

## **Local governments as epicenters of development: New perspectives of decentralized planning in the 14<sup>th</sup> five year plan**

Jiju P Alex

Professor, Kerala Agricultural University and Member, Kerala State Planning Board

The Economic Review 2022 of Kerala speaks of the need to rebuild the economy of the State in the face of the decline in growth due to Covid-19. It reports that growth in terms of different indicators has been unprecedentedly low in 2020-21. For instance, Gross State Value Added (at constant prices) as per quick estimates dipped to a low of (-) 8.16 per cent in 2020-21 as against 2.19 per cent growth in 2019-20 (GoK, 2022), which has serious long term policy implications. The quick estimate of Gross State Domestic Product (GSDP) at constant prices (2011-12) in 2020-21 as against the provisional estimate in 2019-20, has also shown a negative growth rate of (-) 9.20 per cent compared to 2.22 per cent growth in 2019-20. At current prices also, the GSDP in 2020-21 as against the provisional estimate in 2019-20, shows negative growth rate of (-) 3.01 per cent.

Though it presents a grim picture of the economy in general and lower growth rate of the secondary and tertiary sectors in particular, which grew at (-)3.71 per cent and (-)3.64 per cent respectively, it shows that the primary sector recorded a growth of 6.28 per cent. However, this positive trend notwithstanding, it is a matter of serious concern that almost all the growth propelling sectors like manufacturing, trade and repair services, hotels and restaurants, construction, road transport, financial services, and public administration were badly affected by the pandemic and consequent lockdowns. Being the authentic account of the development status of the state in the previous fiscal, which is also the last year of the 13th Five Year Plan, the Economic Review has given an incisive account of the gaps in different development sectors during 2021-22 and indicated new pathways of growth in each of them. It has also reviewed institutions and programmes and their outcomes vis - a- vis the

state's development priorities. As the State is all set to overcome this crisis and surge forward, the Economic Review 2021 provides the backdrop for setting the objectives of the long-term plan to rejuvenate Kerala's economy.

It is to be noted that the State Budget 2022-23, in cognizance of emerging challenges and priorities has declared diverse and innovative programmes which could be undoubtedly adjudged as growth oriented. As outlined in the budget speech, the budget aspires to tackle inflation and strives not to burden citizens through increased taxation. At the same time, the budget emphasizes infrastructure development to spur economic growth at the macro level. Much emphasis has been given to entrepreneurship development and skilling, and to create congenial start up environment throughout the state. Alongside, it envisages enhancement of production, productivity, value addition and quality improvement to improve income levels of small-scale producers as well. The budget has also underlined the need to invest substantially in higher education and science and technology institutions in the state. With serious constraints in realizing the estimated receipts from various sources, the budget proposes higher investment in key sectors, with a view to sustain the existing accomplishments and take them further.

An important feature of the Economic Review 2021-22 is an exclusive chapter on decentralized planning to mark the silver jubilee of the people's plan movement. The chapter broadly covers the origin, evolution and the current status of people's plan movement and how this unique experiment had transformed Kerala. The chapter examines various stages of the campaign which was entirely participatory in nature, and subsequent institutionalization of the process of decentralized planning. The review observes that development in all spheres has been taken forward by the State along with the strong involvement of Local Governments. The diversity of development initiatives by local governments and the capability that they had acquired over twenty-five years to execute them have also been explained.

It is in this backdrop this article attempts to discuss the role of local self-governments in taking on the inevitable challenge of economic recovery and the ways by which this is proposed to be addressed by them in the fourteenth five-year plan (14th FYP).

### **The fourteenth five year plan: Context**

As mentioned earlier, the fourteenth five-year plan (14th FYP) of Kerala is initiated on the 25th anniversary of the inauguration of the people's plan movement in Kerala. The people's plan campaign had brought about fundamental reorganization of local governments and changed the place and role of local governments in society and people's consciousness. In fact, it unleashed the creative genius of local communities to resolve real life problems at the grassroots level. This innovative programme was also proved helpful in harnessing different types of resources for local development. Over a period of twenty-five years, the local governments have acquired the capability to plan and execute local development process imaginatively and skillfully (Issac, 2021; Oommen, 2022).

