchayati Raj amendments to the constitution is supposed to strengthen the policy making towards the bottom-up planning process.²⁰

Table-5.16: Opinion in related to better implementation of Rural Poverty Alleviation Programmes by the PRI's (N=75)

Better Implementation by PRI	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Yes	13 (76.5%)	5 (62.5%)	18 (72%)	21 (75%)	16 (72.7%)	37 (74%)	55 (73.3%)
No	0	0	0	1 (3.6%)	2 (9.1%)	3 (6%)	3 (4%)
Some extent	4 (23.5%)	0	4 (16%)	5 (17.9%)	3 (13.6%)	8 (16%)	12 (16%)
Can't Say	0	3 (37.5%)	3 (12%)	1 (3.6%)	1 (4.5%)	2 (4%)	5 (6.7%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table 5.16 reflects 73.3 percent respondents belong in favor of PRI that can better implement the rural poverty alleviation programmes where as 16 percent on some extent in this regard. At the same time 4 percent respondents have negative opinion and 6.7 percent belong to no opinion towards the role of PRI as better implementation institution. Among the opinion in favor of PRI, 74 percent respondents belong to the Nuapada district and 72 percent from the district of Jharsuguda. On the opinion of

²⁰ Report, Public Policy, Constitutional Governance and public administration, Chapter-2, Commission on Centre-State Relations, Vol. VII, Government of India, New Delhi, March 2010, p. 7

some extent, both the Jharsuguda and Nuapada district have equal percent (16 percent) of respondents whereas on the negative view all the respondents (6 percent) belong to the Nuapada district only. According to the majority respondents, Sarpanchs realize the local needs, genuine beneficiary etc. as they belong to ground level elected representatives. So, flexibility should be there in guidelines to help the genuine beneficiaries. They also commented on the ‘one policy for all’ approach of the central government in the context of alleviation of rural poverty.

5.4: Perception of Bureaucracy (Executive officer/Panchayat Secretary) on Rural Poverty Alleviation Programme

The Panchayat Secretary or Executive Officer is the grassroots level bureaucratic institution. This institution plays crucial role in implementation of various welfare programme basically rural poverty alleviation programmes. It plays a mediatory role in between the people and higher bureaucrats. The basic duties of the institution is to follow the guideline and the order of the higher tier in letter and spirit at the time of implementation of policies and programmes. They are direct interaction with the beneficiaries, grassroots level elected representatives in one side and higher bureaucrats in other. The perception of executive officer reflects the grassroots level reality and helps to formulate and implement policies in better manner.

5.4.1: Profile of Bureaucrats (Panchayat Secretary/ Executive Officer)

The profile of the Panchayat Secretary/ Executive Officer is given in Table-5.17. A look at the age distribution shows 45.3 percent of respondents are in between the 36-50 years and 30.7 percent from the age group of 25-35 years where as only 24 percent belonging to the age group of above 50 years. The distribution of respondents by social groups’ show that 33.3 percent belong to the Scheduled Tribe Community, 26.7 percent from Scheduled Castes, 24 percent of them belong to the general category and 13.3 percent from Other Backward Classes (OBCs) while 2.7 percent hail from the minority community. While conducting the interviews, it was found that the majority of the respondents (50.7 percent) had received education up to the tenth class, 48 percent had from intermediate and graduation studies and 1.3 percent had belonged to the educational background of above graduation. The respondents were also studied gender wise and it was found that a majority of them (97.3 percent) are male, and 2.7

percent from female. Such dominance of the male reflects the gender bias in the bureaucratic structure.

5.4.2: Local Need is the Basis of Formation for Rural Poverty Alleviation Programme

The local needs are the basis in formulation of rural poverty alleviation programmes. Through focusing on the local needs, the alleviation of poverty programme can expect participation and involvement of the people. From the Balwantrao Mehat committee to till now various evaluation reports and committees on various rural poverty alleviation programme suggest to focus more on local needs and emphasis on the participatory approach at the time of formulation of various programmes towards alleviation of rural poverty.

Table-5.18 presents a different reality in such context. Majority of the respondents (40 percent) are on the opinion that poverty alleviation programmes are not formulated according to the local needs, 24 percent belong to the opinion of some extent whereas 32 percent are positive on the view that poverty programmes are prepared as per local needs. But only 4 percent respondents have no opinion in this regard.

In comparison to districts, 46 percentage respondents in Nuapada belong to the opinion that local needs have not been focused in alleviation of rural poverty whereas 44 percentage of Jharsuguda respondents on the view that local needs have been oriented towards formulation in alleviation of rural poverty. The respondents belong to the district with more number of the BPL families are negative while less number of BPL families are positive in the context of approach of alleviation of rural poverty programmes on local needs.

Table – 5.17: Background and Social Characteristics of the Executive Officers (N=75)

Characteristics	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Age Group	25-35	1 (5.9%)	1 (12.5%)	2 (8%)	7 (25%)	14 (63.6%)	23(30.7%)
	36-50	8 (47.1%)	7 (87.5%)	15 (60%)	14 (50%)	5 (22.7%)	34(45.3%)
	Above 50	8 (47.1%)	0	8 (32%)	7 (25%)	3 (13.6%)	10(24%)
	Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22(100%)	50(100%)
Social Category	Unreserved	10(58.8%)	2 (25%)	12(48%)	6(21.4%)	0	6(12%)
	SC	1 (5.9%)	2 (25%)	3(12%)	13(46.4%)	4(18.2%)	17(34%)
	ST	6(35.3%)	4(50%)	10(40%)	4(14.3%)	11(50%)	15(30%)
	OBC	0	0	0	5(17.9%)	5(22.7%)	10(20%)
	Minority	0	0	0		2(9.1%)	2(4%)
	Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22(100%)	50(100%)
Education	Up to 10th	8(47.1%)	6(75%)	14(56%)	13(46.4%)	11(50%)	24(48%)
	Inter & Graduation	9(52.9%)	2(25%)	11(44%)	14(50%)	11(50%)	25(50%)
	Above Graduation	0	0	0	1(3.6%)	0	1(2%)
	Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22(100%)	50(100%)
Gender	Male	17(100%)	7(87.5%)	24(96%)	28(100%)	21(95.5%)	49(98%)
	Female	0	1(12.5%)	1(4%)	0	1(4.5%)	1(2%)
	Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22(100%)	50(100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table-5.18: Perception towards local needs to mitigate the rural Poverty through Rural Poverty Alleviation Programmes (N=75)

Local Needs	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Yes	8(47.1%)	3(37.5%)	11(44%)	9(32.1%)	4(18.2%)	13(26%)	24(32%)
No	3(17.6%)	4(50%)	7(28%)	9(32.1%)	14(63.6%)	23(46%)	30(40%)
Can't say	1(5.9%)	0	1(4%)	1(3.6%)	1(4.5%)	2(4%)	3(4%)
Some Extent	5(29.4%)	1(12.5%)	6(24%)	9(32.1%)	3 (13.6%)	12(24%)	18(24%)
Total	17(100%)	8(100%)	25(100%)	28(100%)	22(100%)	50(100%)	75(100%)

Source: Data Collected from the Field Study, December, 2013-February, 2014

5.4.3: Reason for existence of Poverty after 66th years of Independence

Various reports of the Planning Commission reflect the increase in the allocation of the financial resource towards alleviation of rural poverty programmes have not resulted in ground. Still 25.7 percent people live in the poverty as per Tendulkar methodology.²¹The change in name, strategy or approach and role of institutions have been noticed with the changing of the government in the context of rural poverty alleviation programmes. But still the percent of poverty reflect relative success of programmes or strategies. In this context the question was asked at the time of interview to know the perception of grassroots bureaucrats about the basic reasons on the existence of poverty after sixty-seven years of independence.

Table-5.19: Reason for existence of Poverty after 66th years of Independence (N=75)

Reason for Poverty	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Policy	9 (52.9%)	3 (37.5%)	12 (48%)	13 (46.4%)	7 (31.8%)	20 (40%)	32 (42.7%)
Implementation	2 (11.8%)	1 (12.5%)	3 (12%)	6 (21.4%)	5 (22.7%)	11 (22%)	14 (18.7%)
People Perception	3 (17.6%)	1 (12.5%)	4 (16%)	1 (3.6%)	0	1 (2%)	5 (6.7%)
Political	3 (17.6%)	2 (25%)	5 (20%)	6 (21.4%)	2 (9.1%)	8 (16%)	13 (17.3%)
Financial	0	0	0	2 (7.1%)	3 (13.6%)	5 (10%)	5 (6.7%)
Can't Say	0	1 (12.5%)	1 (4%)	0	5 (22.7%)	5 (10%)	6 (8%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table 5.19 presents various perceptions of the respondents towards the existence of rural poverty. The table shows that the majority (42.7percent) respondents are on the opinion that problem in the process of formulation various policies and guidelines is the basic reason for the existence of rural poverty. Policies are not based as per local needs. Such approach does not able to involve people. According to them lack of flexibility in the guideline is the major hurdles to target the poor. Such opinion has been reflected in the various report of Five Year Plans. Lack of emphasis on self-employment programme is also a reason for the existence of poverty after sixty years

²¹Planning Commission, Report of the Expert Group to review the methodology for measurement of poverty, Government of India, New Delhi, June 2014.

of independence. Not only some genuine people are left out in the BPL list but irregularity in preparation of BPL list is also a major reason for the existence of rural poverty. At the same time 18.7 percent belong to the view of problem in implementation is the major hurdle towards alleviation of poverty. Such opinion reflects failure of institution towards proper implementation of the programmes. The 17.3 percent respondents have highlighted the political atmosphere and influence that obstructs towards achieving the targets. Sometimes selection of beneficiaries are based on political bias which creates hurdles in the proper selection of beneficiaries. Not only this the distribution of funds among the gram panchayats in the context of implementation of various programmes are based on the political biasness. Such opinion reflects that proper benefits are not able to reach to proper beneficiaries. Some of the respondents (8 percent) have no opinion in this issue where as 6.7 percent respondents belong to the view that shortage of fund are not able them to target all poor people. Sometime the shortage of fund force them to exclude some name of the genuine beneficiaries. At the same time same percent respondents are also on the view that the perception of people are the reason for existence of poverty. In regard to justify such opinion, they said that due to the subsidy in rice like 1 rupees for 1 K.g rice creates laziness among the people. The unutilized fund in MGNREGS reflects that people are not interest to work.

5.4.4: Perception on Institutional control in the Rural Poverty Alleviation Programmes

The alleviation of poverty comes under the entry 20 of the list III on ‘economic and social planning’ of the concurrent list. So, both Union and State government formulates various policies and programmes towards the alleviation of poverty as per constitutional norms. But various Five Year Plans, programmes related to the rural poverty reflects the dominance of the Union on the formulation of guidelines, programmes, allocation of budget, monitor, evaluation etc. In regards to formulation of programmes, the Planning Commission plays crucial role as per federal structure of India. Under the Centrally Sponsored Schemes, the Central Government dominates the allocation of budget in related to alleviation of poverty. As per the provisions of the various wage employment, self-employment and housing schemes, various centralized institutions have been evolved to monitor and evaluation of the programmes. In this environment the question was raised for better understanding the

perception of the respondents towards the institutions and rural poverty alleviation programmes in the era of democratic decentralization.

Table-5.20: Perception on Institutional control in the Rural Poverty Alleviation Programmes (N=75)

Controlling PAP	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Centre	11 (64.7%)	4 (50%)	15 (60%)	15 (53.6%)	7 (31.8%)	22 (44%)	37 (49.3%)
State	3 (17.6%)	2 (25%)	5 (20%)	4 (14.3%)	7 (31.8%)	11 (22%)	16 (21.3%)
Both Center & State	3 (17.6%)	2 (25%)	5 (20%)	9 (32.1%)	8 (36.4%)	17 (34%)	22 (29.3%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: *Data Collected from the Field Study, December, 2013-February, 2014*

The table 5.20 shows 49.3percent respondents belong to the dominating role of central government in formulation, allocation of budget and monitor of the programmes whereas 29.3 percent respondents on the role of both Central and State in the rural poverty alleviation programmes. At the same time 21.3 percent are from the dominating role of the State. Among the dominating role of the Centre, 60 percent respondents belong to Jharsuguda and 44 percent from the Nuapada district whereas 20 percent from the Jharsuguda whereas 22 percent respondents belong to the Nuapada district. At the same time 20 percent from Jharsuguda and 34 percent respondents belong to the Nuapada are on the opinion of both centre and state play role towards controlling the rural poverty alleviation programmes. To justify such opinion, according to them various rural poverty alleviation programmes has been implemented by the bureaucrats of the State Government. With this also, various rural poverty alleviation programmes like MoKudia has been implemented by the State Governments..

5.4.5. Role of Executive Officer, Centre, State and PRI's in Various Rural Poverty Alleviation Programmes

The executive officers of Gram Panchayat are the grass root level bureaucrats. They realizes the basic ground level problem as they are close to the people. They follows the order of the higher tier basically from Block Development Officers (BDOs) and District Collectors. They work under the department of Panchayati Raj of Odisha. Their basic duties are to carry out the order of the higher tier, maintain record of the

meetings, activities of the Gram Panchayat, and maintain record of various rural poverty alleviation of the programmes. Their basic duties are to follow the guidelines and orders of higher bureaucracy and government in letter and spirit. In each stage of the programmes like creating awareness, planning, selection of work, beneficiaries, monitor, evaluation and operation and maintenance, various institutions like Central Government, State Government and Panchayati Raj Institutions play different role. These roles of different institutions are prescribed in guidelines of the concerned programmes.

5.4.5.1: Role of Executive Officer, Centre, State and PRI's in Various Rural Poverty Alleviation Programme

In regard to the SGSY programme, executive officer of Gram Panchayat have minimal role in comparison to other institution as per the guideline of the SGSY. This programme is basically monitored by the Block Level committee. The DRDA takes the final decision in the context of the selection of beneficiaries and works. It has the right to add and remove the name of the beneficiaries. The Panchayat Secretaries work like just an implementation authority that follow the guidelines and rules regulations in letter and spirit. Basically the decision used to take place in the block and district level. They follow the order which came from the upper level bureaucrats. They cannot violate the rules and regulations. So, the panchayat secretary never plays a major role in this programme. The higher tier of bureaucrats play important role in this programme as an implementing institution.

The implementation of the any programmes starts with the awareness. Same time awareness as the aspect plays crucial role towards realizing the targets of the programmes. The Table 5.21 reflects role of various institutions like executive officer of Gram Panchayat, Central Government, State Government and PRI as per the perception of Executive officer of Gram Panchayat towards implementation of SGSY. The 62.7 percent respondents recognize their responsibility to create awareness in the centrally sponsored programme like SGSY. In comparison to the district, 60percent from the Jharsuguda and 64percent from Nuapada district are on the view that they have role in creating awareness about the SGSY in their respective working area as per the guideline. At the same time 73.3 percent executive officers of the Gram Panchayat belong to the role of the central government whereas 74.7 percent on the role of state government in creating awareness about SGSY. In the same way the 68

percent of respondents from the Jharsuguda and 76percent respondents from the Nuapada district on the role of the Central Government whereas 60 percent from Jharsuguda district and 82percent from the Nuapada district are on the role of the State Government. Among the respondents the 64 percent belong to the role of the Panchayati Raj Institution towards creating awareness about SGSY. Same way among the respondents 44percent from the Jharsuguda and 74percent respondents belong to Nuapada district are on role of PRI in creating awareness. Such perception in creating awareness about SGSY depends upon the number of BPL households or percentage of poverty. This is so because the bureaucrats are implementing rigorously the rural poverty alleviation programme in more poverty affected district in comparison to others.

