PANCHAYATI RAJ AND PLANNING IN INDIA: PARTICIPATORY INSTITUTIONS AND RURAL ROADS

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ABSTRACT

The institutional structure of the Panchayati Raj, the local self-government system in India, and the implementation of rural development programmes in the context of a participatory approach have been examined in this paper. Although the Panchayati Raj institutions have existed for many years, owing to inherent weaknesses in the systems they were not very effective in the implementation of rural development programmes. Through constitutional amendments a third tier of local self-government has been set up and steps have been taken to remove the inherent shortcomings of the system. It is expected that the new Panchayati system should now provide the much needed non-bureaucratic institutional support to rural development programmes. With a more aware rural population, the prospects for success are perhaps brighter. The functioning of the new decentralized system has been examined with three case studies concerning rural roads planning and their implementation. Policy conclusions are drawn based on a general analysis of the new set-up, past experience and the findings from the three case studies.

INTRODUCTION

This paper examines the institutional structure and the implementation of rural development programmes in the context of participatory approaches in a decentralized framework. The description of the structure is accompanied by detailed case studies of rural roads planning. The paper is divided into three sections. The first sets out a brief background of decentralized development efforts in India and the considerable attempts at reorganizing the system in the late 1980s and

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the early 1990s. It then sets out the institutional framework of implementation, particularly around and after the Seventy-second and Seventy-third Amendment of the Constitution of India on Panchayati Raj (setting up a “third” tier of local self-government). The second section gives three case studies of rural roads planning and development. The first is a study of a successful project in Ahmedabad district of Gujarat. The second relates to a plan for the development of a road network in a watershed development project in India’s first major cooperative sugar factory area in western India. The third is the Marathwada study of local planning in Aurangabad district, which has as yet not taken off. The third section draws policy conclusions for institutional development to enhance the effectiveness of participatory approaches to rural development in India.

The research is largely based on secondary data. The three case studies were developed by field visits followed by data collection by the author and selected field collaborators. Data and reports from the Rural Development Division of the Planning Commission gave an up-to-date assessment of the countrywide situation. The concluding section is based on these sources and the author’s own experience.

I. DECENTRALIZED DEVELOPMENT EFFORTS IN INDIA

A. Historical background

Recognizing the importance of democratic institutions at the grass-roots level, the Indian Constitution laid down in Article 40 of Part IV of the Directive Principles of State Policy that the state would take steps to organize village panchayats and endow them with such powers and authority as might be necessary to enable them to function as units of self-government. The Panchayati Raj institutions became a state subject under the Constitution. The Balwant Rai Mehta Committee was appointed in 1957 to study the Community Development and National Extension Service programmes, especially from the point of view of assessing the extent of popular participation, and to recommend the creation of institutions through which such participation could be achieved. The Committee recommended the constitution of statutory elected local bodies with the necessary resources, power and authority devolved to them and a decentralized administrative system working under their control. It also recommended that the basic unit of democratic decentralization should be located at the block/samiti level.
The Committee envisaged directly elected panchayats for a village or group of villages, an executive body called Panchayat Samiti for a block with directly elected and co-opted members, and an advisory body called Zila Parishad at the district level constituted mainly through ex-officio members from the lower tier and others with the district chief as Chairman. The National Development Council affirmed the objective of democratic decentralization. This was the genesis of the Panchayati Raj system and when ushering it in, Nehru described it as “the most revolutionary and historical step in the context of New India”.

In 1972, the Planning Commission advised the state governments to set up state planning boards as apex planning bodies with the Chief Minister as the Chairman and the Finance Minister, Planning Minister, and technical experts representing various departments and disciplines as members. The plans envisaged the decentralization of the planning process to districts and ultimately to the block level. District planning bodies were constituted in all the states except Tripura and Arunachal Pradesh.

However, the district planning machinery has not really started functioning in some states. The current status is as follows:

**Table 1. Current status of district planning machinery in the states of India**

<table>
<thead>
<tr>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Set up</strong></td>
</tr>
<tr>
<td>Bihar</td>
</tr>
<tr>
<td>Karnataka Orissa</td>
</tr>
<tr>
<td>West Bengal</td>
</tr>
</tbody>
</table>

3
According to the information available, planning at block level has been entrusted to the Panchayati Raj bodies in West Bengal. Block level plans are being formulated in the state by block planning committees which are chaired by Sabhapatis of Panchayati Samitis. Thus, district plans and block plans and the schemes formulated for execution with the help of district plan funds are mainly implemented by the Panchayati Raj institutions, such as Zila Parishads, Panchayat Samitis, Gram Panchayats, and other local bodies.

In Karnataka, Zila Parishads and Mandal Panchayats have been entrusted with the responsibility of formulating and implementing district development plans after these bodies were set up under the Zila Parishads and Mandal Panchayats Act of 1983. The district planning committees function under the Zila Parishad. In some other states, such as Gujarat and Maharashtra, the district and block level agencies have been involved in plan formulation for a longer time.

B. Ferment in the 1980s

A number of committees and study groups reviewed the situation and made recommendations to strengthen the systems of integrated decentralized planning. The Ashok Mehta Committee reviewed the situation in 1978, recommending an institutional design for the Panchayati Raj in the light of the developmental thrust and technical expertise required for the planning and implementation of rural development programmes.

Working groups were appointed by the Planning Commission. The Working Group on Block Level Planning headed by Professor M.L. Dantwala in November 1977, and the Working Group on District Planning headed by Dr C.H. Hanumantha Rao, Member of the Planning Commission in September 1982, studied various aspects of decentralized planning at the district and block levels. Both Working Groups recommended that the basic decentralized planning function had to be at the district level. The Working Group on District Planning recommended that:

(a) For decentralized planning to make headway, institutional mechanisms had to be more broad-based with the active involvement of local representatives and endowed with a greater degree of autonomy in local decision-making;
(b) Panchayati Raj institutions and other local government institutions should play a crucial role in the district planning process.