The current plan is being drawn up in the light of the lessons on dealing with the unique crises the state faced during the thirteenth five- year plan period, which included two devastating floods in a row, the Ockhi cyclone, Nipah and the Covid-19 pandemic and the economic downturn thereof (GoK, 2022), as mentioned earlier. They had, in fact, exposed the vulnerabilities of the state and echoed the need to concentrate on key issues like climate mitigation, resilience, livelihood security, management of natural resource and long-term sustainability of the economy. These experiences also suggested new pathways of development to be adopted by the state in important sectors in view of the new challenges. It is to be noted that Kerala could deftly manage these calamities, by means of diverse post disaster management interventions and a comprehensive package of supports for post Covid-19 economic recovery. Several programmes have been designed and implemented by the government to rebuild the lost assets and livelihood opportunities and ameliorate the hardships faced by the poor due to economic disruption forced by the pandemic. However, the uncertainty about how long it would take to achieve full recovery and previous levels of production of goods and services poses serious challenges, which might as well demand formulation of imaginative short term, medium term and long-term initiatives.

The loss incurred due to natural calamities and Covid-19 pandemic is huge, which is further compounded by financial constraints emanating from harmful central policies such as reduction in revenue deficit grant this year, loss due to the stoppage of GST compensation and an arbitrary reduction in borrowing due to prejudiced estimation of off-budget borrowing. The 14th FYP intends to address these challenges wholistically by devising multiple interventions in all development fronts with the broad objective of inclusive and

sustainable development. More precisely, this implies higher economic growth which involves enhancement of production and productivity, creation of employment opportunities, instituting robust social security systems and better stewardship of natural resources. The new plan would continue to build on the strengths of the state in social investment, which would be used as a springboard to further enhance the growth of productive forces. In this process, focus will be on fostering innovation and application of science and technology, to evolve Kerala into a knowledge society (GoK, 2022).

It is increasingly understood that transformation as envisioned in the 14th FYP would require better grassroots level institutions and processes. On that count, Kerala is at an advantage, as it has a unique decentralised governance system, which can take people along and shoulder huge responsibilities. This was all the more evident from the quick responses of local bodies in rendering support to people in the face of exigencies like natural calamities and the pandemic. Even while large scale mitigation programmes were launched to face these crises, micro level mitigation could be possible only through the involvement of local governments. Moreover, the major strides by the state in accomplishing better human development indices and sustainable development goals could also be attributed to the presence of a well evolved decentralized planning system, to a great extent.

The 14th FYP envisages key roles by the local governments in all development sectors. The following is a brief account of the major thrust areas of local governments in the 14th FYP, which would accelerate development at the grassroots level. The recently published guidelines on formulation of annual plans propose wide perspectives and specific action points that could be followed by local governments to address the important concerns.

### **New approaches for inclusive and sustainable development: Role of local governments**

Even though local governments co-ordinate the key development agencies at different tiers, their interventions have not always been integrative and synergistic. At the same time, several excellent models of integrating the efforts of diverse agencies for a common objective have also emerged from time to time, which could be emulated elsewhere. In fact, the objective of accelerating growth in the 14th FYP would require far more effective integration of programmes and resources in different development sectors.

As production in the primary sector is predominantly by small producers with very low per capita availability of land, strategies for enhancing production needs effective institutional arrangements to aggregate their efforts, inter alia, infusion of modern production technologies and infrastructure support. The 14th FYP will have specific programmes to enhance production and productivity in agriculture, animal husbandry, and fisheries. This involves preparation of local level crop plans based on land suitability and other parameters.