As for the guideline of SGSY the Block level Committee and DRDA play crucial role in implementation of the programmes where as such guideline about SGSY has been formulated by the Central Government. Same way major share of allocation of budget is the responsibility of the Central Government. The role of the panchayati raj institution in block and district level are only to follow the guideline during implementation of the programmes. The DRDA is basically plays the crucial role in the selection of work and beneficiaries in SGSY with following the guideline in letter and spirit. At the time of implantation the Banks, NGOs also play important role. The Table-5.21 also shows 74.7 percent respondents belong on the role of the central government whereas 38.7 percent and 26.7 percent about the role of State Government and Panchayati Raj Institution respectively in the context of the planning and budget of the SGSY. In category of planning and budget about SGSY comparing districts 60 percent respondents from Jharsuguda and 82 percent respondents belong Nuapada on the role of the Central Government where as 28 percent from Jharsuguda and 44 percent respondents from Nuapada belong to the role of State Government whereas 32 percent of Jharsuguda and 24 percent of Nuapada respondents are on the role of Panchayati Raj Institution in the context of the planning and budget of the SGSY. In this regard no executive officers realize about their role in planning and budget of the SGSY.

The selection of the works basically depends upon the skill of the groups, availability of local resources and demand of the market. The responsibility of the selection of works and beneficiaries basically on the recommendation of the Block level

committee. The DRDA takes final decision in regard to type of work and selection of the beneficiaries as per the guideline in consultation with the Banks, NABARD etc. The role of the State Government and Central Government is minimal in context selection of work and beneficiaries. Same opinion can be traced from the Table 5.21. This table reflects that 73.3 percent respondents are on the view about the role of PRI in the selection of work as per guideline. The final list of selection in work and beneficiaries have been presented in the meeting of the Panchayat Samiti and Zilla Parisad. Some of the respondents (20 percent) belong to the view about their role in the selection of work of SGSY. In the same manner opinion was received at the time of interview in the context on the role of institution in selection of beneficiaries. In comparing the respondents of the districts, 76 percent respondents of Nuapada and 68 percent of the Jharsuguda belong to role of the PRI whereas 22 percent of Nuapada and 16 percent of Jharsuguda are on the view about their role in selection of work and beneficiary as per guideline under SGSY. The executive officers of Gram Panchayat have recognized such view with realization the role of the BDO and DRDA in case of final selection of work and beneficiaries. Selection of the work and beneficiaries as per the guideline which are prescribed by the Central government. This reflects the indirect role of the central government in this context.

In the category of monitor and evaluation of the SGSY, all the respondents have denied their role in reality. But 57.3 percent respondents are in favor about the role of the Central Government and 69.3 percent belong to role of the State Government whereas only 29.3 percent have on the opinion of PRI role in the monitor and evaluation of SGSY. In comparing the respondents on the basis of districts, 68 percent from Nuapada whereas 36 percent respondent of Jharsuguda belong to the view of the Central Government at the same time 74 percent from Nuapada and 60 percent of Jharsuguda belong to the role of the state government in monitor and evaluation of the SGSY. Out of 29.3 percent respondents on the role of PRI in the context of monitor and evaluation of the programme, 32 percent belong to Nuapada district and 24 percent are from the Jharsuguda district. Such view reflects the dominant role of the Centre and State in the context of monitor and evaluation of the programme.

To evaluate the role of various institutions in operation and maintenance of SGSY, all the respondents belong to the view of neither they have nor PRI have any role towards operation and maintenance of SGSY. At the same time 57.3 percent respondents are

on the role of Central Government whereas 38.7 percent belong to the role of the state government in operation and maintenance of SGSY as per the ground reality. All the respondents have recognized the process of following guideline by the executive officers, State Government and PRI institutions at the time of every stage during implementation of the programmes at the same time they have recognized the discretionary role of the Central Government in SGSY. As SGSY is a self-employment Centrally Sponsored Scheme (CSS), the Central government have the responsibility to bring any change in the guidelines or procedure in implementation of the programme. The above opinion of the executive officers of the gram panchayat reflects the centralized approach has been followed at every stage from the formulation of programmes to implementation of the programmes.

5.4.5.2: Role of Executive Officer on Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

The objective of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. According to the NREGA various institution like PRIs, specially the gram panchayat, Programme Officer at the block level, District Programme Coordinator, State Government and Ministry of Rural Development, Government of India play a dominant role in the implementation of Mahatma Gandhi National Rural Employment Scheme. This scheme is presently central piece of wage employment programmes for alleviation of rural poverty.

As the scheme emphasizes on the participation, to create awareness is the responsibility of all institutions like Central Government, State Government and Panchayati Raj Institutions. The Table- 5.22 reflects view of the respondents in the context about the role of various institutions in creating awareness. The 76 percent respondents belong to the role of Executive Officer in creating awareness for the schemes. Out of this, 64percent are from the Jharsuguda district and 82percent respondents belong from the Nuapada districts are on the opinion about the role of executive officer in creating awareness.

Table-5.21: Opinion of Executive Officer on Role of Various Institutions in Swanajayanti Gram Swarojgar Yojana and the function of different agency (SGSY) (N=75)

SGSY	Role of officials			Role of Center			Role of State			Role of Panchayati Raj Institution		
	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total
Awareness	15 (60%)	32 (64%)	47 (62.7%)	17 (68%)	38 (76%)	55(73.3%)	15 (60%)	41 (82%)	56 (74.7%)	11 (44%)	37 (74%)	48 (64%)
Planning & Budget	0	0	0	15 (60%)	41 (82%)	56(74.7%)	7 (28%)	22 (44%)	29 (38.7%)	8 (32%)	12 (24%)	20 (26.7%)
Work	4 (16%)	11 (22%)	15 (20%)	0	0	0	0	0	0	17 (68%)	38 (76%)	55 (73.3%)
Beneficiaries	4 (16%)	11 (22%)	15 (20%)	0	0	0	0	0	0	17 (68%)	38 (76%)	55 (73.3%)
Monitor & Evaluation	0	0	0	9 (36%)	34 (68%)	43 (57.3%)	15 (60%)	37 (74%)	52 (69.3%)	6 (24%)	16 (32%)	22 (29.3%)
Operation & Maintenance	0	0	0	9 (36%)	34 (68%)	43 (57.3%)	7 (28%)	22 (44%)	29 (38.7%)	0	0	0
Following	25 (100%)	50 (100%)	75 (100%)	0	0	0	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Discretionary	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0	0	0	0

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table-5.22: Opinion of Executive Officer on Role of Various Institutions in Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) (N=75)

MGNREGS	Role of officials			Role of Center			Role of State			Role of Panchayati Raj Institution		
	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total
Awareness	16(64%)	41(82%)	57(76%)	25 (100%)	50(100%)	75(100%)	25(100%)	50(100%)	75(100%)	25(100%)	50(100%)	75(100%)
Planning & Budgeting	8(32%)	13(26%)	21 (28%)	25 (100%)	50(100%)	75(100%)	0	0	0	0	0	0
Work	0	0	0	25 (100%)	50(100%)	75(100%)	0	0	0	7 (28%)	28(56%)	35(46.7%)
Beneficiaries	0	0	0	0	0	0	0	0	0	22 (88%)	40(80%)	62(82.7%)
Monitor & Evaluation	16(64%)	37(74%)	53(70.7%)	25 (100%)	50(100%)	75(100%)	18 (72%)	50(100%)	68(90.7%)	22 (88%)	49(98%)	71(94.7%)
Operation & Maintenance	12(48%)	29(58%)	41(54.7%)	18 (72%)	50(100%)	68(90.7%)	15 (60%)	39(78%)	54(72%)	7(28%)	28(56%)	35(46.7%)
Following	25(100%)	50(100%)	75(100%)	0	0	0	25(100%)	50(100%)	75(100%)	25(100%)	50(100%)	75(100%)
Discretionary	0	0	0	25 (100%)	50(100%)	75(100%)	0	0	0	0	0	0

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

In the case of planning and budget of the scheme, all respondents belong to the dominant role of the centre in related to this scheme whereas 28 percent respondents recognize their role in planning of the schemes. But no executive officer of gram panchayat belong to the role of state or PRI in planning of the schemes. Such view reflects that programmes is highly centralized in the context of planning of the scheme is concerned. According to the respondents, MGNREGS is a flagship programme of the central government. So, Centre plays dominating role in formulating plan, guidelines and allocates the financial resources. In this scheme, the works has been selected as prescribed by the guideline of the MGNREGS. But the PRI have the responsibility towards prioritizing the works as per the requirements. The 46.7 percent respondents recognize the role of the PRI in selection of works. Out of which 56 percent from the Nuapada and 28 percent respondents belong to the district of Jharsuguda. But all these works are selected from the list of the work as prescribed under the guideline of the MGNREGS. All the respondents are on the view that neither state nor the executive officer have any role towards selection of the work. The 82.7 percent of the respondents recognize the role of PRI in selection of beneficiaries in the MGNREGS. The 88 percent respondents belong to the Jharsuguda district and 80 percent from the Nuapada district are on the view about role of PRI in selection of beneficiaries. But the selection of beneficiaries are based on the guideline and MGNREGA. Towards the aspect of the monitor and evaluation of the scheme 70.7 percent respondent recognize their role in which 74 percent belong to the district of Nuapada whereas 64 percent from the Jharsuguda district. At the same time all the respondents belong to the view about the role of Centre whereas 90.7 percent belong to the role of the State. Among the respondents view in the role of the state, 72 percent belong to the Jharsuguda district whereas all the respondents belong to the Nuapada district. The 94.7 percent respondents belong to the role of the PRI, out of which 98 percent belong to the Nuapada whereas 88 percent respondents are from the Jharsuguda district. At the same time 72 percent respondent recognizes the role of the State in which 78 percent from the Jharsuguda and 60 percent belong to the Nuapada district where as 46.7 percent respondents belong to the role of PRI out of which 56 percent from Nuapada and 28 percent belong to the Jharsuguda district. All the respondent are opinion that executive officers, State Government and PRI institutions follows guidelines at the time of every stage of implementation at the same time they have recognized the discretionary role of the Central Government in MGNREGS. As

MGNREGS is a wage employment centrally Sponsored Scheme, the Central government have the responsibility to bring any change in the guidelines or procedure of implementation of the programme. The views reflect certain flexibility in the MGNREGS. The PRI have certain role in the implementation and planning of the programme but in reality still alleviation of rural poverty programme reflects dominant role of the Central Government and their guidelines. The direct transfer of fund to DRDA by passing state machinery reflects the implicit central control of Centre in MGNREGS in particular and various rural poverty alleviation programmes in general.

5.4.5.3: Role of Executive Officer on Indira Awaas Yojana (IAY) (N=75)

Indira Awaas Yojana (IAY) is a flagship housing scheme of the Ministry of Rural Development, Government of India. The objective of the Indira Awaas Yojana is primarily to help in a lump sum financial assistance for construction/up gradation of dwelling units of members of Scheduled Castes/Scheduled Tribes, freed bonded laborers, minorities in the below poverty line category and other below poverty line non-SC/ST rural households. The Indira Awaas Yojana funds are operated by the Zilla Parishads/DRDAs at the district level. Central assistance will be released every year to the Zilla Parishads/DRDAs bypassing state machinery in two installments, subject to the fulfillment of the following conditions. Various institution like Central government, State Government and PRI have the responsibility in formulation and implementation of the IAY. The creation of awareness as part of implementation is the root cause of the success. The awareness can create more active participation in the programme. As per the guideline, it is the duty of all institutions to create awareness. This has been reflected in the Table-5.23. But in the case of the Planning and Budget of the programme, the executive officers belong to the view that neither they nor the PRI have any role. All the respondents have recognized the role of the Centre. Centre formulates the policy, guidelines and allocates the financial resource as the programme is belong to the centrally sponsored scheme as per the opinion of respondents. At the same time 25.3 percent respondents belong to the role of the state in planning and allocation of the budget of the IAY in which 32 percent from the district of Jharsuguda and 22 percent from Nuapada district of Odisha. Such opinion has been justified by the view that state through its bureaucrats and allocation of its share in financial resources involves in the IAY. All the respondents are on the view

about the role of the Centre in selection of the work as the programme is concerned with construction of house as per the objective of the programme. At the same time other institutions like State, PRI and Executive officers have no role in the context of selection of the work under the programme as the response of the executive officer. In the case of selection of beneficiaries 49.3 percent belong to the opinion about the role of the executive officer in selection of beneficiaries in which 56 percent are from the Jharsuguda and 46 percent belong to Nuapada district. At the same time 52 percent of the respondents recognize the role of the PRI in selection of the beneficiaries. Out of which 64 percent belong to the Jharsuguda and 46 percent respondent are from the Nuapada district of Odisha. All the respondents are belong to the view that nor direct role has been played by the State or Centre in selection of beneficiaries. But the selection and prioritizing of beneficiaries is based on the guideline as prepared by the Centre. So, Centre indirectly dominates the selection of beneficiaries in IAY through the guideline of the programmes. Monitor and evaluation as part of implementation plays crucial role towards achieving the success and bringing transparency in the programmes. In this regard all the respondent recognize the role of the Centre and State. At the same time 96 percent respondents are on the view about the role of PRI in which 88 percent from the Jharsuguda and all the respondents belong to the Nuapada district. The 82.7 percent respondents recognize their role out of which 84 percent from Jharsuguda and 82 percent belong to the Nuapada in the monitor and evaluation of the programme. Towards operation and maintenance of the programme 24 percent recognizes their role in the programme in which 32 percent belong to the Jharsuguda and 20 percent from the Nuapada district. At the same time 34.7 percent respondents are on the view of the role of the PRI out of which 44 percent from the Jharsuguda and 30 percent belong to the Nuapada district in the operation and maintenance of the programme whereas 49.3 percent are on the view in the role of the State out of which 60 percent belong to the Jharsuguda and 44 percent from the Nuapada district. At the same time 48 percent respondents on the view about the role of the Centre in which 44 percent from the Jharsuguda and 50 percent belong to the Nuapada district towards operational and maintenance of the programme. All the respondents are opinion that executive officers, State and PRI institutions follows the guidelines in every stage of implementation programmes at the same time they have recognized the discretionary role of the Central Government in IAY. As IAY is a housing programmes towards the vision of house of all and part of centrally

Sponsored Scheme, the Central government have the responsibility to bring any change in the guidelines or procedure towards implementation of the programme. The views reflect certain flexibility in the IAY in the selection of beneficiaries for the PRI but in reality still alleviation of rural poverty programme reflects dominant role of the Central Government and guideline.

5.4.5.4: Role of Executive Officer, State and Panchayati Raj Institution in MOKUDIA

MoKudia is a state sponsored programmes. It has been launched from the year 2008-09. Recently it has been renamed as Biju Pucca Ghara Yojana. The basic objective of the programme is to provide financial assistance to the rural households whose name does not find placed in the BPL list but are otherwise genuine poor for construction of houses. As per the guideline the list of beneficiaries shall be placed before Palli Sabha for information to avoid duplication and better targeting. The Unit cost of MoKudia House in 18 IAP Districts is Rs.75, 000/- and 12 Non IAP Districts is Rs.70, 000/-. As it a state sponsored scheme, centre does not have any role.

The table 5.24 reflects 44 percent respondents recognize their role towards creation of awareness as part of the implementation of programme. In comparing the district, 52percent from the Jharsuguda and 40percent respondents from Nuapada district in this regard. Such a view reflects no responsibility of the gram panchayat in creating awareness about the programme. All the respondents have recognized about the role of state government and the higher tier of PRI like panchayat Samiti and Zilla Parisad in creating awareness. The formulation and allocation of financial resources about the programme is the basic responsibility of the State. At the same time all the respondents belong to the role about state while deny the role of executive officer and PRI in the context of the selection of work. The guideline of the programmes has mentioned clearly about the constriction of the wok. So, the state through guideline has been prescribed the type of work under the programmes. Towards the selection of the beneficiaries as part of the implementation, 36 percent respondents recognize their role as part of the assisting the higher tier of bureaucracy in which 48 percent belong to the Jharsuguda and 30 percent from the Nuapada district. At the same time 53.3 percent respondents belong on the role of PRI (Panchayat Samiti and Zilla Parisad) in selection of beneficiaries out of which 64 percent are from Jharsuguda and 48 percent respondents belong to Nuapada. All the executive officers of gram panchayat are on

the opinion about direct involvement of state through elected representatives like M.L.As, bureaucrats and guidelines in the selection of the beneficiary. Towards justifying such opinion according to the respondent M.L.As directly involves in the selection of beneficiaries which is based on the political biasness. Same perception has been noticed in the context of monitoring and evaluation of the programmes. In the case of operation and maintenance of the programmes, 16 percent respondents recognize their role out of which 12 percent from Jharsuguda district and 18 percent belong to Nuapada district. The 29.3 percent belong on the role of the PRI (upper tier) in which 28 percent belong to the Jharsuguda and 30 percent from Nuapada district for operation and maintenance of the programme. At the same time all the respondent recognize the role of the state in operation and maintenance of the programme as the programme is directly controlled by the state. All the respondents belong to the view of following guideline by them and PRI whereas all have recognized the discretionary role of the state towards change in the guideline or programmes.

