

Twenty five years of decentralisation in Kerala: Some comments¹

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My task is to comment on the chapter on 25 years of decentralization in Kerala. It is very thoughtful of the State Planning Board to have started the Economic Review (2021) with a chapter on the theme. A quarter century is no small time span. We can look back to the past, review the present and reflect on the prospects for the future. This is precisely what the Board has done in that chapter.

Let me, by way of introduction, draw your attention to the fact that these 25 years I have been associated with the process in many ways. In 1996, immediately after the LDF government came to power, they made two important announcements: (a) resolve to devolve 35 per cent of plan funds to local governments and (b) to appoint a Committee on Decentralisation under Subrata Sen mandated to restructure the Panchayat and Municipality Acts (1994) to usher in a participatory local governance system. I was a member of the committee which submitted three volumes of reports that certainly laid the foundation of a sound legal and institutional frame work for democratic decentralization in Kerala. In 1997, I did a review for the government on restructuring the neighbourhood groups. Later in 2007, I was commissioned to review the Kudumbashree project launched in 1998 as a women oriented poverty alleviation programme. Then came the Committee for Evaluation of Decentralised Planning and Development (2007-2009) which I had the privilege to chair. Two years later the 4th State Finance Commission which I chaired was appointed. I am glad to report to this audience that all these reports have attracted not only scholarly attention, but the careful consideration of the Government of Kerala. I must mention in particular the Sen Committee,

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a report which was widely welcomed both by the Government as well as the Opposition. The Sen Committee served as the spring board for launching the People's Plan Campaign.

I am sure all the participants of this webinar know that Kerala's decentralised planning was the result of the 73rd & 74th Constitutional Amendments. For the benefit of the students here as also for the benefit of those who want to know the background of these Amendments, I may spell out some Articles. First is Article 243A which is part of the 73rd amendment. 243A starts with the Gram Sabha which consists of all voters at the village panchayat level. Indeed this signifies direct democracy par excellence. Article 243G is the most important (its corresponding Article is 243W in the 74th amendment). 243G speaks of two major goals of the Amendments: (1) the creation of institutions of self-government and (2) planning for economic development and social justice. These are unique goals unheard of in the fiscal federalism literature till date. 243H is on the power to impose tax, provide grants-in-aid etc. 243I is another important Article that provides for the creation of a State Finance Commission meant to rationalise state sub-state level fiscal relations.

Coming to the 74th amendment you have the 243ZD, which speaks about the whole process of planning which to be sure Kerala has translated into action in her own unique manner. Kerala has made tremendous contribution to decentralised planning. I shall critically review it. I should say Kerala's decentralization and planning is eminently great not because I was associated with it in contributing to its theoretical formulations and institution building but because it was *suigeneris* in concept, construction and implementation.

The first important thing is the approach of the State Planning Board which adopted what has come to be called the big bang approach meaning you start head on into the process of planning without waiting for the institutional framework to come up. The Sen Committee took up the idea of devolution of the three F's which became very popular in the whole country: function, finance and functionaries. The Board planned and argued for a simultaneous devolution of all these three dimensions. The 11th and 12th schedules of the Constitution spell out only subjects and not real functions or activities. We argued for functional mapping. For example, 117 functions for the village panchayat, and similarly for blocks, districts and municipalities etc. This was on the basis of a principle, called the principle of subsidiarity. I don't know if many of the students have heard what the principle of subsidiarity is. It is briefly what should be done best at a particular level should be done only at that level and not at a higher level. You cannot have college education under the

village, panchayats but nursery schools and primary schools can be with them. The principle of subsidiarity was the idea behind functional mapping, which we have drawn up at the Sen Committee. Then comes finance. The government did a great act as already said. As soon as they came to power in July 1996 the state government announced that 35 to 40% of the plan outlay will be given to local governments. Mind you it is not the budget share. The big bang approach was a great launch into the deep. Another in the same year is that Appendix-IV is added to the Kerala budget document. Appendix IV is a very important provision in that once the budget of the state government is passed by the legislature automatically the authority to the local governments to spend and that too by each category of local government is sanctioned. That is a big act. Then, we go to institutional decentralization. We created new institutions like IKM. I don't know whether it is functioning as per the objectives originally designed. IKM has created applications like Sulekha, Sevana, and Sankya, all these were parts of the IKM and facilitated project planning, accounting etc. Before anyone conceived of the Ombudsman idea at the local level, Kerala started with seven Ombudsman. Now, I don't know whether there is even one Ombudsman. Nobody hears about Ombudsman these days. Like that so many institutions like the State Development Council (SDC), are also not functioning. I would like to request the esteemed Vice Chairman, Planning Board to initiate steps to call the SDC. In fact, I was instrumental in bringing that institution. It was called only once or twice during the last 25 years. The Chief Minister is the Chairman of that and representatives of the local government and all the ministers comprise this council which could make meaningful reviews of the progress and suggest valid mid-course corrective steps. SDC suffered an atrophy. DPC, once the kingpin of decentralised planning is somewhat dysfunctional.