The Committee to Review the Existing Administrative Arrangements for Rural Development and Poverty Alleviation headed by Dr G.V.K. Rao, Member of the Planning Commission (March 1985), also went into the question of decentralized planning and recommended that:

(a) Rural development should be the major component of district planning, though the District Plan should encompass the total activity of the district;

(b) The district should be the basic unit for policy planning and programme implementation. The Zila Parishad should, therefore, become the principal body for the management of all development programmes that could be handled at that level;

(c) Panchayati Raj institutions at the district level and below should be assigned an important role in respect of planning, implementation and monitoring of rural development programmes;

(d) Some of the planning functions at the state level might have to be transferred to the district level for effective decentralized district planning;

(e) In order to give some leeway and manoeuvrability in planning and decision-making, it was necessary to make some funds available to the District Planning Body, funds which were not tied to any departmental schemes and which might be used towards small schemes meant for the local priorities, needs and aspirations of the local community.

The mid-1980s saw the emergence of an influential movement to revitalize local self-government structures in India and link them with the agricultural and rural development process. There were two basic reasons for this. The first was the belief with the then Prime Minister Rajiv Gandhi that India was too ‘large’ a country to be ruled from a central place. The responsibility of the centre for many functions had to be at the local level. This would lead to accountability in the long run,
although in the short run resources would have to be allocated at the local level (if accountability was to be enforced) and these resources could be misused. Rajiv Gandhi, however, believed that in the long run democratic policies would take care of such abuse and so insisted on the political and economic enfranchisement of poorer groups (Scheduled Castes, Scheduled Tribes and women). The second reason was the fact that India’s initial agricultural planning systems were somewhat linear in nature, emphasizing, for example, canal and tube-well irrigation and high-yielding varieties and led to the favoured region, favoured crop strategy. The mid-1980s saw this strategy being questioned and the whole issue of widespread agricultural growth raised in terms of an agro-climatic plan. This in turn raised the question of local participation and voluntary organizations and the associated question of resource allocation and functioning of decentralized markets. The question raised was the manner in which special programmes for employment and rural development could be integrated with the agricultural development.

The mid-term appraisal of the Seventh Five-year Plan had anticipated these problems, as the following abstract shows:

“However, it is noticed that wherever the Panchayati Raj institutions have been actively involved, the implementation of rural development programmes has been better and the selection of beneficiaries and designing of schemes have been more satisfactory. The Planning Commission has been impressing upon the states that various rural development programmes will be realistic and meaningful only if people’s representatives are actively involved and associated in local level planning, design formulation and implementation of those programmes and the selection of beneficiaries in the anti-poverty and employment programmes such as IRDP, NREP, RLEG etc. and that there is no better instrument to meet this need other than the Panchayati Raj institutions” (Government of India, 1987:16).

The original Panchayati Raj Bill (1989) was an initiative not only to decentralize power, but to politically enfranchise the poorer sections of society, such as Scheduled Castes, Scheduled Tribes and women, who form a large part of the landless labourer and artisan populations. The Jawahar Rozgar Yojana (JRY), a nationwide employment scheme, attempted to put economic power behind this change.
The manual of JRY clearly brought out these intentions as follows:

The construction or renovation of irrigation tanks is one of the important community works which can be taken up under JRY. Similarly, items, such as land shaping, drainage, and field channels on private lands which are part of a project to improve the productivity of an area can be undertaken. However, only those blocks of land would be taken up under the programme if more than 50 per cent of the landholders were small and marginal farmers and they owned not less than 25 per cent of the land in the block. The total number of farmers covered by any such works should not be less than 10. No recovery of the cost of land development will be made from the small and marginal farmers. In the case of large farmers, the recovery pattern will be prescribed by the state government. The rate of recovery will be the same as in a similar scheme being implemented by the state government.

The original Panchayati Raj Bill tied it all up as follows:

(a) Seats shall be reserved for the Scheduled Castes and the Scheduled Tribes in every Panchayat and the number of seats so reserved shall bear, as nearly as may be, the same proportion to the total number of seats to be filled by direct election in that Panchayat as the population of the scheduled castes in that panchayat area or of the scheduled tribes in that panchayat area bears to the total population of that area.

If the population of the scheduled castes or, as the case may be, the scheduled tribes, in a panchayat area is not sufficient for the reservation of any seat, one seat for the scheduled castes or, as the case may be, one seat for the scheduled tribes, will be reserved in that panchayat.

(b) As nearly as may be, thirty per cent of the total number of seats reserved under Clause (a) shall be reserved for women belonging to the scheduled castes or, as the case may be, the scheduled tribes.

Subject to the provision 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 panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to:

(i) The preparation of plans for economic development and social justice;

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

The organizational structure was to be in position to address the basic problems of underdevelopment in the Eighth Plan. However, the process was delayed and many of the original provisions of the Bill were watered down since discretionary powers were given to the states. However, the central features remained, namely, compulsory election; reservation for Scheduled Castes, Scheduled Tribes and women; devolution of resources and powers as outlined above; and rural development programmes, such as JRY which would directly allocate resources at the village level, depending on the indicators of unemployment.

A village can now receive around 60,000 rupees under JRY, or 2,000 person days of employment. Thus, twenty families can have up to 100 days of employment. This kind of input can desilt a village tank by about 3 feet or meet around 30 per cent of the labour requirements of contour bunding and gully plugging in a medium-sized watershed. Thus, integration possibilities existed with the agro-climatic plan. The agro-climatic plan was to be operationalized at the district level (Alagh 1990: Government of India 1993) to fulfill the objectives of minimum needs and employment.

A recent ILO review of this programme (ILO 1997) states the following:

A number of employment generation schemes had been initiated in India, specially since the mid-1960s, in order to help the poor raise their income levels through additional employment. Most of the initial schemes were tentative and limited in scope. At the end of the 1970s, an attempt was made to rationalize these schemes into two comprehensive nationwide schemes – the National Rural Employment Programme (NREP) and the Rural
Landless Employment Guarantee Programme (RLEGP). The operation of these schemes left much to be desired; assets created were usually not economically productive, felt needs of the people were not reflected, funds did not go where they were most needed, the system of project approval was inefficient and time-consuming, and the states tended to use the funds allocated for the programmes for other purposes. All this led to the replacement of NREP and RLEGP with a single scheme – the Jawahar Rozgar Yojana (JRY) towards the end of the 1980s.