Table-5.23: Opinion of Executive Officer on Role of Various Institutions in Indira Awas Yojana (IAY) (N=75)

IAY	Role of officials			Role of Center			Role of State			Role of Panchayati Raj Institution		
	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total
Awareness	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Planning	0	0	0	25 (100%)	50 (100%)	75 (100%)	8 (32%)	11 (22%)	19 (25.3%)	0	0	0
Work	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0	0	0	0
Beneficiaries	14 (56%)	23 (46%)	37 (49.3%)	0	0	0	0	0	0	16 (64%)	23 (46%)	39 (52%)
Monitor	21 (84%)	41 (82%)	62 (82.7%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)	22 (88%)	50 (100%)	72 (96%)
Operation	8 (32%)	10 (20%)	18 (24%)	11 (44%)	25 (50%)	36 (48%)	15 (60%)	22 (44%)	37 (49.3%)	11 (44%)	15 (30%)	26 (34.7%)
Following	25 (100%)	50 (100%)	75 (100%)	0	0	0	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Discretionary	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0	0	0	0

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table-5.24: Opinion of Executive Officer on Role of Various Institutions in MOKUDIA (N=75)

MOKUDIA	Role of officials			Role of State			Role of Panchayati Raj Institution		
	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total	Jharsuguda	Nuapada	Total
Awareness	13 (52%)	20 (40%)	33 (44%)	25 (100%)	50 (100%)	75 (100%)	25 (100%)	50 (100%)	75 (100%)
Planning and Budget	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0
Work	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0
Beneficiaries	12 (48%)	15 (30%)	27 (36%)	0	0	0	16 (64%)	24 (48%)	40 (53.3%)
Monitor & Evaluation	12 (48%)	15 (30%)	27 (36%)	25 (100%)	50 (100%)	75 (100%)	16 (64%)	24 (48%)	40 (53.3%)
Operation & Maintenance	3 (12%)	9 (18%)	12 (16%)	25 (100%)	50 (100%)	75 (100%)	7 (28%)	15 (30%)	22 (29.3%)
Following	25 (100%)	50 (100%)	75 (100%)	0	0	0	25 (100%)	50 (100%)	75 (100%)
Discretionary	0	0	0	25 (100%)	50 (100%)	75 (100%)	0	0	0

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

5.4.6: Satisfaction in the Implementation process of Rural Poverty Alleviation Programmes

The perception of satisfaction towards the implementation process of the rural poverty alleviation programmes by the executive officers reflect the satisfaction of the beneficiary in the grassroots level as well the hurdles which they are facing during implementation of various programmes in the context of poverty alleviation in rural areas.

Table-5.25 Perception on satisfaction the way poverty alleviation programmes are being implemented

Satisfaction towards the implementation of PAP	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Satisfied	9 (52.9%)	3 (37.5%)	12 (48%)	13 (46.4%)	9 (40.9%)	22 (44%)	34 (45.3%)
Somehow satisfied	8 (47.1%)	5 (62.5%)	13 (52%)	15 (53.6%)	13 (59.1%)	28 (56%)	41 (54.7%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

5.4.7: Suggestion for better Implementation of Rural Poverty Alleviation Programmes

The suggestion of the executive officers on the context of better implementation in various programmes towards alleviation of rural poverty in rural areas reflects the ground reality due to their experience and daily basis interaction with village people, elected representatives and higher tier bureaucrats. So, such question was asked at the time of interview to know their perception and suggestions to bring improvement in the implementation process of rural poverty alleviation programmes.

The table 5.26 provides various suggestions for better implementation of the rural poverty alleviation programmes like 42.7 percent respondents in favor of reformulation or change in the guideline or policy as per the ground reality, 34.7 percent emphasize on the genuine preparation of BPL list whereas 13.3 percent respondents on political non-interference. On the opinion of reformulation of policy, 48 percent from the Jharsuguda and 40 percent respondent belong to Nuapada district where as in the case of preparation of BPL list on genuine basis and up-date regularly, 38 percent respondent from Nuapada and 28 percent belong to Nuapada districts. At the same time on the political non-interference, 20 percent respondents belong to

Jharsuguda and 10 percent from the district of Nuapada where as 9.3 percent respondents have no opinion in this regard.

Table-5.26: Suggestion for better Implementation of Rural Poverty Alleviation Programmes

Suggestion	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Guideline/policy has to be changed according to local demand by PRI	9 (52.9%)	3 (37.5%)	12 (48%)	13 (46.4%)	7 (31.8%)	20 (40%)	32 (42.7%)
BPL lists need to be prepared genuinely and update regularly	4 (23.5%)	3 (37.5%)	7 (28%)	10 (35.7%)	9 (40.9%)	19 (38%)	26 (34.7%)
No Political Interference	4 (23.5%)	1 (12.5%)	5 (20%)	3 (10.7%)	2 (9.1%)	5 (10%)	10 (13.3%)
Can't say	0	1 (12.5%)	1 (4%)	2 (7.1%)	4 (18.2%)	6 (12%)	7 (9.3%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected during Field Study from April- June 2014

5.4.8: Perception towards institution which can deliver better poverty alleviation Programme

The Executive officers are the grass root level bureaucrats who implement various programmes as per the guidelines of the programmes. Various institutions have responsibility towards implementation of the programme in their respective purview. So, the executive officers of Gram Sabha realize different role of the different institutions in various programmes. In such context an attempt was made to know the perception of the respondents which institution can deliver better for rural poverty alleviation programmes.

The Table-5.27 reflects that 49.3 percent of the respondents in favor of PRI whew as 37.3 percent on the cooperation of the all institution like Centre, State and PRI for effective implementation of rural poverty alleviation programmes. At the same time 13.3 percent respondents belong to the view that current practice is suitable for implementation of the programmes. Among respondents in favor of PRI, 40 percent belong to Jharsuguda and 54 percent from Nuapada district. On the opinion of

cooperation of the all institutions like Centre, State and PRI for effective implementation of rural poverty alleviation programmes, 44 percent respondents belong to Jharsuguda whereas 34 percent from Nuapada district. In the issue of current practice for better implementation rural poverty alleviation programme, 16 percent respondents belong to Jharsuguda district whereas 12 percent from the district of Nuapada. Such view of the respondents reflect that more affected poverty district have on the opinion that rural poverty alleviation programme can be better implemented by the PRI in comparison to others.

Table-5.27: Opinion in related to the institution which can deliver better poverty alleviation programmes (N=75)

Institution	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
PRI	5 (29.4%)	5 (62.5%)	10 (40%)	15 (53.6%)	12 (54.5%)	27 (54%)	37 (49.3%)
Cooperation of All	9 (52.9%)	2 (25%)	11 (44%)	10 (35.7%)	7 (31.8%)	17 (34%)	28 (37.3%)
OK	3 (17.6%)	1 (12.5%)	4 (16%)	3 (10.7%)	3 (13.6%)	6 (12%)	10 (13.3%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected during Field Study from April- June 2014

5.4.9: Opinion related to facing problem by the Executive Officer/Panchayat Secretary in the process of implementing the rural poverty alleviation programmes

The Executive officers of the Gram Panchayat play major role towards implementation of the development programme in general and rural poverty alleviation programme in particular. They work in collaboration with the elected representative and higher tier of bureaucrats. Generally, at the time of implementation, various hurdles have been faced by the executive officers. These hurdles are like shortage of financial resources, rigid guideline, political interference and etc.

Table 5.28: Type of Problem Faced by the Executive Officer in the context of Implementation of Rural Poverty Alleviation Programmes (N =75)

Sl. No	Type of Problem	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
1	Financial	0	0	0	2 (7.1%)	0	2 (4%)	2 (2.7%)
2	Complex Guideline	8 (47.1%)	1 (12.5%)	9 (36%)	12 (42.9%)	5 (22.5%)	17 (34%)	26 (34.7%)
3	Political interference	7 (41.2%)	4 (50%)	11 (44%)	4 (14.3%)	5 (22.7%)	9 (18%)	20 (26.7%)
4	No Problem	2 (11.8%)	3 (37.5%)	5 (20 %)	10 (35.7%)	12 (54.5%)	22 (44%)	27 (36%)
5	Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table 5.28 shows 36 percent respondents are not facing any problem during implementation of the programme. In this category 20 percent respondents belong to the Jharsuguda district whereas 44 percent belong to the Nuapada district. The 34.7 percent respondents belong to the view that the rigid guideline is the major hurdle towards implementation of rural poverty alleviation programmes. These guideline has been prepared for proper implementation and bring the transparency in the programmes. But according to the respondents the guidelines or policy are not prepared according to the ground reality. The rigid guidelines some time create tussle between the elected representative and them. It has been come to notice that genuine poor are not covered under the guidelines due to the faulty BPL list. The following of guideline in letter and spirit some time not only create delay in the financial transaction but also delay in completion of work. Under this opinion 36 percent belong to Jharsuguda and 34 percent from the Nuapada district. The political intervention has been highlighted by the 26.7 percent of the respondents among which 44 percent from the Jharsuguda and 18 percent respondent belong to Nuapada district. At the same time very minimal like 2.7 percent respondents are on the financial problem. Only 7.1 percent from the Nuapada block of the Nuapada district are on the view of the shortage and delay of allocation financial resource.

5.5: Perception of Elected Representatives (Sarpanch) on Status of Panchayati Raj Institution in Odisha

As per the Panchayati Raj department of Odisha, the state government have transferred 11 subjects out of 21 as listed in the eleventh schedule of the

constitution.²² But in reality due to lack of devolution of powers, the PRI are not able to function effectively and act as an autonomous institution as per 73rd Amendment Act 1993 as it has been reflected in the view of the Sarpanch during the interview in the context of the implementation of rural poverty alleviation programmes.

5.5.1: Power of Panchayati Raj Institution in proper Implementation of Rural poverty Alleviation Programmes

All the rural poverty alleviation programmes comes under the purview of Panchayati Raj Act. So, Panchayati Raj Institutions play major role towards implementation of various rural poverty alleviation programmes. In this regard the PRIs require proper devolution of functions, functionaries and funds as per the 73rd Constitutional Amendment Act, 1993. In such context the perception of Sarpanch will reflect the real devolution and functioning of PRIs.

Table: 5.29: Perception about Power which have been transferred from state government for better Implementation of Rural Poverty Alleviation Programmes (N=75)

Enough Power	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Yes	6 (35.29%)	2 (25%)	8 (32%)	6 (21.42%)	4 (18.18%)	10 (20%)	18 (24%)
No	11 (64%)	6 (75%)	17 (68%)	22 (78.57%)	18 (81.81%)	40 (80%)	57 (76%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

The Table 5.29 reflects 76 percent of the Sarpanch belong to the opinion that they do not have enough power in regard to implantation of rural poverty alleviation programme. In this view 68 percent belong to Jharsuguda district whereas 80 percent from the Nuapada district. At the same time only 24 percent of the respondents are on the view enough power with Sarpanch in the contest of implementation of alleviation of poverty programme in rural areas. The 32 percent belong to Jharsuguda district and 20 percent from Nuapada district respondent are on this view. Such view reflects Jharsuguda district have more positive response in comparison to Nuapada district respondent. As Nuapada is the highest poverty affected area as per BPL list 1997,

²² Panchayati Raj Department, "Devolution of Powers to Panchayati Raj Institutions (PRIs), Government of Orissa, No.I-PS-2/2003_6886/PS dated 04/07/2003

various poverty alleviation programmes are implemented in that area. It resulted them to face various problems at the time of implementation of programmes. According to them transfer of power has come to existence in the pen and paper only. Even to conduct a gram Sabha they have to act according to the Block Development Officer. The power of Sarpanch over bureaucracy is on theory. They have to follow the higher tier bureaucratic order and follow the guideline at the time of implementation of the policy. The 29 department power which have been declared but have not reached in the ground. In this case they gave an example that the primary school teacher and the primary health center doctor have to take permission from them before any leave. But in practice it is not working. When they have complaint to the higher education department and health department no decision has been in place. According to the law they should take permission from them in the case of leave. But they don't have any power if the teacher and doctors will not follow. The Gram Panchayat Act is silent in this regard. It is the same case in regard to the implementation of poverty alleviation programme according to the respondent. Towards the question of discretionary financial power to help the poor people who are really needy and do not fall under BPL category or any category they respond was same as above. According to them if the poor fellow is hungry for some days they have to take permission from BDO to provide rice or any help. Such procedure takes minimum one week to fifteen day. According to practice procedure the BDO has to do inspection himself or through his/her staff then only permission can be provided.

5.5.2: Procedure for Conducting Gram Sabha

The Gram Sabha is the basic and grass root level institution in which people are directly participates in the context of determine the development activities. The Odisha Gram Panchayat Act has prescribed specific norms and guideline in conducting the Gram Sabha. Generally Sarpanch presides the Gram Sabha meetings and have the authority to call meetings whenever necessary. The conducting gram Sabha is the basic function and power of the Sarpanch. The Odisha Government through Odisha Gram Panchayat Act has mentioned for conducting five times in a year.

Table-5.30: Procedure to Conduct Gram Sabha (N=75)

Procedure to conduct Gram Sabha	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
As Per Guideline	8 (47.1%)	2 (25%)	10 (40%)	13 (46.4%)	7 (31.8%)	20 (40%)	20 (40%)
BDO Letter	9 (52.9%)	6 (75%)	15 (60%)	15 (53.6%)	45 (68.2%)	30 (60%)	45 (60%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

The Table 5.30 reflects 60 percent respondents belong to the view that Gram Sabha usually conduct as per the letter of BDO whereas only 40 percent respondents on the view of guideline is the basis of conducting Gram Sabha. Such view reflect the dominance of the bureaucrats even in conducting Gram Sabha. According to the respondents Gram Sabhas are conducted as per the instruction and order of the BDO. But according to rule the gram Sabha should conduct by the elected representative of panchayat minimum five times in a year. But in reality, majority of gram Sabha used to conduct according to BDO letter and instruction. It shows the dominance nature of the bureaucrat in the Panchayati Raj institutions.

5.5.3: Perception on Selection of Beneficiaries

After 73rd amendment Panchayati Raj institution have transferred responsibility in selection of beneficiaries in the context of the implementation of various rural poverty alleviation programmes as per guidelines. Selection of beneficiaries are the crucial part in implementation of all the programmes. PRI has given such responsibility for benefiting the genuine poor people. The PRI are the grass root institutions who have direct interaction with the people in daily basis.

Table-5.31: Power related to Selection of Beneficiary (N=75)

Selection of Beneficiary	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Powerless	11 (64.7%)	5 (62.5%)	16 (64%)	25 (89.3%)	18 (81.8%)	43 (86%)	59 (78.7%)
Moderately Powerful	6 (35.3%)	3 (37.5%)	9 (36%)	3 (10.7%)	4 (18.2%)	7 (14%)	16 (21.3%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

The Table 5.31 shows 78.7 percent of the respondents are on the view of powerless in regard to selection of beneficiaries for various alleviation of rural poverty programmes. Among these respondents 64 percent belong to the Jharsuguda and 86 percent are from the Nuapada district. Such response shows the powerlessness of the Sarpanch in the selection of beneficiaries in the more BPL family holder district in comparison to Jharsuguda. At the same time 21.3 percent belong to the view of moderately powerful out of which 36 percent belong to the Jharsuguda and 14 percent from the Nuapada district at the time of implementation of the rural poverty alleviation programmes. But no single respondent are on the view that they are powerful in the context of the selection of beneficiaries of the programmes. The beneficiaries in various programmes have been selected by the PRI but as per guidelines and BPL lists. Sometimes genuine poor persons are left out in the BPL list. In such situation, Sarpanch feels powerless. According to the respondents, the Sarpanch have to take approval to provide one K.G rice to a hunger. The decision regarding the selection of beneficiary has been the taken in the Pallisabha and gram Sabha by the majority of the people. In this process they do not have any role. They are just following the guideline and instruction of bureaucrats and upper tier of PRI in implementing poverty alleviation programme. Sometimes the change of the beneficiary list in the head quarter block has been found due to the more involvement of higher tier like Panchayat Samiti, Zilla Parisad and MLA etc. The more BPL family holder district are more powerless in comparison to others. But such view is reverse in the case of moderate powerful in selection of the beneficiaries. They act like an implementing authority who only follows the above guideline and instruction. Such view reflects the lack of autonomy in the selection of beneficiaries.