It is in this backdrop the 14th FYP proposes greater participation of local governments in agriculture and allied activities, and enhanced plan expenditure in the sphere of agricultural production (GoK, 2022). This effort led by the Departments of Agriculture, Animal Husbandry and Fisheries will be coordinated at the grassroots level and the other tiers by Local Self Governments. Enhanced thrust on secondary agriculture might need deeper involvement by co-operatives and industry to facilitate credit support, aggregation, procurement, value addition, branding and marketing. Any effort to improve production and productivity of agriculture and allied sectors in the state cannot ignore cooperatives and other forms of collectives at the ground level. All such institutions need to be strengthened by linking them with more actors. Also, these efforts have to be provided with continuous technology backstopping and advisory support, for which reorientation and modernization of development agencies and R and D institutions are obligatory. In view of this, the 14th plan has given emphasis on devising measures to improve integration of development agencies at the local level. Accordingly, as per the new guidelines, development agencies will have to figure out the pattern of integration of state sponsored and centrally sponsored schemes with the local body's development projects as well as possibilities of integrating the efforts of local bodies at different tiers.

### **New pathways of local economic development**

Strategic planning for local economic development assumes great importance in the aftermath of Covid pandemic, as it is necessary for rekindling distressed communities, both rural and urban (Leigh and Blakely, 2013). As the post pandemic disruption of economic activities have had deleterious impact on rural livelihoods, the state has focused on enhancing livelihood options of people. This would be a comprehensive strategy involving creation of jobs at the grassroots level by yoking local resources, improving employability of local people by skilling them adequately and facilitating entrepreneurship development at the local level. This process is seen as an outcome and offshoot of the initiatives to increase production

and productivity, which would serve as the back-end processes for entrepreneurship and employment creation, leading to economic growth.

Local economic development had always been the key objective of decentralized planning. Ever since the beginning of the people's plan movement and until now, this has been implemented mostly through the Kudumbashree (Issac, 2021). Over this period, it has flourished into a ubiquitous entity that could lay hands on diverse sectors of development. It appears that even while Kudumbashree has grown into one of the most illustrative examples of creating social capital to improve livelihood security and socio-economic status of rural women, the potential of local economic development has been tapped only partially. The current requirement stemmed out of the pandemic calls for more expansive attempts to enhance production and economic growth in rural areas. It is in this background local governments have been required to engage more in local economic development.

Several innovative institutional arrangements have been proposed to enable this new drive at the grass roots level. The local governments can now support individuals and collectives to establish local enterprises by providing assistance for power supply, connectivity and water. They can also assist entrepreneurs to procure technologies from research institutions, solicit incubation support, foster innovations, revive defunct units and make investments by means of seed funds. This will be accompanied by an extensive programme to skill the rural youth to make them more employable by global agencies as well. Local governments will be the primary forum for coordinating entrepreneurship development programmes at the grama panchayat level. As local governments turn to be facilitators, an enabling eco system to foster innovation and entrepreneurship would be created at the grassroots level, further catalyzing the emergence of auxiliary services and institutions.

### **Eradication of absolute poverty and widening social security**

It is widely applauded that Kerala has the lowest head-count ratio of poverty among the states of India. However, there are traces of extreme poverty in many parts of the state. With targeted focus on the extremely poor households to address the causes of their condition one by one, task of eliminating extreme poverty in the State in the next five years is eminently achievable. The local governments have identified 64004 households under this category. Now they would prepare customized micro-plans to ensure that each household identified is provided with the means to come out of extreme poverty. The 14th Five-Year Plan will

devise a comprehensive strategy to sustain this achievement and prevent further destitution. It is well known that local governments had played the central role in most social welfare, social justice, and social security programmes. During the floods and the pandemic, the immediate public interface of the government was local governments and showed that they are the repositories of the people's confidence. Over these years, they have also progressed as organizers of vast and unprecedented acts of civic cooperation. Depending on this strength, local governments can bring in more eligible sections of the society under the social security net and provide them with diverse means of livelihood.

The 14th FYP, with the prime objectives of ensuring welfare of everyone and leaving out no one from the ambit of development, proposes to strengthen various social security measures that have helped reduce marginalization of weaker sections of the society. Local governments implement a range of special-sector programmes, which include programmes designed to serve the special needs of women, children, transgenders, persons with disabilities, senior citizens, and persons under palliative care. This plan would not only widen these activities, but also enhance the quality-of-service delivery. For this, a wide range of important services will be made available at the door steps of the needy. They will draw up projects to address diverse needs of the aged, children, women, transgenders, differently abled and those who require palliative assistance. The plan will continue to support these measures. It will also enhance the efforts of local governments to utilise scheduled caste sub-plan, tribal sub-plan, and local government development funds to enhance welfare, employment, and income generation in this sphere.