JRY, a nationwide programme, is funded jointly by the central (80 per cent) and state (20 per cent) governments. Allocation of funds is based on a formula designed to ensure that the distribution of funds corresponds to the distribution of the poor across the regions. Part of the funds (less than 25 per cent) allocated to a state are earmarked for two sub-schemes of JRY: Indira Awaas Yojana – a scheme for building houses free of cost for the weaker sections (Scheduled Castes, Scheduled Tribes and liberated bonded labour), and the Million Wells Scheme for constructing dug-wells free of cost for small and marginal farmers. Of the remaining funds, 80 per cent goes to village Panchayats and the balance to the district authorities.

The village Panchayats are free to decide on the use of funds, except that 22.5 per cent must be devoted to works that directly benefit the weaker sections of society. Funds allocated to the district, however, must be spent in accordance with a given schedule, including an individual beneficiary scheme for the Scheduled Castes and the Scheduled Tribes. Significantly, 10 per cent of the funds are to be allocated for the maintenance of assets already created.

The choice of community assets to be built is not restricted. Assets that may be owned by a group of individuals can be included in the works if they result in a flow of income for the group. Land development in small and marginal farms is also permissible if the owners are in the poor category, as are works for identified poor individuals among the weaker sections.

The responsibility for identifying and executing works rests at the district level with the District Rural Development Agency or the Zila Parishad (district Panchayat) and at the village level with the village Panchayat. The latter is empowered to take up any project that has been technically appraised and approved by the Panchayat Samiti.
(block Panchayat). To avoid deviation and malpractice, the village Panchayat is required to prepare muster rolls in detail for the labour employed and display them at a public place. For all works under JRY, the wage paid is the minimum wage as prescribed under the Minimum Wages Act. Two kilograms of foodgrains at subsidized rates are also made available to the workers.

All works undertaken are included in the Annual Action Plan. Priority is required to be given to incomplete works from the previous Plan. At the village level, the Plan has to be discussed in the village Panchayat and care has to be taken to ensure that top priority is given to works benefiting the weaker sections of the community. The village Panchayat must also report on the progress of work to the Gram Sabha (village assembly) at least twice a year.

Since its inception in April 1989, an average of 8 to 9 million mandays of employment have been annually created under JRY. An average amount of 32.7 billion rupees was available to JRY in the first two years. In the following two years, the implementation of macroeconomic stabilization measures led to a substantial decline in the resources available to JRY. In 1993/94, however, there was a substantial increase.

It is evident that the Panchayats are, in principle, substantially involved in implementing JRY. However, the Panchayats have so far been ineffective and, consequently, government bureaucracies have played a dominant role in the implementation process. There were several reasons for this, most importantly the inherent weaknesses in the Panchayat system as provided for in the Constitution. Recently, the government has been able to mobilize political support for bringing the Panchayat system to centre stage and passed the Constitution (Seventy-second Amendment) Bill, 1991 thus removing the system’s inherent shortcomings. The new Panchayat system should now provide the much-needed non-bureaucratic institutional support to the poverty alleviation programmes and with a more aware rural population, the prospects for its success are perhaps brighter (Alagh 1993).

The Act enjoins the states to endow the Panchayats with such powers as to enable them to prepare and implement plans for economic development and social justice. Clearly, devolution of power has to be both administrative and financial. It envisages the constitution of a state finance commission once in every five years to review the financial
position of the Panchayats. The 11th schedule in the constitution lists 29 functional areas to be brought within the purview of the decentralized planning level, including agriculture and allied activities, irrigation, social forestry, village and small-scale industries, water supply, housing, roads, education and poverty alleviation programmes. Resources and funds flowing from various departments of the state governments and from centrally-sponsored schemes to the district and sub-district levels can be dovetailed within a local area plan. This would ensure better utilization of resources under one umbrella with priorities assigned to activities on the basis of the felt needs of the people.

State governments have enacted appropriate conformity legislation. Similarly, all the states have set up state finance commissions to review the financial positions of the Panchayats and recommend principles which should govern the distribution of the net proceeds of duties and taxes etc. between the states and Panchayats and between Panchayats at different levels. They also suggest ways of raising their own resources by the Panchayats. Meanwhile, the government has accepted the recommendations of the Tenth Central Finance Commission to give ad hoc grants-in-aid of 43.81 billion rupees to the states in four instalments commencing from the financial year 1996/97.

Panchayats have been empowered by the Seventy-third Amendment. Access to and effective control over resources is a critical component of this empowerment. The real issues of such access are knowledge and awareness of the needs of the people, legal rights, availability and accessibility of social and economic resources. These changes in procedures and organizations have as yet not fully taken place as envisaged in the legislation. It also requires restructuring relationships including looking at gender issues both at the micro and macro level.

II. WORKING OF THE PARTICIPATORY PLANNING SYSTEM: RURAL ROADS CONSTRUCTION AS CASE STUDIES OF RURAL DEVELOPMENT

A good way of examining the working of the set up created by these Constitutional Amendments is to examine the actual functioning of the decentralized system. We do so with three case studies of rural roads planning and their implementation. The first is from a developed
district, Ahmedabad in Gujarat – a state with a long tradition of decentralized development and a reputation for some institutional reform. The second is from an area which has a long tradition of rural development, but not through government efforts. India’s first cooperative sugar factory was set up at Loni, a backward area of western Maharashtra in Ahmednagar district. Its founders were the rural development leader, Vikhe Patil and the economist, D.R. Gadgil. The issue here concerns the coordination between people’s representative institutions and a non-governmental organization (NGO) such as an all-purpose development cooperative. The third case study is from a backward area of a state, the Aurangabad Division of Maharashtra, which has a well-developed system of decentralized institutions but development planning at the local level has not yet been activated. This would be the case of the “problem area”.

A. Ahmedabad rural road development plan

The Ahmedabad district is in central Gujarat and is dominated by the industrial town of Ahmedabad, where the first textile factory in India was set up in 1868 AD. In 1991, the district had a population of 4.80 million, of which 74.7 per cent was urban. The district consists predominantly of alluvial soil and has 90 cm of annual rainfall on average. The River Sabarmati traverses the district from a north-easterly to a south-westerly direction and ends in the marshes of the Gulf of Cambay off Dholera. The Khari, Meshwo, Onkar, Bhadar, Neelka and Utavali drain into the Sabarmati at Voutha. Rainfall is mostly from June through September and the rivers flood in this period. The district consists of the Talukas of Dascroi, Sanand, Dehgam, Dholka, Viramgam and Dhanduka.