5.5.4: Prioritizing Issues in Gram Sabha

Sarpanch is the elected head of Gram Panchayat. She/he chair the Gram Sabha meetings of the Gram Panchayat. She/he is the grass root level elected representatives. Section 19 of the Orissa Gram Panchayat Act deals with the power, duties and functions of the Sarpanch.²³As per the norms Sarpanch involves himself/herself or prioritizes in the context of preparation of the agenda of the Gram Sabha.

²³ Orissa Gram Panchayat Manual 1994, Legal Missnory Press, Near HighCour Chak, Cuttack, Odisha, pg. 211

Table-5.32: Power to Prioritizing Issues (N=75)

Prioritizing Issues	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Powerless	11 (64.7%)	4 (50%)	15 (60%)	18 (64.3%)	8 (36.4%)	26 (52%)	41 (54.7%)
Moderately Powerful	6 (35.3%)	4 (50%)	10 (40%)	10 (35.7%)	14 (63.6%)	24 (48%)	34 (45.3%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: *Data Collected from the Field Study, December, 2013-February, 2014.*

The Table-5.32 shows 54.7 percent respondent belong to the view of powerless at the prioritizing issue for the Gram Sabha. In such opinion 60 percent belong to the Jharsuguda and 52 percent from the Nuapada districts. At the same time 45.3 percent of respondents are on the view of moderately powerful in prioritizing issue for the Gram Sabha. Out of such opinion 48 percent belong to the Nuapada district where as 40 percent are from the district of Nuapada. To justify their opinion, according to them, the members (ward members) and the gram panchayat secretary also play vital role in prioritizing the issues in the Gram Sabha meeting. They also viewed that they can influence but can't change the agenda. Such opinion reflects that the more BPL family holder district is moderately powerful in prioritizing the issue than other districts. As like the district, the blocks also have the same opinion. In Jharsuguda district 64.7percent respondents from the Jharsuguda block in comparison to 50percent respondent from the Kirimira block are of the opinion that they are moderately powerful in prioritizing the issues in Gram Sabha. This is the same case in regard to the Nuapada district. The 64.3percent respondents from the Nuapada block in comparison to the 36.4percent respondents from the Sinapali block are the opinion of moderate powerful in prioritizing the issues in Gram Sabha meeting. In regard to Powerless it is reverse i.e 50percent respondents belong to Kirimira in comparison to 35.3percent respondents from Jharsuguda block of the Jharsuguda district. The same case in the Nuapada district i.e. 63.6percent respondents from Sinapali block in comparison to 35.7percent respondents belong to the Nuapada block are of the opinion that they are powerless in prioritizing the issues of the gram Sabha meeting. In the Kirimira block of the Jharsuguda district 50percent are on the opinion of moderate powerful and 50percent are on the opinion of powerful in prioritizing the issues in the Gram Sabha. Such opinion reflects that the head quarter block and less BPL family holder block are moderate powerful and the other block are more

powerful in prioritizing the issues in the gram Sabha meeting. According to the respondent as the head quarter people are more politically involved, higher tier politicians are also sometime involves and the bureaucrats also plays a major role. So, the elected representative has only moderate powerful.

5.5.5: Influencing Activities

As the head of grass root level institution, Sarpanch have the power to influence the development and welfare activities. Such responsibility have been given to Sarpanch because they realizes the grass root level problems and reality.

The Table-5.33 shows 62.7 percent respondents belong to the view of moderately powerful whereas 34.7 percent respondent from the view of powerless in the contest of the influencing activity. At the same time only 2.7 percent belong to the opinion of powerful in the contest of the influencing activity. Under the category of moderately powerful 76 percent respondent belong to the Jharsuguda district in comparison to 56 percent from the Nuapada district whereas 16 percent from the Jharsuguda district and 44 percent of the respondents belong to the Nuapada district are on the view of the powerless in influencing activities. At the same time only 8 percent respondents belong to the view of powerful in influencing activities of the Gram Panchayat. More or less such total opinion reflects powerlessness among the Sarpanchs who is the head of the gram panchayat in regard to influence the activities in the constituency. Such opinion reflects the centralized nature of the power in regard to the poverty alleviation programmes. This shows how the decentralized institutions are issued only to implement poverty alleviation programme without the power to generate resources or influence the activities. In comparing the block in the both the district in the case of influencing activities by the elected panchayat leaders both the head quarter block and the low BPL families have on the opinion that they are powerless but it is reverse in the case of the moderate powerful in influencing the activities in the constituencies. This shows that they are assuming they have moderately powerful in influencing the activities in the constituencies.

Table-5.33: Opinion in related to Influencing Activities (N=75)

Influencing Activities	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Powerless	3 (17.6%)	1 (12.5%)	4 (16%)	17 (60.7%)	5 (22.7%)	22 (44%)	26 (34.7%)
Moderately Powerful	12 (70.6%)	7 (87.5%)	19 (76%)	11 (39.3%)	17 (77.3%)	28 (56%)	47 (62.7%)
Powerful	2 (11.8%)	0	2 (8%)	0	0	0	2 (2.7%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

5.5.6: Power to Generating Resources

The 73rd Constitutional Amendment Act states the devolution of functions, functionaries and funds to the Panchayati Raj Institution by the State Government for realization of self-government. In this regards devolution of funds and generating resources are based on the recommendation of the State Finance Commissions.

Table-5.34 reflects 80 percent of the respondents belong to the view of powerless whereas 20 percent are on the view of moderately powerful in generating resources in form of taxes or duties. Among the category of powerless 60 percent belong to the Jharsuguda and 90 percent respondents from the district of Nuapada whereas 40 percent belong to the Jharsuguda and 10 percent respondents belong to the view of moderately powerful in generating resources for local work. Such view reflects that the highest poverty affected areas are more powerless than less poverty area. The less BPL card holder district assumes they have moderately powerful in generating resources in comparison to highest BPL family holder districts.

Table-5.34: Power to Generating Resources for local work (N=75)

Generating Resources	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Powerless	10 (58.8%)	5 (62.5%)	15 (60%)	25 (89.3%)	20 (90.9%)	45 (90%)	60 (80%)
Moderately Powerful	7 (41.2%)	3 (37.5%)	10 (40%)	3 (10.7%)	2 (9.1%)	5 (10%)	15 (20%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

5.5.7: Relation with Higher Tier of Panchayati Raj Institution (Panchayat Samiti and Zilla Parisad)

The proper function of the Panchayati Raj Institutions depends upon the coordination and cordial relation among various tier like Gram Panchayat, Panchayat Samiti and Zilla Parisad. Various studies not only revealed the conflict of interest between the elected representatives and bureaucracy but also among the three tier of the PRI.

Table-5.35: Opinion in related to Relation with Higher tier of Panchayati Raj (N=75)

Relation with Higher Tier	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Conflict/Bad	3 (17.6%)	5 (62.5%)	8 (32%)	11 (39.3%)	12 (54.5%)	23 (46%)	31 (41.3%)
Cordial/Ok	14 (82.4%)	3 (37.5%)	17 (68%)	17 (60.7%)	8 (36.4%)	25 (50%)	42 (56%)
Good	0	0	0	0	2 (9.1%)	2 (4%)	2 (2.7%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table-5.35 reveals that 41.3 percent respondents belong to the view of conflict relation with the higher tier of the PRI whereas 56 percent respondents from the view of cordial relation with higher tier like Panchayat Samiti and Zilla Parisad. At the same time only 2.7 percent are on the view of good relation with higher tier. The conflict relation reflects the interest conflict among the elected representatives. On the view of conflict relation 46 percent belong to the Jharsuguda district where as 32 percent respondents from the Nuapada district. In the case of cordial relation with higher tier, 68 percent respondent belong to the Jharsuguda and 50 percent from the Nuapada district. At the same time in the context of good relation with the higher tier of PRI, 4 percent belong to the Nuapada district only. To justify their perception, according to them the higher tier of PRI like Panchayat Samiti and Zilla Parisad never consult with them stage of implementation of welfare activities.

Towards the response of the relation with the higher tier (Panchayat Samiti and Zilla Parisad) the majority i.e. 56percent has viewed that there relation is ok. This shows neither much positive nor much negative. Next to this 41.3percent respondent viewed that they have bad relation with the higher tier. Only 2.7percent are on the opinion that they have good relation with the higher tier. Among this respondent majority of

the negative opinion i.e. 46percent has viewed by the respondent of the Nuapada district in comparison to the 32percent of the respondent from the Jharsuguda district. In regard to the Ok relation respondent has viewed majority by the Jharsuguda i.e. 68percent where as in the Nuapada district 50percent. In regard to the good relation only viewed by the Nuapada district i.e. 4percent. Such response shows that they have not good relation with the higher elected representative. On the question of the reason behind it the respondent has viewed that the higher tier has neither consult with them any time in the time of implementation of poverty alleviation programme. According to them some time the name of the beneficiary have been changes in the panchayat Samiti and Zilla Parishad without considering the pallisabha or gram Sabha recommendation. Sarpanchs has been used only to follow the higher tier order to implement their order. The upper tier always dominates the lower tier. There is no free hand or any right to work independently. Such relation sometimes forces to quarrel among the elected representative and at the end no progress of the work found in the local area. Such statement reflects that the centralization nature of the panchayati raj system itself. The respondent also reflects that the more BPL card holder district has more bad relation in comparison with the less BPL family holder.

5.5.8: Accessing Relevant Information

Accessing relevant information plays crucial role in proper implementation of the rural poverty alleviation programme. The Sarpanch is the grass root level elected institution who directly involves in the implementation of the development and welfare programmes in general and rural poverty alleviation programme in particular. The guidelines are changed by the Government of India or State Government in the context of various rural poverty alleviation programmes. Not only guidelines but also executive orders has been issued various times. Such relevant information is necessary to follow the guideline in letter and spirit at the time of implementation of the programmes. The new initiatives in the context of alleviation of rural poverty can be obtained only from the bureaucracy. The duty of the bureaucracy to update the information to the Sarpanch in these regards.

Table-5.36: Accessing Relevant Information (N=75)

Relevant Information	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Powerless	8 (47.1%)	5 (62.5%)	13 (52%)	5 (17.9%)	10 (45.5%)	15 (30%)	28 (37.3%)
Moderately Powerful	9 (52.9%)	3 (37.5%)	12 (48%)	23 (82.1%)	12 (54.5%)	35 (70%)	47 (62.7%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: *Data Collected from the Field Study, December, 2013-February, 2014.*

Table 5.36 reveals different perception as 37.3 percent of the respondents belong to the view of powerless and 62.7 percent respondents from the view of moderately powerful in accessing relevant information. In the view of powerless, 52 percent respondents are from the district of Jharsuguda and 30 percent respondents belong to the district of Nuapada where as in the case of moderately powerful 70 percent belong to the Nuapada and 48 percent from the Jharsuguda districts. No single respondent are on the opinion that they are powerful in getting information from the bureaucrats. This shows that the less BPL family district elected representative is facing more problems in comparison to others. This also reflects that bureaucrats are dominating and are not in favor of transferring information to the elected representative. Such response also shows the domination of the bureaucrats on the implementation of poverty alleviation programmes.

5.5.9: Functioning of Social Audit System

Social audit is the democratic mechanism to monitor and evaluate the implementation of the programmes. Such mechanism was evolved with the implementation of MGNREGS. This mechanism provides scope to the involvement of the local people in the monitor of various programmes in the contest of rural poverty. Social audit have been a mandatory provision in various rural poverty alleviation programmes.

The table 5.37 reflects 74.7 percent respondent belong to the view of the working of the social audit whereas 25.3 percent are on the view that still social audit is not working in their locality even it has inserted as mandatory provision in various programmes like MGNREGS and IAY etc. Among the respondents in favor of working social audit mechanism, 76 percent belong to the Nuapada district and 72 percent from the Jharsuguda district. At the same time 28 percent respondent of Jharsuguda and 24 percent belong to the Nuapada district are on the opinion of still

social audit is not working in their locality. Social audit is not function because of more disturbance in the meeting of the social audit as per the respondents. So they are not able to conduct it regularly. Such shows that social audit mechanism is working in more BPL family holder district in comparison to less BPL family holder district. In this case more discrepancies have been found in personal verification of the social audit report. Sometime false signature or blank page signature has been found in the social audit report book.

Table-5.37: Functioning of Social Audit System (N=75)

Working of Social Audit	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Yes	13 (76.3%)	5 (62.5%)	18 (72%)	23 (82.1%)	15 (68.2%)	38 (76%)	56 (74.7%)
No	4 (23.5%)	3 (37.5%)	7 (28%)	5 (17.9%)	7 (31.8%)	12 (24%)	19 (25.3%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

5.5.10: Notion on Accountability

In governance accountability has expanded beyond the basic definition of being called to account for one's actions. Accountability in general describe as an account-giving relationship between individuals. In a democratic institution, elected representative are accountable to public for their omission and commission. As Sarpanch is grass root level democratic institution of Panchayati Raj system they feels they are accountable not only to public but also to bureaucracy and other higher tier elected representatives. But as per democratic norms they should be accountable to the public.

Table-5.38: Accountable towards MLA or M.P (N=75)

Accountable to MLA or MP	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Strongly Agree	2 (11.8%)	1 (12.5%)	3 (12%)	6 (21.4%)	7 (31.8)	13 (26%)	16 (21.3%)
Agree	10 (58.8%)	6 (75%)	16 (64%)	16 (57.1%)	13 (59.1%)	29 (58%)	45 (60%)
Disagree	5 (29.4%)	1 (12.5%)	6 (24%)	6 (21.4%)	2 (9.1%)	8 (16%)	14 (18.7%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table 5.38 reveals 60 percent respondents are in favor of accountability towards the concerned M.L.A or M.Ps whereas 21.3 percent strongly agree in this regard. At the same time only 18.7 percent belong to disagree with the accountable to M.L.A or M.Ps. Among the respondents on the view of strongly agree toward accountability, 26 percent belong to Nuapada district and 12 percent from the Jharsuguda district where as on the issue of agree with the accountability, 64 percent from the Jharsuguda and 58 percent respondent belong to Nuapada. At the same time on the view of disagreement, 16 percent belong to the Nuapada district and 24 percent respondents from the Jharsuguda district. Such view reflects the political influence of M.L.A or M.Ps on the activities of the Sarpanch. It also reflects the centralized nature of the power of the upper level on the lower level. According to the respondent they have to accountable because of party system and for diverting more funds for the benefit of the locality. This shows the involvement of the M.L.A or MP in the functioning of the Panchayati Raj.