### **Action plan for climate resilience**

Increasing concerns on natural disasters and impacts of climate change have found an important place in the development perspective of 14th FYP. Subsequent to the floods in 2018 and 2019, there had been serious attempts to streamline climate change into strategic planning. Though it would take time to evolve effective solutions to tackle climate change, there has to be responsive systems at the local level to address contingent situations, restore livelihoods and build resilience. As demonstrated undoubtedly during the floods, local governments are the most effective actors in shaping up adaptive strategies at the grassroots level. It is proposed that during this plan period, local governments would devise effective systems to monitor climate change, plan local level interventions to manage disasters and

organize communities to adopt climate resilient practices and sustainable livelihood options. The action plan for climate change will be an innovative intervention by local governments.

### **Mainstreaming sustainable development goals in local planning**

Kerala has been topping Niti Aayog's Sustainable Development Goal (SDG) index list consistently since 2018. It is well known that significant strides have been made in housing, public education, health, natural resource management, social security etc. during the last five years. However, this accomplishment has to be seen as an outcome of fairly consistent policy interventions that enabled equitable distribution of resources and wealth for human welfare during the past several decades. It is the system of decentralized planning and development which has made this process easier as governance can now reach out to the common man. A close look at the constituent indicators of the SDG index shows that there are a few areas which can be still improved. There is also the challenge of sustaining the current accomplishments. In view of this, the 14th FYP envisages localization of SDG goals and use of this framework to set targets in key sectors, measure outcomes and monitor progress. The projects formulated by local governments will address various development issues which could be aligned with SDGs. Thus, Local governments would be able to mainstream the concerns of SDGs in local plans, which would eventually lead to still, better performance of the state in achieving SDGs at the national level, albeit the state being at the top at present.

### **Rapid urbanization and waste management**

Kerala's unique rural-urban continuum and the rapid urbanization call for concerted efforts by local governments to integrate various centrally sponsored programmes and externally aided projects with local-level plans to improve infrastructure, civic amenities and citizen services. Local governments should also have a clear conceptual approach towards tackling problems of urbanization. In the 14th FYP, local governments will focus on employing modern techniques and methods of spatial planning to identify solutions to various issues of urbanization and draft master plans for urban development. Building state of the art urban scapes within the existing limitations will be the major thrust area of local governments.



### **Unification of flagship missions**

Yet another important feature of the 14 FYP is that it has unified the Haritha Keralam (Green Kerala), Livelihood Inclusion Financial Empowerment (LIFE), Aardram (dealing with health), and Pothu Vidyabhyasa Samrakshana Yagnjam (dealing with school education, now renamed Vidya Kiranam) into a single Nava Kerala Karma Paddhathi (New Kerala Action Plan, or NKKP). These four missions have left indelible marks on the development history of the state as there had been great achievements in all the four sectors. In order to take these achievements forward, these missions would be integrated into one single mission, which would comprehensively managed. Local governments would be playing an important role in implementing this unified mission.

### **Conclusion**

The focus areas of local governments are quite exhaustive as they have to address every issue of local importance. This article attempted to highlight only a few areas of priority, considering their significance in the state's development scenario as of now. Local governments would fix their own priorities based on local relevance, even while aligning themselves with the general goals. However, 14th FYP would be critical to the state as it points to possibilities of growth and outlines new pathways for economic recovery and employment generation. Hence it is important that the priorities of the 14th FYP are not ignored while formulating local level plans. This would be increasingly relevant in coming years as fiscal constraints are likely to become more restrictive, with the GST compensation and Revenue Deficit Grant due to the State would cease midway in the initial years of this plan period. This would be compounded by the decision by the central government to bring back the ceiling of borrowing to 3 per cent of GDP. As the only State to have made a public commitment to continue the planning process, it is important that the goals of the five-year plan are achieved by investing scarce resources of the economy to productive and socially impactful purposes. Local governments are going to be more instrumental in realizing these goals.

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