A district road plan was prepared in the early 1970s when India’s Fifth Five-year Plan laid down the objective of connecting of each and every village as a minimum need. This was approved later by the District Planning Board. First priority was given to villages with a population of 1,000 and above. The remaining villages were to be connected later. The plan consisted of works to connect every village to the nearest road. Villagers were not involved in the choice of the network although representatives were involved in priority setting.

Funds for the construction of rural roads were obtained from different sources, such as the state budget, Minimum Needs Programme (now Basic Minimum Services), Central Assistance for Rural Landless
Employment Guarantee Programmes, famine and drought relief, and Employment Guarantee Programme. Some of these programmes were later merged into one programme under the name ‘Jawahar Rozgar Yojana’, abbreviated to JRY.

By March 1993, Ahmedabad district had rural road links to 645 villages out of a total of 653 villages. Seven out of the remaining eight villages have also been provided with metalled roads. The status of road links in the district is as follows:

Table 2. Status of rural roads in Ahmedabad district, 1998

<table>
<thead>
<tr>
<th>Category of roads</th>
<th>Blacktop (km)</th>
<th>Water-bound macadam (km)</th>
<th>Earthen (km)</th>
<th>Total (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major district roads</td>
<td>1 024</td>
<td>35</td>
<td>30</td>
<td>1 089</td>
</tr>
<tr>
<td>Other district roads</td>
<td>297</td>
<td>34</td>
<td>8</td>
<td>339</td>
</tr>
<tr>
<td>Village roads</td>
<td>623</td>
<td>202</td>
<td>179</td>
<td>1 004</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 944</strong></td>
<td><strong>271</strong></td>
<td><strong>217</strong></td>
<td><strong>2 432</strong></td>
</tr>
</tbody>
</table>

*Source: Master Plan for Balanced Development of Ahmedabad District.*

Given the available resources, the existing work plan for rural roads is given in table 3.

Table 3. Existing work plan for rural roads

<table>
<thead>
<tr>
<th>Type of work</th>
<th>Number of works</th>
<th>Total length (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village to be connected with highway</td>
<td>1</td>
<td>2.40</td>
</tr>
<tr>
<td>Metalled or earthen work needing completion and black topping</td>
<td>43</td>
<td>79.85</td>
</tr>
</tbody>
</table>

*Source: Master Plan for Balanced Development of Ahmedabad District.*

Field work in the district suggests that connectivity, in the sense of a working link with a district, state or national highway, is no longer a problem in Ahmedabad district. The problems now are whether the community is willing to contribute a share for improved communications.
We will return to this problem later. Meanwhile, the working of the system at the local level is fairly effective. The standard of work achieved in rural and village roads is good. Community participation in the implementation of the construction programme is effective. The villagers normally donate land for the road through their Panchayats. Sometimes, there is a labour contribution; always the villagers are involved in the construction; they keep watch on the material used and the progress of work. Deficiencies are reported to the supervisory authorities and soon become an issue. There is a separate rural roads organization for back-up. Planning of works is on an annual basis and is transparent. The source of construction material at the Naguesh quarry is identified and the rate structure is worked out for each village in the schedule of rates.

The real problem now is the identification of additional works given that all villages stand connected. Field responses suggest two reasons for additional demands, economic and religious.

Granite polishing has come up in Sola village on the border of the Ahmedabad Municipal area. Around 134 persons are employed in the cutting and polishing factories. A majority of them commute from two villages which as the crow flies are 3.5 and 5 kilometres away. These are Chainpur and Jagatpur. But during the four-month monsoon period the direct fair weather path is not available and they have to commute more than 12 kilometres using National Highway No. 8 off which Sola is located. On account of the fast expansion of building activity, the work of granite cutting and polishing is expected to expand rapidly.

The village of Ganapatipura is near Dholka a town in rural Ahmedabad. It boasts of a centuries old Ganesh temple, the origins of which are shrouded in antiquity. On Saturdays and “Chaturthi”, the fourth day of the lunar calendar, up to fifty thousand pilgrims throng to the temple. On special occasions, this crowd can double. The village of Ganapatipura is situated off a district road. All the villages around the temple have a high demand for a direct connection to this religious centre. Two such connections to clusters of villages have already been constructed. One more has just been approved.

It is broadly estimated that from diverse sources – people’s contributions, employment programmes, contributions from local area development funds of members of the state legislature – from 20 to
25 kilometres of such roads are built annually. But there is no comprehensive plan for demand oriented road construction, which is additional to the All India plan for rural connectivity.

Ahmedabad district is also interesting in that a special bond for financing development works has been issued by the Ahmedabad Municipal Corporation. The Corporation is financing investments, in part, through India’s first municipal bond issue. This investment programme is the culmination of a progressive programme of administrative and financial reform within the corporation itself and a partnership developed between USAID, the FIRE Project of USAID and the Ahmedabad Municipal Corporation.

The Ahmedabad project features two important innovations in the urban infrastructure sector. First, it is financed by India’s first municipal bond issued without a state guarantee. Ahmedabad’s first credit rating, issued in February 1996 was A+, indicating adequate security for investors, for an issue of 1 billion rupees. The Municipal Corporation returned to Credit Rating Information Services of India (CRISIL) the following year, however, with a structured debt obligation, a concept introduced by the FIRE Project, to request an SDO (structured debt obligation) rating. CRISIL issued an AA(so), indicating a high degree of security. With this SDO approach, the corporation was able to draw greater interest in its bonds.

The bond issue was prepared by IL & FS (lease financing agency) whom the corporation had appointed as its investment bankers. Structured basically as a general obligation, it also had a revenue bond flavour due to credit enhancement in the form of a structured repayment mechanism. Specified revenues, in this case receipts from specified octroi collection posts, are deposited in an escrow account and payments to bond holders are supervised by a trustee. The issue was structured as a 75 per cent public placement, with the remainder publicly issued. When the bonds were finally issued in January 1998, they were fully subscribed and regarded as a great success.