Table-5.39: Accountable towards Bureaucracy (n=75)

Accountable to Bureaucracy	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Strongly Agree	3 (17.6%)	2 (25%)	5 (20%)	4 (14.3%)	6 (27.3%)	10 (20%)	15 (20%)
Agree	9 (52.9%)	4 (50%)	13 (52%)	16 (57.1%)	11 (50%)	27 (54%)	40 (53.3%)
Disagree	5 (29.4%)	2 (25%)	7 (28%)	8 (28.6%)	5 (22.7%)	13 (26%)	20 (26.7%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table 5.39 reveals that 53.3 percent respondents are agree with the accountability towards bureaucracy whereas 20 percent respondent belong to the view of strongly agree. At the same time 26.7 percent belong to the view of disagreement with accountability with the bureaucrats. Both the Nuapada and Jharsuguda district has equal response in regard to strongly agree towards accountable to Bureaucracy i.e. 20percent. . But in the case of disagreement more in Jharsuguda in comparison to Nuapada district i.e. 28percent and 26percent respectively. But it is reverse in the case of agreement towards the accountable to bureaucracy more are in Nuapada district than the Jharsuguda i.e 54percent and 52percent respectively. Such perception of Sarpanch reflects the control of bureaucracy on the functioning of the Sarpanch. The

respondents are on the view that if they will not be accountable then the work in their respective constituencies will remain stagnant. So, it is not by choice by compulsion they have to be accountable to bureaucracy.

Table-5.40: Accountable towards Public

Accountable to Public and Beneficiaries	Jharsuguda	Kirimira	Total	Nuapada	Sinapali	Total	Grand Total
Agree	5 (29.4%)	0	5 (20%)	7 (25%)	0	7 (14%)	12 (16%)
Strongly Agree	12 (70.6%)	8 (100%)	20 (80%)	21 (75%)	22 (100%)	43 (86%)	63 (84%)
Total	17 (100%)	8 (100%)	25 (100%)	28 (100%)	22 (100%)	50 (100%)	75 (100%)

Sources: Data Collected from the Field Study, December, 2013-February, 2014.

Table 5.40 reflects all the respondents in both the district are on the view of accountability towards public. Such an opinion has been derived due to they are elected representatives. Among these view, 84 percent are on view of strongly agree where as 16 percent respondent belong to the view of agree. The 80 percent respondent belong to the Jharsuguda whereas 86 percent are from the Nuapada district are on the view of strongly agree with the accountability towards public. At the same time 14 percent belong to Nuapada whereas 20 percent from the Jharsuguda are on the view of agree with the accountability towards public.

The above notion of accountability reflects accountable to bureaucrat to implement the work or policy, accountable to MLA or MP for more sanction of the fund whereas accountable to public reelection. They are very much close to public and they are among one of them. So from morning to evening they have to be accountable.

5.6: Summing up

From the above critical analysis the responses of both Sarpanch and Executive Officers of Gram Panchayat reflect that certain attempts have been made to bring the flexibility in the guidelines of various rural poverty alleviation programmes. Such attempts have been viewed as the process of empowerment the democratic institutions in general and Panchayati Raj institution in particular. At the same time the direct transfer of financial resources to PRI through DRDA by passing the State machinery reflects the implicit control of Centre in various rural poverty alleviation programmes. The approach of 'one policy for all' also indicates the direction of implicit

centralization in the name of decentralization. Not only the above responses but also the report of the Commission on Centre-State Relation have highlighted such implicit central control in Vol-VII with the title 'Socio-Economic Development, Public Policy and Good Governance'.

After analyzing various responses of the respondent both elected representative and bureaucrats it comes with the conclusion the subjects to the local self-government has not been transferred properly. The seventy-third amendment act has not implemented in its true spirit. Such powers are subjects to transfer to implement properly and involve the local people in the development process. Such powers are constitutionally guaranteed to the local self-government in rural areas for not only effectively implementation of various poverty alleviation programmes but also empowerment of the local people. But the study reflects lack of awareness of the representative about their role, conflict among the bureaucrats, strict procedure for various rural poverty alleviation programme not able to implement successfully the programmes. In this regard certain programmes like SGSY, MGNREGS, IAY and MOKUDIA programmes has been studies.

CHAPTER-6

Conclusion, Findings and Summary

This chapter brings down the conclusion that after the twenty years of democratic decentralization of institutions through 73rd and 74th Amendment in 1993, the various institutions are still centralized in nature. Real bottom of up approach in formulation and implementation of policies have not been realized in ground. In this regard, attempt has been made through the formulation and implementation of various rural poverty alleviation programmes like Swarnajayanti Grama Swarojgara Yojana (SGSY), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Indira Awas Yojana (IAY) and MoKudia. The majority rural poverty alleviation programme are Centrally Sponsored Schemes. The process of implementation of various these schemes, Central government transfers the financial resources directly to the district administration through bypassing the state administration. This process reflects the implicit centralization nature in the Indian federalism.

6.1: About the Study

The central control in development programmes is a contentious issue right from the period of independence. The socio-economic and political turmoil during independence forced the framers of Constitution of India to adopt a centralized federalism. In this system of multi-level governance, operating in a federal framework like India, the harmonious relations between Centre and State are critical for stability and economic development of the country. Towards this our founding fathers had opted for a 'Union of States' with a strong Centre to face the socio-economic challenges with regard to its integrity. It has been noticed that federalism is a matter of degree but it has been observed of strong centre at a macro level all over.

Not only the tendency of Constitution, but the model of development which was adopted reflects the centralizing in nature in dealing with the socio-economic and political milieu of the condition. At the time of independence, mass poverty, illiteracy, unemployment, communal tensions were the socio-economic problem of the country. The socialist approach of the national leaders was also inclined towards adoption of centralized planning system. With the adoption of centralizing planning model, the aim of the development planning in India was aimed at bringing the weaker section of the society to the main stream of development. In this regard, Government of India and State Governments brought out specific programmes for the poorer section of society since the

inception of Fifth Five Year Plan. These Five Year Plans reflect the direction of Central Government towards model of development. The model of development has been adopted towards achieving the socio-economic justice. Social and economic justice can be called as the basic objectives of the Constitution of India. They have been considered as two important pillars on which the edifice of constitutional law is constructed in India. The object of social justice is to bring economic equality, to provide a decent standard of living to the people and to safeguard the interest of the weaker section of society. The idea of economic justice is to make equality of status, meaningful and life worth living through removing inequality of opportunity and status social, economic and political.

All the Five Year Plans has been prepared with the inspiration of 'Directive Principles of State Policy through adopting various model of development from the time of independence. These plans are formulated by Planning Commission. The Planning Commission came into existence as part of highly centralized planning system through a resolution of Government of India in 1950. The Planning Commission plays an integrative role in the development of a holistic approach to the policy formulation in critical areas of social and economic development. It prepares the model of development for the country. The influence of the Central Government over the Planning Commission can be noticed through its composition. The recent experience of the commission reflects the politicization and funds are distributed on a discretionary basis. The allegation of no proper consultation during formulation of polices including welfare and economic has been raised in the National Development Council and meetings of Chief Ministers Conference. This issue also highlighted in the report of the Commission on Center-State Relation in March 2010.

In the name of development planning, constitutional provision and maintaining national unity and integrity, the Centre have become exclusive and those of States are becoming increasingly shared. The various Act like anti-terror act and initiative in the name of national security and national development of the Centre are indicative of the Centre taking action in matters that lie within the competence of the States. The influence of the Centre has been increasing. In this situation, federalism which is the basic structure of the

Constitution is at stake. In such context the Sarkaria Commission commented about the pervasive trend towards greater centralization of power over the years due to the pressure of powerful socio-economic forces.¹

To diffuse the threat of centrifugal forces, increase popular involvement all along the line, broaden the base of our democratic polity, promote administrative efficiency and improve healthy and stability of inter-governmental relation, decentralization of real power to local institution is required as recommended by the Sarkaria Commission.²With such recommendation and acknowledging the democratic deficit, the Constitution was amended in 1992. This amendment gave constitutional status to the third tier system of governance at the level of Panchayat and Municipalities (73rd and 74th Constitutional Amendment Acts). It not only revolutionized decentralized governance in the country but also brought a fresh equation in Centre-State relations. Not only recommendation of the Sarkaria Commission but the socio-economic and political condition of the country forced the country to bring an amendment for decentralization of democratic institutions. Such step was initiated to balance the growing conflict between the Centre and State. The economic crisis of 1990-91 promoted acceleration of the process of liberalization. During the process of liberalization states were expected to perform a larger role but their access to tax powers and borrowing remained limited. Regional disparities persisted despite the strategy of planned development and increased fiscal transfers. Consequently the process of governance structure lead to the shift in the cooperative federal structure to competitive structure. During this period the rise of regional political parties and coalition politics, state seems upper hand in many sphere of governance.

Even after twenty years the passing of the 73rd and 74th Constitutional Amendments the transfer of funds, functions and functionaries by the States have been nominal in most States with notable exceptions such as Kerala as per the Panchayati Raj Devolution Index 2013-14 prepared by the Ministry of Panchayati Raj, Government of India. The Panchayati Raj Institutions are not able to function effectively towards achieving its objective of self-government due to lack of proper devolution. Such Act not only

¹Sarkaria Commission, VOL. 1, P. 543, quoted in the volume I, punchi commission, p. x

² Ibid

destabilized federal state power but also minimized the role of the State. In this process the Union Government is undermining the role of the federal States and entering directly in the administration of local self-governance system up to the district levels. From the year 2002-03, the Centre has been transferring financial resources to the District Rural Development Agencies (DRDA) by passing the State machinery. At the same time it would be wrong to assume the lack of state involvement in the development process. The State Government involves and play its role through the state bureaucracy and elected representatives. The involvement of the M.L.A and M.P. in the Panchayati Raj Institutions reflects the political interference in the functioning of Panchayati Raj institution. As the Planning Commission transfer funds on the basis of political biasness same manner from the district funds have been transferred to the respective block or gram panchayat with the interference of the local M.L A or M.Ps. The process of inclusion through decentralization have been resulted in the exclusion of some sections of society. This has been reflected with the dominating role of the M.L.As on elected members of the Panchayati Raj Institution. The elected representatives of the Panchayati Raj institution are accountable towards the higher elected members due to the political party and with the hope of more sanction of financial resources. The above position does not reflect the failure of democratic decentralization in total rather the process have resulted relative success. Such constitutional status to the PRI have become a process towards empowerment, awareness among the people in the grass root level. The elected representatives and various government officials became accountable due to the involvement of the people in social audit system, Gram Sabha as well as *palli sabha*.

In this context the present study “Centralization and Decentralization in Rural Poverty Alleviation Programmes: Case Study of Jharsuguda and Nuapada districts of Odisha” is a process to analyze how the institutions have been changed from explicit centralization to notional decentralization and consequently leads to implicit central control from the time of independence. Rural poverty alleviation programmes have been taken as case studies to locate the process of change. Odisha has been selected on the basis of poverty. Two districts have been selected namely Jharsuguda and Nuapada on the basis of highest and lowest poverty ratio. The respondents are elected representative like Sarpanch, head of

Gram Panchayat and bureaucrats like Executive Officer in the Gram Panchayat due to the grass root level implementing institutions and lowest tier of Panchayati Raj Institution. Various rural poverty alleviation programmes like SGSY, MGNREGS, IAY and MoKudia have been examined as these programmes are formulated with special provision for Panchayati Raj institution. But the grass root reality is different as it has been reflected the field study. Even in regard to devolution of power, authority and resources are not in letter and spirit as mentioned in the 73rd amendment. Such an environment creates space for the implicit central control through Centrally Sponsored Schemes. Through this process central government not only encroaches the state authority but bypasses the state machinery to keep contact directly with people through Panchayati Raj institutions. The structured interview schedules are administered to all the selected respondents. The key findings cover the following areas.

6.2: Major Findings of the Study

A. Process of Formulation and Implementation of Policies: The responses of both bureaucrats and elected representative reflect the dominating role of the Central Government in the process of formulation and implementation for policies especially in Centrally Sponsored Schemes (CSS) like various rural poverty alleviation programmes. The Indian federal structure reflects the dominating role of Centre in all sphere like legislative, administrative and finance. So, Centre plays crucial role in formulation and implementation of various policies or programmes through the centralized institution like Planning Commission. The Centre not only formulates various guideline but also dominates in allocation of financial resources in the implementation of programmes. Not only Centre dominates but also transfers funds directly to DRDA through bypassing the State machinery. In the case of monitoring and evaluation also the centre plays dominating role. In the case of State sponsored scheme like MoKudia also the State dominates the programme through the process of formulation, allocation of financial resources and implementation. Various guidelines have prescribed the role of the PRI in the programmes, but in reality they follows the guidelines in letter and spirit only. Such process reflects the implicit central control in formulation and implementation of various rural poverty alleviation programmes in CSS.

B. Political Interventions: The involvement of higher tier elected representative like M.L.A in the functioning of the Panchayati Raj Institution reflects indirect control of various programmes. So, sometimes the financial resources and selection of beneficiaries are based on the political biasness and the influence of upper tier elected representatives. Not only this the issue of poverty has been used as an election strategy. The slogan of ‘Garibi Hatao’ in 1971 and MGNREGS in 2009 have played crucial role for the election result.

C. Institutional Strategy: As the formulation and allocation of financial resource have been dominated by the Union Government, the centralized structure has been followed for the various welfare programme. The Constitution of India empowers the Central Government not only to interfere in State domain but also in various development programmes. This dominating role has been visualized as the economic and social planning has been mentioned in the list 20 of concurrent list. As mentioned in the Second Commission on Centre-State Relation, from the year 2002-03 onwards Central Government directly transfers the financial resources directly to the district administration with bypassing the state governments. The constitutional status and procedure of direct transfer of financial resource reflects the implicit central control through the role of the PRI.

D. Democratic Decentralization: The process of democratic decentralization has not been reflected in ground. As the response of the both elected representatives and bureaucrats reflects that they are just implementing institution as per the guidelines. This reflects lack of proper devolution of function, functionaries and funds which is necessary for the self-governance of the Panchayati Raj institutions. In the case of Odisha out of 29 subjects only 21 subjects has been transferred whereas only 11 department functionaries has been transferred. In the case of transfer of funds, only six type of taxes have been devolved.

E. Rigidity: Various steps have been initiated to empower the Panchayati Raj institutions through implementation of rural poverty alleviation programmes. But the rigid guideline and bureaucratic procedure have become major hurdle in this regard. The guidelines of

rural poverty programmes have narrated specifically the criteria of selection on beneficiaries, type of work etc. So, Panchayati Raj Institution has become an order following institutions. The centralized nature of the guideline does not provide any scope to change as per ground reality. Even they have not been able to function effectively or carry out their role in different programmes due to lack of proper devolution. This institution has become an implementing institution without proper sanction of power, financial resources etc.

F. One Policy for All: The relatively success of various development programme in general and rural poverty alleviation programmes in particular is due to the adoption of one policy for all. India is a diversity country in every sphere like geographical, regional etc. The implementation of one policy or programme in all areas of the country is not possible as diversity in nature. This approach reflects the centralized structure in formulation and implementation of various programmes.

G. Local Needs: Various rural poverty programmes have been formulated by the Central Government. It has been noticed that some central sponsored schemes have not been adequate to the local needs. Such problem arises due to lack of proper consultation with State or PRI. The ground level elected representatives realizes the local conditions and local needs of the people.

H. Conflict of Interest: During the interview it was found the conflict of interest among the elected representatives and between the bureaucrats and the elected representatives. Both elected representatives and bureaucrats are putting allegations each other about facing hurdles during implementation of various rural poverty alleviation programmes. At the same time the lower elected representatives are also complaining about the dominance of higher tier elected representatives. This has been resulted due to lack of proper demarcation of power among three tiers of PRIs. The dominance of bureaucracy over the lower level bureaucracy is reflected in the opinion of the respondents. This has resulted due to lack of proper devolution from State.