Indeed institutional decentralization was a great effort on the part of Kerala. Kerala tried to implement the concept of 'economic development and social justice'. The concept of economic development and social justice is unique which demand horizontal equity. I don't know how many other states have acted on that, but Kerala has delivered on many ways. Economic development and social justice can go together if land and water and so many productive resources are aligned together. When food security is ensured, you are taking the state towards economic development and social justice. Like that there are a whole spectrum of activities at the local level which can be tied together to facilitate economic development and social justice and ensure horizontal equity. The pension to agricultural labourers distributed through GPs is a great gesture. In fairness, we must also say that the concept of

social capital which today has a dominant place in the development literature has been mobilized for the benefit of the society. That was demonstrated very well when the Okhi cyclone was there, Nipah was there and then the two floods in 2018-19 and now we have the pandemic COVID 19. It was left to the local governments to rally support of their community to contribute their best in the form of social capital. Kudumbashree is Kerala's best example of social capital in action.

All these are made possible thanks to the massive devolution of resources to the local governments. During the first State Finance Commission only 0.8% of the GSDP, was devolved. But in 2013-14, it is 2.4% of the GSDP. Today it has declined. Look at the sixth report of the State Finance Commission; they have given a big table to show that devolution size has fallen. The contribution of the local government expenditure to GSDP is only less than 2% and probably a little over 1%. So you have to step it up I would say 3% to 4% if it is possible. Of course when we compare with the rest of India we have come up and we have a respectable track record. But these comparisons are not strictly relevant. We have to set 'models'.

Now I would like to share some of the areas that need improvement. Some of my colleagues may not agree. In regard to gender mainstreaming, we have to go a long way. Atrocities against women are increasing even at the village level. So gender mainstreaming is an important issue. I would characterize it as a social failure. I will not say it is a local government failure, but I am deeply concerned that when you say that 54% of the elected representatives of local governments comprise women, and when you boast of the fact that the Kudumbashree consists of 4.5 million women one may pose the question: are women critical decision-makers in Kerala? Why critical? Are they counted in the political process at all? With 12 out of 140 in the state Assembly, the percentage of women members is 8.5 per cent as against 14.2% in the Lok Sabha. This is a dismal pointer because Kerala is often projected as a case of high gender justice. Then coming to the question of social equity, have we made real progress in regard to SC/ST. Infant mortality and poverty among the tribals tell dismal tales. Take environment, I should say that, in protecting the environment, be that through solid waste, liquid waste or medical waste, we have to go a long way and local governments have not succeeded. Not only that, the growth of quarries is alarming. More than 10,000 illegal quarries are working. This too is a clear failure of the local governments. Kerala's eco-system is in jeopardy. Food security is always highlighted as the best

contribution, yes, but paddy land area and paddy production have considerably declined, Why? It is because you are conniving at the conversion of paddy lands. The local governments are also responsible for converting paddy land into non paddy lands, like houses, commercial sites, roads, or whatever.

In this way I can come up with so many flaws. I am not going to argue further on this, but let me conclude by saying that local democracy has a powerful role to play in the social and economic transformation of the state. But local democracy depends on the strength of the people, the capabilities of the people in decision making. On that score if people are not the real decision makers at the grass-root level, we are not making good progress at all. Local politics should change. Local politics should be local politics, it should not be taking orders from above, it should be a real bottom up exercise. So the character and quality of local politics should change. Nobody is worried about the fact that bottom-up planning has become bureaucratized and routinized. Corruption is well entrenched. Local democracy even if it has failed, it should survive for the benefit of Kerala, for the benefit of India. Only Kerala can take India to a better and durable path. I could go on. But let me stop.

Reference

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