The second innovation relates to the management and implementation of the Corporation’s infrastructure investment plan. Project management consultants have been enlisted from the private sector to facilitate the process of project design and approval, tendering, construction supervision, quality control, audit and budgetary controls and payments. This structure is based on the approach developed by
the City and Industrial Development Corporation of Mumbai to successfully execute a number of large projects simultaneously. The FIRE Project has been worked out to promote the use of project management consultants from the private sector as a means of increasing efficiency, lowering costs and decreasing time and cost overruns.

Another innovation has been a 3.5 kilometre market in the prime commercial area of Ahmedabad constructed with private-public partnership. Ahmedabad Municipal Corporation appointed Mr Bimal Patel, an award-winning architect who also runs a non-profit corporate firm of town planning services, to design the most “modern” urban road in the country. A local firm agreed to finance the 35 million rupee project. Advertisement rights of the new road have been given to the firm for seven years to recover its costs.

B. A road project in a cooperative factory area:  
The case of Pravara

The Gogalgaon group of five villages belongs to a perpetually drought prone area. Rainfed crops, such as millets, lentils and fodder crops, were grown here. Allied economic activities such as dairying and poultry gave some income stability to the farmers. Dr Vitthalrao Vikhe Patil Cooperative Sugar Factory and the many educational institutions provided employment opportunities. From 1995, the villages were covered under an integrated watershed development project, with the support of PIRENS Loni, an NGO. The project components include farm bunding to prevent rain water and top soil run-off, continuous contour trenches along the hillside and tree plantation in those trenches, grass-growing to encourage stall-feeding of cattle so as to protect the trees, etc. In the first year, the water table improved and there was a shift to growing fruits, vegetables and flowers. About 40 per cent of the land abandoned earlier due to water shortage was brought under cultivation.

The villagers contribute 16 per cent of their daily wage earnings as their project contribution and 100 rupees per year per family as a maintenance fund. The entire project is being implemented with the help and cooperation of a village watershed committee which receives technical and managerial inputs from the project staff and takes the necessary decisions. Once in two months, all the villagers come together to review the progress of the project. They use this platform to discuss
conditions, access to health-care facilities and the need for a sports
ground. The women of the villages have formed a self-help group.
Discussions are ongoing about the economic activities they would like
to start.

The first activity undertaken by the villagers, apart from the
project work, was filling the craters on the approach road to the project
site to facilitate the visits of people to see the progress of the project.
They contributed the tractor time, stone and labour. As a goodwill
gesture, the NGO met the fuel expenses to run the tractor. They covered
the open drains at points where there was maximum seepage. A fairly
good road which interconnects three villages and ultimately connects to
the Mumbai-Nashik State Highway became the top agenda during village
meetings. The road, as proposed by the villagers, would reduce by 10
kilometres the distance to stable markets for the fruits and flowers grown
in the villages. It would improve access to the Indian Technology
Institute and the arts, science and commerce college in Rahata. Sugar
cane growers from Ashwi and nearby areas need to transport cane to the
Pravaranagar sugar factory. For them, the distance would now be
reduced. Students from Ashwi and nearby villages would have a shorter
distance to travel to reach the schools and colleges, including technical,
medical and dental colleges in Loni, if the new road was constructed.
The speciality hospital in Loni would become more accessible to the
villagers. The distance of the villages to Shirdi, a major pilgrim centre,
would also be reduced by 10 kilometres. This pilgrimage centre attracts
thousands of pilgrims on major Hindu and Muslim festivals.

A technical team from the NGO visited the villages for
a pre-feasibility study of the road project. Details about the ownership
of the land that would be covered under the project were collected by
the villagers themselves. There were village panchayat meetings and
village level meetings where resolutions were passed to support this
project. Representatives of the NGO participated in some of these
meetings where the village leaders highlighted the existing road structure
and the benefits of building the proposed road. Rough sketches of the
project were prepared and benefits from it were worked out.

The NGO deputed a technical team to actually measure the
proposed road length, prepare the technical details and work out the
project costs. The project details, as worked out, are as follows:

- Total road length proposed: 10.5 kilometres.
Cost of the project covering 10.5 hectares and 6 drains: Rs. 4.3 million approximately, 0.4 million rupees per kilometre.

As already mentioned, the villagers are at present paying 16 per cent of their daily wages as their contribution and 100 rupees per family towards a maintenance fund, and have committed themselves to contributing similar amounts if this project is implemented. The Zila Parishad, however, is not able to fund this project and the villagers are looking for a funding mechanism for it. The initial reactions of the funding agencies are encouraging.

C. Roads in a backward region: The Marathwada case study

The Constitutional Amendments have set up a legal structure but in many areas the instrumentalities for development planning at the local level have not as yet been activated. The Marathwada area in Maharashtra, which is a backward drought prone area but with a long tradition of local self-government, is an example of this pattern. Recent case studies in different parts of India suggest that own resources as a method of financing development efforts has decreased. This has also meant a decline in the ability of local bodies to raise institutional finance. This, in turn, has meant that the operational flexibility of these institutions has decreased. Their dependence on central resources, particularly through the employment scheme – JRY, has increased. The share of the local bodies’ own resources funding recurring expenditure – mainly salaries of staff – has gone up. The overall size of development expenditure has in many cases gone down. In many areas there are too many “starts” of investment projects leading to lack of completion and cost overruns through works in progress. Generally, maintenance of existing assets has been neglected. There has been in many cases no relation between levels of development and the size of the development effort.

Many of the features described above are reported in detail in the Marathwada Study conducted by Swami Ramanand Teerath Research Institute. This study was conducted in the six districts of Nanded, Aurangabad, Parbhani, Beed, Osmanabad and Latur, and the results are reported in table 4.
### Table 4. Panchayati Raj finances in Marathwada