6.3: Summary of the Study

The study is divided into six chapters including an introduction and conclusion. It reflects the explicit centralization from the period of independence. The fathers of the Constitution framed the Constitution towards a strong centre. The frames of the Constitution was influenced with the socio-economic and political condition during independence. In the federal structure up to eighties the explicit control of the central government is noticeable due to single party dominance, Constitutional provisions, and socio-economic and political scenario. But with the evolution of the non-congress government, the process of conflict started between the centre and state about their domain. With realizing the democratic deficit, the constitution was amended in 1992 introducing the third tier system of governance at the level of panchayat and municipalities. This brought revolutionary change in the centre-state relation. Through the 73rd Amendment the Centre directs the States to transfer functions, functionaries and funds for effective functioning of the PRIs. This Constitutional Amendment was initiated towards decentralization of institutions. The democratic decentralization process was initiated towards the strategy of inclusion but in reality it leads to exclusion of certain sections of society. The reluctant nature of state towards devolution of functions, functionaries and funds (3Fs) for effective self-government reflects the notional decentralization. But in reality it cannot be assumed that the failure of the democratic decentralization in totality. The process of decentralization has resulted in the active participation of common people in the decision making process of the developmental activity. Some elected representatives have become able to obstruct multinational companies in Odisha, Goa etc. due to displacement and environmental problem. This reflects the positive results due to the Constitutional status of Panchayati Raj Institutions. At the same time various lacunas have been reflected like dominance of elite class/caste and upper tier elected representatives. This has been resulted due to lack of proper demarcation of powers among elected representatives of the three tier of the PRI. So, PRI has been playing role that of subordination. At the same time the critical analysis of various institutions reflects the centralized nature in various development issues and dominant nature of the centre upon the state even after constitutional demarcation of the

subjects. As decentralization is not in full phased manner, it become a usual practice that the funds for central sponsored schemes (CSS) has been transferred to DRDA bypassing the state machinery. PRI has given a vital role to play in the implementation of CSS. The adoption of bottom up approach in the policy formulation and implementation, theory speaks about policy and estimation has to formulate in the Gram Panchayat level. But the final selection left to the upper tier of the PRIs. But in reality various estimation of budget and policy has been cut down in upper level of Panchayat Raj and State level. With political motivation and influence, MLA always tries to divert the budget for their own constituency for development. All the state plan has to be scrutinized by the Planning Commission of India. As per various plans envisioned, the Planning Commission has to prepare a basic guideline for the country in the various five year plans. The above process of decentralization consequently led to the implicit central control. Consequently such situation in governing structure implies to the implicit central control. In the current time, the central government is trying to encroach into the power of the states in various ways through various laws or Acts, amendments in the Constitutional provisions, policies or in different issues. In this situation, federalism which is the basic structure of the Constitution is at stake. In this context this study has been carried out to analyze how the institutions have been changed from explicit centralization through notional decentralization to implicit central control from the time of independence through different policies.

At the same time the centralized socialist planning model and emphasis on industry reflect the orientation of the planner towards growth in the first five year plan. At that time it was assumed that industrial development will imply both growth and generation of employment which will consequently lead to reduction of poverty. This approach was continued till the end of the third Five Year Plan. The evaluation of first three five year plan reflected relative success towards reduction of poverty. So, distribution model was adopted in the further five year plans. In the fifth plan, for the first time poverty became focus of the planners. Consequent plan adopted the strategy of direct attack on poverty to reduce poverty as part of redistribution model of development. Consequently with the adoption of economic liberalization, the participation approach was adopted to bring

down the benefit of growth for the poor. The model of inclusive growth and faster inclusive growth with sustainable development model was adopted in tenth plan onwards.

To examine the role of the various institutions in the rural poverty alleviation programme, the study has included the field work in Odisha. After analyzing various responses of the respondent both elected representative and bureaucrats it comes with the conclusion that the subjects to the local self-government has not been transferred properly. The Seventy-third amendment act has not implemented in its true spirit. Such powers are subjects to transfer to implement properly and involve the local people in the development process. Such powers are constitutionally guaranteed to the local self-government in rural areas for not only effectively implementation of various poverty alleviation programmes but also empowerment of the local people. But the study reflects lack of awareness of the representative about their role, conflict among the bureaucrats, and strict procedure for various rural poverty alleviation programme not able to implement successfully the programmes. In this regards certain programmes like SGSY, MGNREGS, IAY and MoKudia programmes has been studied. The direct transfer of the financial resources from centre to district (DRDA) will not be resulted towards the success of the programmes rather it will only create the process of institutional centralization. The centre now via district tries to control over all the institution. In name of uniformity of the centrally sponsored schemes, it indirectly controls the institution through its policy formulation in the Planning Commission and Ministry and implementation through its administration agents like Central Civil service bureaucrats, DRDA etc. The thrust of the Panchayati Raj i.e. below to up approach of development model has remained a distance dream. This resulted the implicit central control through the decentralized institutions.

While for the unity of the nation a strong Centre is required for the efficient operation of the polity, decentralization of functions and their execution is also necessary. Therefore, while the constitutional provisions may be left undisturbed, ensuring responsible decision making at the state, Municipal and Panchayat levels must be encouraged pursued and realized. Accordingly more and more responsibilities must be entrusted to local bodies

with a view to achieving better results and democratization of process up to grassroots levels envisaged by the 73rd and 74th Constitutional Amendment of the constitution.

6.4: Recent Initiatives

The contentious issue of centralization in the federal structure has been a limelight in the country from the time of independence. The one-size-fits-all approach, often inherent in central planning, has the potential of creating needless tensions and undermining the harmony needed for national effort. Dr. B. R. Ambedkar had said with foresight that it is “unreasonable to centralise powers where central control and uniformity is not clearly essential or is impracticable”. To resolve the conflict between the Centre and State various steps have been initiated like the 73rd and 74th constitutional amendment Act. But such step has not been able to resolve the conflict rather it led to the process of implicit centralization. The Centre have been encroaching the State purview through various Acts, amendments, policies and programmes. The implicit central control has led to more conflict rather resolve the issue among the Centre and State in one side and state and state in other side. With realizing the issue and seriousness, the new government has initiated for better cooperation between the Centre and State and reform in the over-all governance with the inception of new institutions like Niti Aayog. This institution has been evolved to foster cooperative federalism through structured support initiatives and mechanisms with the States on a continuous basis, recognizing that strong States make a strong nation. This institution came into existence to create a harmonious atmosphere with proper consultation and share of the state governments toward formulation of policies and model of national development.

National Institution for Transforming India Aayog³

National Institution for Transforming India Aayog (NITI Aayog) came to existence on 1st January 2015 with the replacement of Planning Commission of India to provide a critical directional and strategic input into the development process. The governing council

³Press Information Bureau, Government establishes NITI Aayog (National Institution for Transforming India” replace Planning Commission, Prime Minister’s Office, Government of India, 1st January 2015, <http://pib.nic.in/newsite/PrintRelease.aspx?relid=114276> , accessed on 12th April , 2015

includes State Chief Ministers, Lt. Governors of Union Territories and other members with Prime Minister of India as chairperson. The basic function is to recommend a national agenda, including strategic and technical advice on elements of policy and economic matters. Towards the bottom-up approach and democratic decentralization, the responsibility of NITI Aayog is to develop mechanisms for village level plan and aggregate these progressively at higher level of government. It will ensure special attention to the sections of society that may be at risk of not benefiting adequately from economic progress. At the same time it will monitor and evaluate the implementation of programmes and focus on technology upgradation and capacity building. The basic objective of the Niti Aayog is to accomplish an administration paradigm in which the Government is an 'enabler' rather than a "provider of first and last resort". Towards better coordination between the Centre and State, it will ensure the decisive role of state in determining the architecture of economic growth and development.

At the inauguration of the Niti Ayog Prime Minister of India said, "It will plan to move away from "one size fits all" schemes; forge a better match between the schemes and the needs of states. Noting that India cannot advance without all its states advancing in tandem, the Prime Minister said the idea was to bring up all states together in the spirit of Sabka Saath, Sabka Vikas."

Niti Ayoga is a policy think-tank for the Central as well as State Governments without power to allocate fund nor the power to impose policies. National policies will prepare with consulting states while making policy and deciding on funds allocation. Final policy would be a result of that. The new National Institution for Transforming India (NITI) will act more like a think tank or forum and execute programs by taking the States along with them. This is in sharp contrast with the defunct Planning Commission which imposed five-year-plans and allocated resources while running roughshod over the requests of the various States.

In the first meeting of Niti Aayog the Prime Minister advises the "Team India" to forge a model of cooperative, competitive federalism whereby centre and the states can come together to resolve differences and chart a common course to progress and prosperity. On

his opinion the biggest challenges is still poverty. So, he suggested for adopting the strategy for elimination rather alleviation of poverty.⁴

Such step will create harmony between different institutions in the federal structure in India. As per objective of Niti Aayog institution, it will not only provide a model of cooperative, competitive federalism to ensure the decisive role of state in determining the architecture of economic growth and development but also to integrate village institutionally into the development process. But the impact has to be reflected in the ground. The cooperation and coordination of all institution and empowerment of PRIs can only conform the arrangements as envisaged by the founding fathers. At the same time it will lead to the development of the country with an inclusive nature.

⁴ http://pmindia.gov.in/en/news_updates/pm-chairs-first-meeting-of-governing-council-of-niti-aayog/
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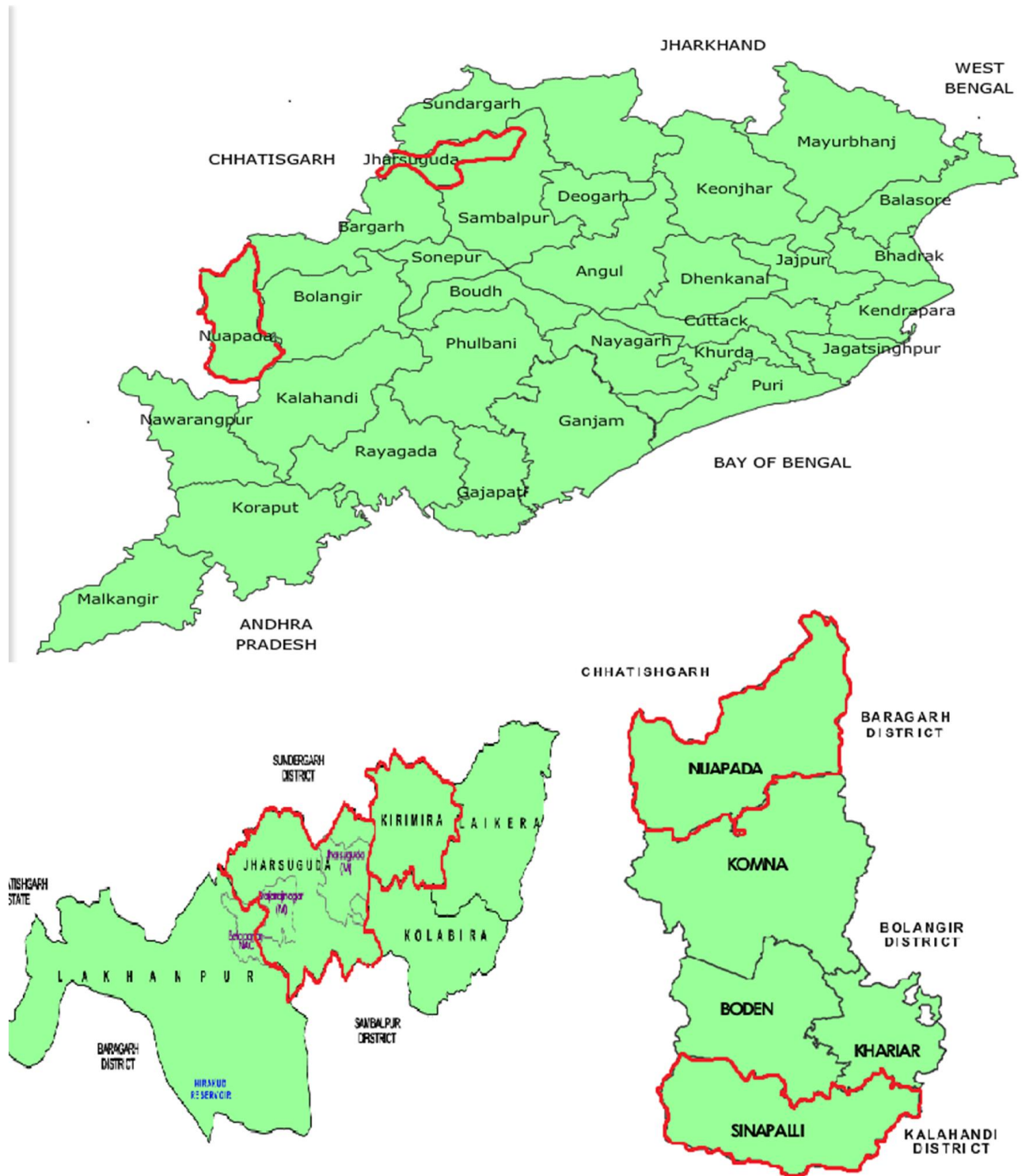
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Appendix- I: Map – Odisha, Jharsuguda and Nuapada Districts



Source: Odisha GIS map (<http://www.odishapanchayat.gov.in/OrissaGIS/application/default.asp>)

Appendix-II

Status of devolution of departments/subjects with funds, functions and functionaries to the Panchayati Raj Institutions for Major States/UTs.				
SL.NO	No. and names of the Departments/subjects Transferred to Panchayats with respect to			
	State/UT	Funds	Functions	Functionaries
1	Andhra Pradesh	Only Gram Panchayats (GPs) are empowered to collect taxes. Governments Orders (GOs) issued for devolving funds 10 departments.	22 GOs issued during 1997-2002. Further, 10 line departments have devolved certain powers to PRIs.	Functionaries are under the administrative control of their respective line departments but they are partially accountable to PRIs.
2	Arunachal Pradesh	PRIs do not collect taxes. Transfer of funds by departments has not taken place.	29 subjects have been devolved. GOs covering 20 departments have been issued, but not yet implemented.	Functionaries have not been transferred.
3	Assam	PRIs are empowered to collect taxes but cannot enforce. Main source of revenue is lease rent from markets, river banks and ponds.	Activity-mapping done for 23 subjects. But GOs have been issued only for 7 subjects by 6 departments.	There has been very minimal devolution of functionaries. Officials continue to report to departments.
4	Bihar	No taxes are collected by PRIs but a proposal regarding the same is under consideration of State Government.	Activity mapping has been conducted. 20 line deptts. have issued GOs.	Departmental staff are answerable to departments. Angandwadi workers, teachers and health workers are appointed by PRIs.
5	Chattisgarh	GP is authorized to collect various types of taxes. Funds for 12 departments have been devolved.	Activity Mapping of 27 matters has been undertaken. GOs not issued.	Panchayat make recruitments for 9 departments.
6	Goa	Panchayats levy 11 types of	18 matters are devolved to GPs, while	PRIs have their own core staff

		taxes. Untied funds are given to Panchayats.	6 are devolved to ZPs.	for the execution of works.
7	Gujrat	8 major taxes are collected by PRIs. In 2008-09, 13 departments allocated funds to PRIs.	14 functions have been completely devolved and 5 are partially devolved.	GOs have been issued for devolution of functionaries for 14 functions.
8	Haryana	GPs generate revenue from lease of Panchayat land, liquor cess and rental of Panchayat premises.	Panchayati Raj Act devolves 29 functions. GOs have been issued for 10 deptts.	There is no significant devolution of functionaries.
9	Himachal Pradesh	Only GP is empowered to levy taxes. Funds have not been transferred.	27 out of 29 subjects have been devolved to PRIs.	Functionaries have not been transferred to PRIs.
10	J & K	State Govt. has issued GO notifying activity mapping. Funds have been devolved in a limited sense. Functionaries have been identified in the Activity Mapping document who will assist Panchayats in carrying out assigned functions but have not been transferred.		
11	Jharkhand	Elections to PRIs were held in November- December 2010 for the first time since 73rd CAA came into force. Activity Mapping has not been done so far.		
12	Karnataka	PRIs collect 7 types of taxes. Panchayati Raj Act provides the mandatory transfer for untied funds to PRIs.	Karnataka has delegated all 29 subjects to PRI by notifying Activity Mapping.	All Panchayat employees function under dual control of the Deptts concerned and the PRIs.
13	Kerala	GPs have tax domain of 9 types of taxes. Untied funds and funds for specific purposes by deptts are given to PRIs.	Activity mapping for all 29 functions done and activities devolved to Panchayats.	PRIs have full managerial and part disciplinary control over transferred functionaries.
14	Madhya Pradesh	GPs are empowered to collect taxes. Funds for 13 departments covering 19	GOs containing the Activity Mapping in respect of 25 matters pertaining to 22 deptts. have been issued.	Functionaries for 13 departments have been transferred to the PRIs. There

		matters are released to PRIs.		is a State Panchayat Service.
15	Maharashtra	ZP and GP collect taxes. Grants for 11 departments are transferred to PRIs.	11 subjects have been fully devolved. For 18 subjects, schemes are implemented by PRIs.	Class III and Class IV employees at all levels are Zilla Parishad employees
16	Manipur	Five Departments have issued GOs transferring funds to PRIs.	GOs have been issued devolving functions related to 22 departments.	5 Departments have issued GOs transferring functionaries to PRIs.
17	Odisha	PRIs collect 6 types of taxes. There is no clear devolution of untied funds.	11 departments have devolved 21 subjects.	Officials of 11 departments are accountable to PRIs.
18	Punjab	Main source of income of GP is from auction of Panchayat land. There is no clear devolution of funds.	The devolution of 7 key departments relating to 13 subjects approved.	No functionaries have been transferred to PRI by line departments.
19	Rajasthan	5 departments have issued GOs transferring funds to PRIs up to district level. 10% untied fund to PRIs.	Five Departments have transferred all functions up to district level to PRIs. Fresh Activity Mapping of above 5 Departments has been done.	Five Departments have transferred all functions up to district level to PRIs. Fresh Activity Mapping of above 5 Departments has been done. 5 departments have transferred all functionaries' upto district level to PRIs.
20	Sikkim	PRIs do not collect taxes. Funds are being transferred by 17 departments. 10% of total fund of each department is given to Panchayats. Untied funds are given to PRIs.	All 29 subjects are devolved as per legislation. Activity Mapping has been conducted for 20 subjects covering 16 departments.	Employees are under the control of PRIs, but Panchayats exercise limited control over them.
21	Tamil Nadu	Only village Panchayats have	Government of Tamil Nadu has	There is no significant

		the power to levy taxes. 9% of the States own tax revenue devolved to Local Bodies, of which rural local bodies will receive 58% share.	delegated supervision and monitoring powers of 29 subject to PRIs	devolution of functionaries.
22	Tripura	Part funds related to PWD Department, primary schools and Social Welfare and social education department and pension funds have been transferred to the Panchayats. Untied funds are also transferred to PRIs.	So far GOs have been issued devolving irrigation schemes, primary schools and activities related to adult and non-formal education, women and child development and social welfare.	Functionaries of 5 subjects for which functions have been devolved, have been transferred to Panchayats.
23	Uttar Pradesh	All 3 tiers have the power to collect taxes.	16 subjects relating to 12 departments have been devolved to PRIs.	PRIs do not have control over functionaries.
24	Uttarakhand	Only ZPs collect taxes. Funds are made available to PRIs for activities for only 3 functions.	Master GO on transferring financial and administrative powers on 14 subjects has been issued in 2003.	Supervisory role over functionaries related to 14 subjects.
25	West Bengal	GPs can impose and realize taxes. Untied funds are allocated under the TFC grant as well as SFC grant. 5 departments have opened Panchayat Window in their budgets.	State Govt. agrees with transfer of these 28 subjects. 14 departments have so far issued matching GOs transferring 27 subjects.	The Panchayat employees have been made into different district cadres. Other than the posts created in the Panchayat bodies, 7 departments of the State Govt. have devolved functionaries.
26	Andaman and Nicobar Islands	Grant-in-aid is released to PRI's to discharge their functions.	All the functions (29 subjects) have been transferred to the PRIs	639 functionaries of various departments have been transferred to the PRIs.
27	Daman and Diu	Not available	12 subjects are fully devolved and 10	Functionaries for 13

			subjects are partially devolved.	departments have been transferred to PRIs.
28	Puducherry	Panchayats collect taxes and receive funds from the state budget under the community development sector.	22 functions have been devolved to the PRI.	Devolution of functionaries has not been done yet.
29	Lakshadweep	Entire Plan and Non Plan budget required for Schemes and Programs being implemented by 5 departments viz Education, Medical & Health Services, Fisheries, Animal Husbandry, and Agriculture is transferred to the District Panchayat and Village (Dweep) Panchayats.	All Schemes and programmes being implemented by five major departments, viz Education, Medical & Health Services, Fisheries, Animal Husbandry, and Agriculture have been transferred to the PRIs w.e.f 1st April 2012.	Entire establishments of five major departments, viz Education, Medical & Health Services, Fisheries, Animal Husbandry, and Agriculture except Director and few staff have been transferred to District Panchayat and Village (Dweep) Panchayats.
30	Chandigarh		A committee constituted by the Chandigarh Administration recommended transfer of some functions of 12 Departments. However, the State Govt. felt that such an exercise of devolving the functions to PRIs would only be an interim measure because fast urbanization would result in villages becoming part of Municipal Corporation in near future.	

Note: Mizoram, Meghalaya and Nagaland are exempt. Delhi has no Panchayats. Information is not available for UT of Dadra & Nagar Haveli.

*Source: Ministry of Panchayati Raj, Devolution, Panchayati Raj Institution, Government of India, New Delhi,
http://www.panchayat.gov.in/documents/401/84079/Status_of_Devolution.pdf accessed on 10th March 2015*



Government of Orissa
Panchayati Raj Department

No.I-PS-2/2003 6886 /PS Dated 04/07/2003

From:

Sri Pratip K. Mohanty, IAS,
Chief Secretary & Chief Development Commissioner, Orissa.

To

The Principal Secretary to Government, Finance Department/
The Principal Secretary to Government, S.T & S.C Dev. Deptt./
The Principal Secretary to Government F.S & C.W Department/
The Commissioner-cum-Secretary to Government, Agriculture Department
The Commissioner-cum-Secretary to Govt, Cooperation Department
The Commissioner-cum-Secretary to Govt, School & Mass Edn. Deptt.
The Commissioner-cum-Secretary to Govt, Health & Family Welfare Deptt./
The Commissioner-cum-Secretary to Govt, Women & Child Dev. Deptt.
The Commissioner-cum-Secretary to Government, F. & A.R.D Department
The Commissioner-cum-Secretary to Govt, Water Resources Department /
The Commissioner-cum-Secretary to Govt, Rural Development Dept.

Sub: Devolution of powers to Panchayati Raj Institutions (PRIs).

Sir/Madam,

In inviting your kind attention to the subject cited above, the mandate of the Constitution is reiterated for appreciation of the matter.

1. As per 73rd amendment of the Constitution, the Panchayati Raj Institutions (PRIs) are required to be endowed with adequate responsibilities and powers to enable them to function as the "Institutions of self-government". Article 243-G of the Constitution of India, which deals with the crucial issue of powers, authority and responsibilities of the Panchayats (3 tier of Panchayats) reads as: "Subject to the provisions of the Constitution, the Legislature of a State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon the Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to (a) the preparation of plans for economic development and social justice; and (b) the implementation of such schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule."
2. Panchayat laws of Orissa have been amended consistent with provisions of 73rd amendment of the Constitution. Section 3(3) of the Orissa Zilla Parishad Act, 1991 has since been amended. Steps are being taken to incorporate similar provisions by amending the Orissa Panchayat Samiti Act, 1959 and the Orissa Grama Panchayat Act, 1964 to enable the PRIs to function as institutions of self-government. It is necessary to make Panchayati Raj Institutions clear about the role that they are expected to play for economic development and social justice.

3. After careful consideration, Government has been pleased to assign definite functions and provide functionaries to PRIs for implementation/execution of functions as mentioned hereunder.

4. **AGRICULTURE DEPARTMENT-**

The Functions, which are transferred, include Kharif and Rabi programme, Soil conservation, Horticulture and water shed activities.

- 4.1. District Agriculture Officer will remain accountable to Zilla Parishad for preparation and approval of District Kharif and Rabi programme. Similarly the District Soil Conservation Officer and the District Horticulture Officer will remain accountable for preparation of plans and implementation of schemes relating to soil conservation, water shed and horticulture in the district.
- 4.2. Casual leave of above mentioned officers will be sanctioned by the President, Zilla Parishad.
- 4.3. President, ZP will supervise the activities of the above mentioned schemes. He will also report about their performance to the Head of the Department who will take appropriate steps on the report of the Zilla Parishad.
- 4.4. Junior Agriculture Officer will remain accountable to Panchayat Samiti for preparation and approval of Kharif and Rabi programme. Chairman, Panchayat Samiti will review the Kharif and Rabi programme and report about performance of duties to the Zilla Parishad. Project Director, DRDA & Ex-Officio Executive Officer, Z.P will take up the matter with the District Level Officers of the Department and Head of the Department.
- 4.5. Chairman, PS will sanction **casual leave** of the J.A.O.
- 4.6. Village Agriculture Worker will attend the Grama Panchayat meeting. Sarapanch of the G.P will visit V.A.W Centre and report about performance of duties. Such report will be sent to the BDO and Chairman of the P.S who will take appropriate action.

5. **COOPERATION DEPARTMENT-**

- 5.1 Deputy Registrar/Assistant Registrar of Cooperative Societies will be accountable to the Zilla Parishad for preparation and implementation of credit plan. President, Zilla Parishad will visit primary cooperative societies, give his suggestions and recommend for smooth implementation of cooperative activities.
- 5.2 **Casual leave** of Deputy/Assistant Registrar of Cooperative Societies will be sanctioned by the President, Zilla Parishad.
- 5.3 President, Z.P will give report about performance of Dy.Registrar/Asst.Registrar to the Head of the Department who will take appropriate action.
- 5.4 Inspector of Cooperative Societies will remain accountable to Panchayat Samiti for preparation and implementation of credit plan. Chairman, Panchayat Samiti can visit the primary cooperative societies and give his suggestions for implementation of the credit plan.
- 5.5 Sarapanch can send report regarding activities of Primary Cooperative Societies to the Chairman, P.S and B.D.O, Panchayat Samiti.

6. **SCHOOL AND MASS EDUCATION DEPARTMENT-**

- 6.1 Circle Inspector/District Inspector of Schools will be accountable to Zilla Parishad for activities relating to primary education, non-formal education and adult education in the district.
- 6.2 President, Z.P will sanction casual leave of C.I./D.I of Schools.
- 6.3 Suggestions and report of the President, Z.P will be considered by the Head of the Department promptly and remedial measures will be taken.
- 6.4 Sub-Inspector of Schools will be accountable to the Panchayat Samiti for activities relating to primary education, adult education and non-formal education. He will help BDO in drawal and disbursement of salary of primary school teachers.
- 6.5 **Transfer-** A Committee comprising Chairman, BDO and D.I of Schools will make transfer of primary school teachers within the Panchayat Samiti and limits of Educational District. The recommendations of the Sarpanches will be given due weightage for transfer within the Panchayat Samiti. If it is considered to transfer a teacher from one P.S to another P.S, the above mentioned Committee will recommend the same to the Zilla Parishad. A committee comprising President, Zilla Parishad, Executive Officer, Zilla Parishad and C.I of Schools/D.I of Schools will take decision regarding inter-Block transfer of Primary School teachers within the Educational District.
- 6.6 **Visit of Schools-** Chairman, P.S and Sarpanch can visit the Primary Schools, non-formal education and adult education centers.
- 6.7 The Sarpanch of the G.P. will sanction **Casual leave** of only Headmaster-in-charge Headmaster of Primary schools. Sarpanch can verify the attendance of teachers and they can report about absence of teachers. Such report will be enquired and appropriate action will be taken on the report of the Sarpanch.

7. **FOOD SUPPLIES & COMSUMER WELFARE DEPTT.**

- 7.1 Civil Supplies Officer will remain accountable to Zilla Parishad for public distribution system.
- 7.2 Casual leave of Civil Supplies Officer will be sanctioned by the President, Zilla Parishad.
- 7.3 Report of the President, Zilla Parishad regarding performance of duties by the C.S.O will be given due weightage by the Head of the Department.
- 7.4 Inspector of Civil Supplies will remain accountable to the Panchayat Samiti for public distribution system.
- 7.5 Chairman, Panchayat Samiti can report about performance of duties by Inspector of Civil Supplies. The report will be sent to the Project Director, DRDA & Ex-Officio Executive Officer of the Zilla Parishad and President, Z.P. Appropriate action will be taken on such report.

8. **S.T & S.C DEVELOPMENT DEPARTMENT-**

- 8.1 District Welfare Officer will remain accountable to the Zilla Parishad for primary education activities of ST & SC Development Department.
- 8.2 Casual leave of District Welfare Officer will be sanctioned by the President, Zilla Parishad.
- 8.3 President can report about performance of duties by the District Welfare Officer to the Head of the Department for appropriate action.
- 8.4 Welfare Extension Officer (WEO) will remain accountable to the Panchayat Samiti for activities assigned to him.

8.5 Sarapanch and Chairman, Panchayat Samiti can visit Sevashrams, give suggestion for improvement and report about performance of duties by the Welfare Extension Officer and Sevashram teachers. The report will be sent to the Project Director, DRDA & Ex-Officio Executive Officer of the Z.P and President, Z.P for appropriate action.

9. **HEALTH & FAMILY WELFARE DEPARTMENT-**

9.1 Chief District Medical Officer will remain accountable to Zilla Parishad for health and family welfare schemes. President, Zilla Parishad can visit primary health centers, send his recommendation to the Head of the Department. President, Z.P can report about performance of the Chief District Medical Officer to the Head of the Department for appropriate action.

9.2 President, Zilla Parishad will sanction casual leave of Chief District Medical Officer.

9.3 The doctors of Primary health centers/hospitals will remain accountable to the Panchayat Samiti for health and family welfare schemes. Chairman, Panchayat Samiti can visit primary health centers/hospitals.

9.4 The casual leave of only Medical Officer in charge of PHC/Hospitals will be sanctioned by the Chairman of P.S.

9.5 As and where necessary, report of the Chairman, PS regarding attendance of doctors will be sent Chief District Medical Officer and E.O. of Z.P. for appropriate action.

9.6 Village Health Workers and ANMs will attend Grama Panchayat meeting and will remain accountable to Grama Panchayat for activities at the village level.

9.7 Sarapanch/Naib-Sarapanch whosoever is a woman will be competent to sanction casual leave to Village Health Worker/A.N.M.

9.8 As and where necessary, report of Sarapanch/ Naib-Sarapanch whosoever is a woman regarding attendance of Village Health Workers and A.N.M will be sent to the Medical Officer of the PHC/Hospital and Chairman, Panchayat Samiti for appropriate action.

10. **WOMEN & CHILD DEVELOPMENT DEPARTMENT-**

10.1 District Social Welfare Officer will remain accountable to the Zilla Parishad for social security schemes and mid-day meal programme.

10.2 President, Zilla Parishad will sanction **casual leave** of District Social Welfare Officer.

10.3 Report of President, Z.P regarding performance of duties by the District Social Welfare Officer will be given due weightage by the Head of the Department.

10.4 Child Development Project Officer and Social Education Organiser will remain accountable to the Panchayat Samiti for social security schemes and mid-day meal programme.

10.5 Chairman/Vice-Chairman whosoever is a woman will sanction casual leave of CDPO.

10.6 The suggestion regarding smooth implementation of social security scheme and mid-day meal programme and performance of duties by the C.D.P.O and S.E.O will be sent to the Executive Officer of Zilla Parishad and District Social Welfare Officer for appropriate action.

10.7 Sarapanch/Naib-Sarapanch whosoever is a woman will send report about attendance of Anganwadi Worker and such report will be considered by the C.D.P.O and appropriate action will be taken.