(thousands of rupees)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Particulars</th>
<th>Nanded</th>
<th>Aurangabad</th>
<th>Parbhani</th>
<th>Beed</th>
<th>Osmanabad</th>
<th>Latur</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Finances of Z.P.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Incomes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Tax and cess.</td>
<td>901.60</td>
<td>81.45</td>
<td>59.02</td>
<td>61.15</td>
<td>33.44</td>
<td>67.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(8.3)</td>
<td>(0.26)</td>
<td>(15.9)</td>
<td>(0.9)</td>
<td>(0.4)</td>
<td>(0.8)</td>
</tr>
<tr>
<td>4.</td>
<td>Non-tax</td>
<td>47.01</td>
<td>62.15</td>
<td>17.92</td>
<td>76.90</td>
<td>60.91</td>
<td>1.71</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.5)</td>
<td>(0.5)</td>
<td>(0.8)</td>
<td>(1.2)</td>
<td>(0.9)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>5.</td>
<td>Grant from government</td>
<td>9 579.31</td>
<td>6 699.05</td>
<td>38.81</td>
<td>6 917.47</td>
<td>7 828.43</td>
<td>3 309.12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(88.7)</td>
<td>(52.2)</td>
<td>(10.5)</td>
<td>(96.8)</td>
<td>(98.7)</td>
<td>(95.0)</td>
</tr>
<tr>
<td>6.</td>
<td>Borrowing/other</td>
<td>273.60</td>
<td>5 987.24</td>
<td>255.22</td>
<td>89.34</td>
<td>1.50</td>
<td>363.47</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2.5)</td>
<td>(46.7)</td>
<td>(68.8)</td>
<td>(1.1)</td>
<td>(Neg.)</td>
<td>(4.1)</td>
</tr>
<tr>
<td>7.</td>
<td>Total</td>
<td>10 801.52</td>
<td>12 829.90</td>
<td>370.97</td>
<td>7 144.86</td>
<td>7 926.28</td>
<td>8 741.30</td>
</tr>
<tr>
<td>8.</td>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Total (expenditure)</td>
<td>9 798.56</td>
<td>12 521.92</td>
<td>442.16</td>
<td>7 905.03</td>
<td>7 957.02</td>
<td>12 865.01</td>
</tr>
<tr>
<td>10.</td>
<td>Capital (expenditure)</td>
<td>498.04</td>
<td>1 008.40</td>
<td>300.27</td>
<td>–</td>
<td>1.50</td>
<td>5 297.09</td>
</tr>
<tr>
<td>11.</td>
<td>Revenue (expenditure)</td>
<td>9 300.52</td>
<td>11 513.52</td>
<td>141.89</td>
<td>7 905.03</td>
<td>7 956.52</td>
<td>7 567.92</td>
</tr>
<tr>
<td>12.</td>
<td>Per capita (Rs.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Tax income</td>
<td>49.51</td>
<td>5.48</td>
<td>3.60</td>
<td>4.09</td>
<td>3.08</td>
<td>5.03</td>
</tr>
<tr>
<td>14.</td>
<td>Non-tax income</td>
<td>2.58</td>
<td>4.19</td>
<td>1.09</td>
<td>5.14</td>
<td>5.62</td>
<td>0.13</td>
</tr>
</tbody>
</table>

Source: Swami Ramanand Teerath Research Institute, undated, Marathwada Study, Aurangabad.

Note: Figures in parentheses indicate the percentage of the total.

The main sources of revenue are taxes, non-tax user charges, grants and borrowings. Per capita tax income varies from Rs. 3.1 to Rs. 49.5, but non-tax user charges are low in all districts, less than or equal to Rs. 5. In the poorest district of Parbhani grants are the lowest and tax revenue share the highest.

Expenditure, both revenue and capital, is low in the most backward districts. Per capita expenditure varies from Rs. 21 in Parbhani to Rs. 960.7 in Latur. There is no provision for maintenance. JRY is an important source of funding and activity.
According to the study, about 8 to 10 per cent of expenditure was on roads and bridges. The poorest district of Parbhani had only Rs. 18.7 spent on this head, although it had a separate allocation under the Tribal Sub-plan. In other districts the allocations varied from Rs. 50 million to around Rs. 120 million annually.

It may be pointed out that in this “problem area” of a backward region the instrumentalities for development planning at the local level have not yet been activated because of the local bodies’ inability to mobilize their own resources or to raise institutional finance. This fact has been clearly brought out by the results of the above study as presented in table 4.

III. POLICY AREAS FOR INSTITUTIONAL DEVELOPMENT TO ENHANCE PARTICIPATORY APPROACHES TO RURAL DEVELOPMENT

In this section, we briefly review the current situation of local institutions for participatory planning in India. The basic constructs of the system have been set up. Effectiveness depends on three factors. The first is a genuine attempt at giving flexibility to local institutions in implementing major developmental initiatives such as the Basic Minimum Services Programme and the Special Employment Programme (JRY). The second is the need to involve local institutions in the country’s economic liberalization and restructuring programmes. The Ahmedabad Municipal Bond issue focuses on this issue, which is basic to the success of participatory planning for infrastructure development in India. Without restructuring, local bodies will not be able to mobilize resources for such development. This restructuring has to be done at three levels – local, state and central. Finally, when the three tier system has been set up, its development will need continued emphasis on transparency, genuine transfer of power and administrative coordination and reform, particularly in planning and implementation.

The first aspect to underline is that while local government, as a part of the process of democratic decentralization, is over four decades old in India, it was the Seventy-third Amendment to the Constitution which was indeed a far-reaching, if not a revolutionary step. It gave constitutional validation and empowerment to the third tier of government. Elected leadership at the local level became mandatory. The provision of positive affirmation mandated through the constitutional
law that one third of the elected leadership at the local level had to consist of scheduled castes, scheduled tribes and women, was indeed a major breakthrough. The process of transfer of power has begun and in the long run there will be no going back.

The discussion in this paper underlines the fact that there is a need for greater focus on the central resources made available to the Panchayats through JRY. The system of responsibility and resource-raising at the state level has as yet not been set up in an organized way and the question of restructuring and reform needs urgent attention. As regards roads, the problem of rural connectivity is still to be solved in some regions, but in others, the quality of the road link is becoming the issue. Resources for the purpose will involve a restructured system of local finance.

The basic minimum need for roads is an accepted norm in India. The situation at present is that in some large states substantial progress lies ahead. In Arunachal Pradesh, Bihar, Madhya Pradesh, Orissa, Punjab and Rajasthan, less than 40 per cent of villages are connected (table 5). The Annual Plan for 1996/97 contained a long-term policy on the provision of seven basic common services throughout the country in a time-bound manner, including rural roads. An allocation of 24.6 billion rupees for basic common services was made under the heading ‘Central Assistance to State Plans’.

For this, a group of Chief Ministers working with the author evolved a strategic approach to the State Plan. This indicated development options by the Planning Commission, leaving details to the state authorities, and the stipulation of much stronger evaluation procedures. The Planning Commission indicated the overall ceilings of additional resources to the state and they, in turn, decided on the phasing of priorities in areas such as drinking water, rural literacy, health programmes and rural roads. The state governments were requested to take similar initiatives towards decentralization at the local level (for details, see Government of India 1997).

This approach, which is included in the approach paper to the Ninth Plan, was described by the present author as follows:

“Economic growth and employment opportunities in themselves may not be sufficient to improve the living conditions of the poor. They need to be accompanied by measures which enhance the quality of life.
Table 5. Total number of villages connected with rural roads in 1995

<table>
<thead>
<tr>
<th>S. No.</th>
<th>States/UTs</th>
<th>Total no. of villages</th>
<th>Villages connected by 31.03.95</th>
<th>Percentage connected (State)</th>
<th>Balance of villages to be connected</th>
<th>Percentage unconnected (All India)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Andhra Pradesh</td>
<td>27 355</td>
<td>16 174</td>
<td>59.13</td>
<td>11 181</td>
<td>3.66</td>
</tr>
<tr>
<td>2.</td>
<td>Arunachal Pradesh</td>
<td>3 257</td>
<td>755</td>
<td>23.18</td>
<td>2 502</td>
<td>0.82</td>
</tr>
<tr>
<td>3.</td>
<td>Assam</td>
<td>22 496</td>
<td>15 877</td>
<td>70.58</td>
<td>6 619</td>
<td>2.17</td>
</tr>
<tr>
<td>4.</td>
<td>Bihar</td>
<td>67 566</td>
<td>24 016</td>
<td>35.54</td>
<td>443 550</td>
<td>14.25</td>
</tr>
<tr>
<td>5.</td>
<td>Goa</td>
<td>398</td>
<td>373</td>
<td>93.72</td>
<td>25</td>
<td>0.01</td>
</tr>
<tr>
<td>6.</td>
<td>Gujarat</td>
<td>18 114</td>
<td>16 538</td>
<td>91.30</td>
<td>1 576</td>
<td>0.52</td>
</tr>
<tr>
<td>7.</td>
<td>Haryana</td>
<td>6 745</td>
<td>6 707</td>
<td>99.44</td>
<td>38</td>
<td>0.01</td>
</tr>
<tr>
<td>8.</td>
<td>Himachal Pradesh</td>
<td>16 807</td>
<td>7 557</td>
<td>44.96</td>
<td>9 250</td>
<td>3.03</td>
</tr>
<tr>
<td>9.</td>
<td>Jammu and Kashmir</td>
<td>6 215</td>
<td>3 941</td>
<td>63.41</td>
<td>2 274</td>
<td>0.74</td>
</tr>
<tr>
<td>10.</td>
<td>Karnataka</td>
<td>27 028</td>
<td>13 267</td>
<td>49.09</td>
<td>13 761</td>
<td>4.50</td>
</tr>
<tr>
<td>11.</td>
<td>Kerala</td>
<td>1 268</td>
<td>1 268</td>
<td>100.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>12.</td>
<td>Madhya Pradesh</td>
<td>70 883</td>
<td>19 756</td>
<td>27.87</td>
<td>51 127</td>
<td>16.73</td>
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<tr>
<td>13.</td>
<td>Maharashtra</td>
<td>36 385</td>
<td>17 424</td>
<td>47.89</td>
<td>18 961</td>
<td>6.20</td>
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<td>14.</td>
<td>Manipur</td>
<td>2 037</td>
<td>982</td>
<td>48.21</td>
<td>1 055</td>
<td>0.35</td>
</tr>
<tr>
<td>15.</td>
<td>Meghalaya</td>
<td>4 902</td>
<td>2 501</td>
<td>51.02</td>
<td>2 401</td>
<td>0.79</td>
</tr>
<tr>
<td>16.</td>
<td>Mizoram</td>
<td>737</td>
<td>643</td>
<td>87.25</td>
<td>94</td>
<td>0.03</td>
</tr>
<tr>
<td>17.</td>
<td>Nagaland</td>
<td>1 119</td>
<td>1 034</td>
<td>92.40</td>
<td>85</td>
<td>9.46</td>
</tr>
<tr>
<td>18.</td>
<td>Orissa</td>
<td>47 305</td>
<td>18 396</td>
<td>38.89</td>
<td>28 909</td>
<td>9.46</td>
</tr>
<tr>
<td>19.</td>
<td>Punjab</td>
<td>12 168</td>
<td>12 150</td>
<td>38.89</td>
<td>28 909</td>
<td>6.93</td>
</tr>
<tr>
<td>20.</td>
<td>Rajasthan</td>
<td>33 305</td>
<td>12 125</td>
<td>36.41</td>
<td>21 180</td>
<td>0.04</td>
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<tr>
<td>21.</td>
<td>Sikkim</td>
<td>440</td>
<td>325</td>
<td>73.86</td>
<td>115</td>
<td>2.56</td>
</tr>
<tr>
<td>22.</td>
<td>Tamil Nadu</td>
<td>25 299</td>
<td>18 485</td>
<td>70.29</td>
<td>7 813</td>
<td>0.27</td>
</tr>
<tr>
<td>23.</td>
<td>Tripura</td>
<td>4 718</td>
<td>3 895</td>
<td>82.56</td>
<td>823</td>
<td>20.34</td>
</tr>
<tr>
<td>24.</td>
<td>Uttar Pradesh</td>
<td>112 566</td>
<td>50 376</td>
<td>44.75</td>
<td>62 190</td>
<td>6.50</td>
</tr>
<tr>
<td>25.</td>
<td>West Bengal</td>
<td>3 874</td>
<td>18 196</td>
<td>47.79</td>
<td>19 878</td>
<td></td>
</tr>
<tr>
<td>26.</td>
<td>A &amp; N Islands</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>27.</td>
<td>Chandigarh</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>28.</td>
<td>D &amp; N Haveli</td>
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<td></td>
<td></td>
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<tr>
<td>29.</td>
<td>Daman and Diu</td>
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<td></td>
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</tr>
<tr>
<td>30.</td>
<td>Delhi</td>
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<td>31.</td>
<td>Lakshdweep</td>
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<tr>
<td>32.</td>
<td>Pondicherry</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Union territories</td>
<td>1 110</td>
<td>869</td>
<td>78.29</td>
<td>241</td>
<td>0.08</td>
</tr>
<tr>
<td><strong>All India</strong></td>
<td><strong>589 317</strong></td>
<td><strong>283 631</strong></td>
<td><strong>48.13</strong></td>
<td><strong>305 886</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Source:* Ministry of Rural Areas and Employment.
For concretising this approach, a number of steps have already been taken which provide the initial outlines of the larger initiatives that will be contained in the Ninth Five-year Plan. At a conference of Chief Ministers held in July 1996, it was decided to implement a programme for the achievement of total coverage of seven basic minimum services in a time bound manner. It was agreed to raise the outlays of these programmes by 15 per cent in spite of the stringent fiscal situation. The Ninth Five-year Plan will continue this commitment in real terms through each of the five years. While the objectives of this programme have been decided through the process of mutual consultation, the states have been given full opportunity to decide on the phasing of the target for each specific sector. The achievement of these targets will be jointly monitored by the state and the central governments. This approach is an ideal blend of national commitments with local initiatives.