11. **FISHERIES & ANIMAL RESOURCES DEVELOPMENT DEPARTMENT-**
- 11.1 Chief District Veterinary Officer, District Fisheries Officer and Assistant Director of Fisheries will remain accountable to the Zilla Parishad for dairy and fishery activities.
- 11.2 Casual leave of above mentioned officers will be sanctioned by the President, Zilla Parishad.
- 11.3 President, Zilla Parishad will send report regarding performance of duties of the above mentioned officers to the Head of the Department who will give due weightage to the report.
- 11.4 Veterinary Assistant Surgeon and Fisheries Extension Officers will remain accountable to the Panchayat Samiti for dairy and fisheries activities.
- 11.5 The casual leave of V.A.S will be sanctioned by the Chairman, Panchayat Samiti.
- 11.6 Chairman, PS can visit veterinary dispensaries and live stock centers.
- 11.7 Report of the Chairman, Panchayat Samiti regarding performance of duties by Veterinary Assistant Surgeon and Fishery Extension Officer to the Executive Officer, ZP will be given due weightage.
- 11.8 Sarapanch can report about attendance of Live Stock functionary to the Chairman and Veterinary Assistant Surgeon. Such report will be enquired and appropriate action will be taken.
12. **RURAL DEVELOPMENT DEPARTMENT-**
- 12.1 Executive Engineer/Assistant Engineer, RWSS will remain accountable to the Zilla Parishad for drinking water and sanitation programme.
- 12.2 President, Zilla Parishad will sanction **casual leave** of the Executive Engineer, RWSS.
- 12.3 President, ZP will visit the works executed by the Executive Engineer/Assistant Engineer, RWSS. He can send a report regarding performance of the Executive Engineer/Assistant Engineer to the Head of the Department who will take appropriate action thereon.
- 12.4 Junior Engineers, RWSS will remain accountable to the Panchayat Samiti for drinking water and sanitation schemes.
- 12.5 Report of the Chairman, Panchayat Samiti regarding performance of duties by the Assistant Engineer and Junior Engineer will be sent to the Executive Officer, Z.P and Executive Engineer, RWSS for appropriate action.
13. **PANCHAYATI RAJ DEPARTMENT-**
- 13.1 Block Development Officer, Addl. Block Development Officer, Assistant Engineer and all Extension Officers of different Departments will remain accountable to the Panchayat Samiti for works entrusted to them.
- 13.2 Chairman of Panchayat Samiti will sanction casual leave of BDO. Casual leave of all other officers working in the Block shall be sanctioned by B.D.O.
- 13.3 Sarapanch will send report regarding attendance of Village Level Worker which will be duly considered by the Chairman, Panchayat Samiti and B.D.O.

14. **WATER RESOURCES DEPARTMENT-**

- 14.1 Executive Engineer, M.I will remain accountable to the Zilla Parishad for functioning of Minor Irrigation Project having ayacut area up-to 100 acres.
- 14.2 **Casual leave** of Executive Engineer, MI will be sanctioned by the President, Z.P.
- 14.3 Report of President, Z.P regarding performance of duties by the Executive Engineer, MI will be given due weightage by the Head of the Department.
- 14.4 Assistant Engineers and Junior Engineers of MI will remain accountable to the Panchayat Samiti for functioning of M.I projects up-to ayacut area of 100 acres.
- 14.5 Chairman, Panchayat Samiti will sanction casual leave of Assistant Engineer, Minor Irrigation.
- 14.6 The report of Chairman, Panchayat Samiti regarding performance of duty of Assistant Engineer and Junior Engineer will be sent to the Executive Engineer and Executive Officer, ZP for appropriate action

15. **CHIEF EXECUTIVE OFFICER OF ZILLA PARISHAD-**

- 15.1 The Collector & District Magistrate will continue to be the Chief Executive Officer of the Zilla Parishad. The Project Director, District Rural Development Agency (DRDA) and other district level officers shall continue to function as Executive Officer and additional Executive Officer respectively.
- 15.2 The Block Development Officer will continue to function as Executive Officer of Panchayat Samiti.
- 15.3 Village Level Workers (VLW) and Village Agriculture Workers (VAW) will be appointed as Executive Officer of the Grama Panchayat. The Panchayat Samiti will issue specific order allotting Grama Panchayat to each VAW/VLW as the case may be. As Executive Officer VAW/VLWs shall perform the functions and duties as per job chart prescribed by government from time to time.
- 15.4 Sarpanch shall sanction Casual Leave of Executive Officer of Gram Panchayat.

16. ACCOUNTABILITY:

- 16.1 The district level, Block level and Grama Panchayat level functionaries of different departments of Government the subjects of which have been transferred to PRIs will attend the meetings of Zilla Parishad, Panchayat Samiti and Grama Panchayat respectively.
- 16.2 They shall remain **accountable** to respective level of PRI though they shall continue as employees of their respective department.
- 16.3 They shall place plans and schemes for discussion and approval in the meeting of respective level of PRI.
- 16.4 The President, Zilla Parishad, Chairman, Panchayat Samiti and Sarpanch, Grama Panchayat are vested with authority to supervise the work and function of Government functionaries at respective level., calling for information and report from time to time. They can submit proposal to the appropriate level about indiscipline, irregularity and other shortcomings of the respective level officers.
- 16.5 Similarly, they can also submit suggestions/ recommendations on improvement of function of these functionaries through appropriate level of PRIs as well as District Level officers.

- 16.6 The Project Director, DRDA as the Executive Officer of Zilla Parishad, will call for the report on behalf of the Zilla Parishad from the District Level Officers and will place such report before the President, Zilla Parishad which can be discussed in the meeting of Zilla Parishad and the concerned District Level Officers can also be called upon to explain the matter to Zilla Parishad.
- 16.7 After assessment of the activities of different Departments, the President of Zilla Parishad can submit report to the Head of Department as well as to Government. Such proposals emanating from Zilla Parishad shall be given due consideration and decision taken thereon shall be communicated to other PRIs.

All the Departments will please ensure that these instructions are implemented in letter and spirit as this will help in improving the quality of delivery of services thereby improving the standard of living of the people in rural areas of the State.

Yours faithfully,

Sd/

Chief Secretary, Orissa

Memo No. 6887 /PR Dated 04/07/2003

Copy forwarded to all Revenue Divisional Commissioners /all Collector & District Magistrate for information and necessary action.

Sd/-

(S. N. TRIPATHI)

COMMISSIONER-CUM-SECRETARY



UNIVERSITY OF HYDERABAD
DEPARTMENT OF POLITICAL SCIENCE
SCHOOL OF SOCIAL SCIENCES
HYDERABAD-500 046, TELANGANA, INDIA

**Centralization and Decentralization in Rural Poverty Alleviation Programmes:
 A Case Study of Jharsuguda and Nuapada Districts, Odisha**

UOH	POL	SC	ER				
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1. About the Respondent

1.1	Name	
1.2	Age	
1.3	Gender	Male- 1; Female- 2
1.4	Educational Qualification	Illiterate- 1; Literate-2 ; Matriculation-3; Intermediate- 4 Graduation-5; Post-Graduation- 6
1.5	Social Categories	SC- 1; ST- 2; OBC- 3; GENERAL- 4
1.6	Name of the District	
1.7	Name of the Block	

2. Perception and Awareness of the elected Representatives

2.1	Are you aware about the Poverty Alleviation Program (PAP) being initiated by Centre/ State?	Yes- 1; No-2;
2.2	If yes, please specify the following objectives of PAP?	1 To improve the socio-economic condition of the poor people
		2 Development of the rural area
		3 To improve the livelihood option
2.3	What are the major programmes being implemented in your Panchayat?	IAY-1; SGSY- 2; BREGF- 3; MGNREGA- 4; MOKUDIA- 5; NOAPS- 6
2.4	What are the main functions of ZP/SP/GP?	1 Create awareness on developmental programs
		2 Implementation and monitoring of various developmental program
		3 Identify the beneficiaries
		4 others

2.5	Are you aware about the State sponsored scheme?	Yes- 1; No- 2	
2.6	Are you Aware on the Social Auditing process?	Yes- 1; No- 2	
2.7	Are you creating awareness among people regarding different developmental programmes in your Panchayat?	Yes- 1; No- 2	
2.8	Do you think PAP is prepared according to the local needs?	Yes- 1; No- 2	
2.9	Are you facing any problem at the time of implementing the PAP?	Yes- 1; No- 2	

3. Role and Responsibilities of the elected Representatives

3.1	What is your responsibility as a President of ZP/PS/GP	1	To conduct meeting				
		2	Choose work site				
		3	Identify the needy people				
		4	Implementation and monitoring				
3.2	What is the process of decision making during the implementation of poverty alleviation programs	1	After consulting with all the representatives				
		2	Follows guidelines				
		3	Through Gram Sabha				
		4	Through Palli Sabha				
3.3.	Are Grama Sabhas/Panchyat Samiti/ Zilla Parisad convened in every village/block/district regularly as per the guide lines	Yes- 1; No- 2; Can't Say- 3					
3.4	If yes, please mention the frequency						
3.5	If no, please mention the reasons that why it does held regularly?						
3.6.	Are all the representatives attending the meetings?	Yes- 1; No- 2;					
3.7	Who has the power to affect the following activities?	1	Agenda of the meeting	President	Members	Bureaucrats	Others
		2	Prioritization of issues				
		3	Determining development activities to be taken up				

		4	Selection of beneficiaries				
		5	On holding Gram Sabhas				
		6	Planning				
		7	Budgeting				

- 3.8 How much fund are you getting each year?
- 3.9 According to your opinion, (SGSY/MGNREGA/IAY/MOKUDIA/BREGF/GGY/TUPTI) which programme is benefiting the poor most and why?
- 3.10 What are the reasons for the failure of other programmes?
- 3.11 How much percentage of funds do you receive of your estimated budget?
- 3.12 What sort of financial powers do you have to help the poor people?
- 3.13 Do you think the Poverty Alleviation Programmes are better delivered by the Panchayati Raj System? Yes / No, If Yes, how? If No, Why?
- 3.14 How the needs of the people are identified? Explain the process in details.
- 3.15 What major activities have been undertaken by the Panchayat during last four years?
- 3.16 Do you feel that planning and locating the schemes in the Panchayat have really improved the Choice of people?
- 3.17 What are the programmes being implemented and what are roles playing by various Institutions?

Name of the PAP	Role	Role played by different Institutions		
		Centre	State	PRIs
MGNREGA	1. Creating awareness on developmental scheme 2. Planning and budgeting 3. Selection of location			
SGSY				
IAY				
BRGF				
GGY				
TUPTI				

MOKU DIA	4. Selection of beneficiaries			
PMGS Y	5. Monitoring and evaluation 6. Maintenance and operation 7. Capacity building 8. Fund allocation 9. Discretionary power			

3.18 Do you feel you have enough power ushered on you by the government to carry out poverty alleviation programmes? Yes / No

If yes, what are those powers?

3.19 How do you perceive your role in the following activities?

Role		Powerless	Moderately powerful	Powerful
1	Prioritization of issues			
2	Selection of beneficiaries			
3	Getting relevant information from officials			
4	Relations with members of higher tiers			
5	Influencing activities in the constituency			
6	Generating resources for local works (constituency)			

4 Accountability and Transparency

4.1	Do you think there should be more transparency in the functioning of the GP/PS/ZP through making documents freely available, as well as more frequent meetings with the people of the constituency?	Yes- 1; No- 2			
4.2	Is the social audit system working in your constituency?	Yes- 1; No- 2			
4.3	If yes what is the frequency	Once in a year- 1; twice in a year- 2; thrice in a year-3			
4.4	Is that conducted in a fair and just manner?	Yes- 1; No- 2			
4.5	Are you held accountable to your constituency	Yes- 1; No- 2			
4.6	What is your perception on accountability?	Perceptions	Disagree	Agree	Strongly Agree
		1	Accountable to public		

		2	Accountable to bureaucracy			
		3	Need not be accountable to anyone			
		4	Accountable to MLAs/MPs			
		5	Gram Sabhas should be conducted more frequently to account for their activities			

4.7 Is there any funds at your discretion to help the poor people who are really in need and don't fall under any category or don't have BPL card? Yes/No

Please describe, how do you utilize that power?

If no, what better can be done? Or what more power do you expect from the government to give that can turn things in a better way?

4.8 What is your relation with your upper or down level Panchayati Raj institution?

4.9 Can you suggest better ways to alleviate poverty?



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1. About the Respondent

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1.4	Educational Qualification	Illiterate- 1; Literate-2 ; Matriculation-3; Intermediate- 4 Graduation-5; Post-Graduation- 6
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1.6	Name of the District	
1.7	Name of the Block	

2. Perception and Awareness of the elected Representatives

2.1	Are you aware about the Poverty Alleviation Program (PAP) being initiated by Centre/State?	Yes- 1; No-2;	
2.2	if yes, please specify the objective of the PAP	1	To improve the socio-economic condition of the poor people
		2	Development of the rural area
		3	To improve the livelihood option
2.3	What are the major programmes being implemented?	IAY-1; SGSY- 2; BREGF- 3; MGNREGA- 4; MOKUDIA- 5; NOAPS- 6	
2.4	Are you aware about the Centrally sponsored scheme?	Yes- 1; No- 2	

2.5	Are you Aware about the State sponsored scheme?	Yes- 1; No- 2		
2.6	Are you Aware on the Social Auditing process?	Yes- 1; No- 2		
2.7	Are you creating awareness among people regarding different developmental programme?	Yes- 1; No- 2		
2.8	Do you think PAP is prepared according to the local needs?	Yes- 1; No- 2		
2.9	Do you think the PAP's are achieving its objective to eradicate the rural poverty?	Disagree- 1; Agree- 2; Strongly agree- 3		
2.10	What is your take on the existence of poverty after 63 years of independence and what are the hindrances behind it?	1	Failure of policy	
		2	Problem in fund devolution	
		3	Political Interference	
		4	Non-participation of people	
		5	Elite capture of benefits	
		6	Other reasons	
		7	Can't say	

3. Role and Responsibility

3.1	What is the role of the Centre on the following activities?	MGNREGA, IAY, SGSY, TPDS, PMGSY, AAY, NOAPS, etc;		
		1	Centre Allocates funds to state	
		2	Centre directly monitor on this programme	
3.2	Does the centre encourage/assist the state to eradicate the rural poverty?	Yes- 1; No- 2		
3.3	Does the Centre transfer the funds in proper time?	Yes- 1; No- 2		
3.4	Does the centre co-ordinates the state during the implementation of the poverty alleviation programs?	Yes- 1; No- 2		

3.5	Does the Centre monopoly over State?	Yes- 1; No- 2	
3.6	What is the role of the State on the following activities?	MGNREGA, IAY, SGSY, TPDS, PMGSY, AAY, NOAPS, MOKUDIA, BRGF, etc;	
		1	Allocating funds
		2	Monitoring and evaluation
		3	Beneficiaries selection
		4	Locating work site
3.7	Does the state really transfer the power and authority to the three tier of Panchayati Raj Institutions in terms of working independently?	Yes- 1; No- 2	
3.8	Does the state create awareness and circulate the guidelines?	Yes- 1; No- 2	
3.9	Does the state organize the capacity building/ any training programme to the bureaucrats?	Yes- 1; No- 2	
3.10	Is there any evidence of interference of state machinery in the day to day activities of Panchayat related work?	Yes- 1; No- 2	
3.11	Do you co-operate with the Panchayat Raj Representatives?	Yes- 1; No- 2	
3.12	Have you face any problem during the implementation of the programme?	Yes- 1; No- 2	
3.13	Do any political party / section of people influenced you to work under their direction?	Yes- 1; No- 2	
3.14	Do you furnish all the important information to the Panchayat representatives?	Yes- 1; No- 2	
3.15	Do you consult the Panchayat Representatives before taking any decision?	Yes- 1; No- 2	

- 3.13 What are the landmark decisions taken in your capacity under PAP?
- 3.14 What is the success rate of these PAP?
- 3.15 According to your opinion what is the State's approach towards poverty alleviation?
- 3.16 What are the grievances/feedback do you receive from beneficiaries or ZP/PS/GP about
PAP?

- 3.17 Do you think there is any role played by multi-lateral/international agencies like IMF, World Bank, UN in overseeing the PAP in India? If yes would you please describe?
- 3.18 Which is the central force behind controlling all these PAP? Central Govt. / State Govt. If the
Central Government, how?
- 3.19 Which agency can deliver these PAPs in a better manner? Centre/State/Panchayati Raj Institutions? Why do you think as such?
- 3.20 Could please you suggest any better way to alleviate rural poverty?