The method of planning for agriculture related infrastructure, irrigation and water planning, and other infrastructure such as power, railways, communications and information technology and science and technology will be a variant of the methods developed for the basic minimum services programme. Plans will be set up with well defined targets set at the national level in detailed consultation with the states. Policies will be explored in each sector to provide for more investment from the private sector, from cooperatives and voluntary organizations and international private investment. However, the slack in these selected sectors will be taken by public investment. The objectives will be defined nationally but the states and local governments will be given much larger freedom for choice of programmes, phasing of schemes and choice of appropriate instruments of finance”.

The system of greater involvement of Panchayats in rural development was institutionalized in 1989/90 with the launching of JRY where there was a substantial flow of funds to the village level, every village having access to JRY funds, though the amount varies. In addition, the village Panchayats prepare an inventory of assets and give details of the projects taken up by them under JRY. This acts as a social audit. The works to be taken up are decided in the meeting of the Gram Sabha and these are prioritized according to the felt needs of the local people. It is thus possible to take a holistic view of the development needs of the area. This enables the village Panchayat to meet the critical gaps in rural infrastructure and also to generate income via supplementary wage employment to those willing and able to do manual
work. It is hoped that with greater people participation in decision-making, formalized through the institutions of Panchayati Raj, there will be greater transparency in the functioning of these institutions eventually leading to fuller accountability.

As discussed earlier, apart from the basic minimum services programme, JRY would, if properly implemented, give autonomous resources to people’s representative institutions.

This paper suggests that some Panchayats and municipal bodies are able to meet a substantial part of their current expenditure from their own revenue sources. Such bodies should become the norm for others and the state finance commissions could provide the background for a devolution scheme that provided for such a desirable outcome. When this happens, the policies should be developed to permit local bodies to go in for “borrowing” to meet their infrastructure reforms. At present, successful borrowing schemes, such as the Ahmedabad Municipal Corporation which received a high CRISIL rating, are very few. A financial reform process is required for this purpose so that municipal and panchayat paper is traded in financial markets and India moves towards meeting its large social and economic infrastructure requirements by a strategy in which those communities are helped which decide to organize themselves for this purpose.

Local bodies must have well-defined tax and non-tax bases and autonomy in fixing bases and rates. Their responsibilities in raising revenues have to be clearly defined and these must become a base for public debate and discussion. The costs of irresponsibility must be brought out. The norms of performance can be developed from need, as also from the experience of better performing local bodies. The principles of transfer to the local bodies from the state governments and between the local bodies must be transparent, stable and defined in relation to need and efficiency objectives.

Non-tax user charges are to be emphasized from both the angle of revenue and, more important by from the view of optimal use of scarce resources and environmental and susceptibility criteria. The existing successful experiences need to be documented and replicated.

As local bodies move over to more viable financial fundamentals, their capacity to mobilize resources from borrowings will improve. Local bodies have to demonstrate that they can function effectively
within a hard budget constraint. They can then use a set of instruments to mobilize borrowings for long-term needs. Tax-free bonds, innovative methods of securing collateral for borrowing for community purposes and design of new financial instruments, in an increasingly developed financial market, should be examined both at the technical and policy level. These last set of institutions have to be set up as a part of national fiscal reform. It must, however, be realized that the process of restructuring will be time-consuming. As such, well-defined short term and medium term targets must be defined and accepted, and progress towards them regularly monitored.

CONCLUSIONS

The basic local institutions for participatory planning in India have been set up. However, these institutions ought to have adequate autonomy as units of self-government so as to decide on the local needs and priorities and design and implement the necessary action. The challenge of making this new phase of democratic decentralization successful depends on the commitment of the political leadership, bureaucracy and the people themselves. The state governments have the responsibility of transferring schemes as provided in the 11th Schedule of the Constitution and also of transferring corresponding funds to the Panchayats. Similarly, the staff available for the implementation of schemes related to these subjects should also be placed under the control of the Panchayats. Sufficiently clear and workable regulations have to be framed to streamline the inter-tier relationships and functions of each tier.

The change which has been initiated by the Seventy-third Constitution Amendment needs to be managed and sustained effectively through innovative strategies. Panchayats have been empowered by this Amendment. Access to and effective control over resources is a critical component of this empowerment. The real issues of such access are knowledge and awareness of the needs of the people, legal rights, and availability and accessibility of social and economic resources. These changes in procedures and organizations have as yet not fully taken place as envisaged in the legislation. It also requires restructuring relationships, including looking at gender issues at both the micro and macro level. A culture of equality has to be evolved not only between men and women representatives but also between officials and non-officials manning the decentralized development structure.
The district has been recognized as the basic unit for decentralized planning functions. Operationalizing the concept of district planning requires functional local institutions. The District Planning Committee is the statutory authority for preparing plans for local development area planning. The involvement of the people in the planning process is necessary to take into account their felt needs, to mobilize local resources, to increase the speed of implementation by securing the people’s cooperation, to increase the acceptance of the plan and projects and also to bring about a change in the power structure in people’s institutions in favour of the poor. Strong leadership and political will are the necessary conditions for facing the challenge of enabling the local self-government institutions to become effective instruments of social and economic development of rural areas.

ACKNOWLEDGEMENT

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