PART III

ADMINISTRATIVE ASPECTS OF LOCAL SELF GOVERNMENT AUTHORITIES
CHAPTER IX

NATURE AND EXTEND OF DELEGATION OF POWERS

The sub-committee of S. B. Sen Committee observed that, necessary reforms have to be made in relevant legislation to materialise local governance in the State. For that they insisted to suggest necessary amendments to the said allied Acts and Rules, so that power can be delegated effectively to the lowest level administration and to enable local self-government institutions to enjoy full autonomy in the exercise of such power and to define the administrative and financial powers to be delegated to local self-government institutions and to suggest procedures in critical areas such as financial powers and propose appropriate modifications to the existing Acts and Rules\(^1\).

Far reaching institutional and structural changes and a series of amendments to the legislation of 1994, including the amendment Act of 1999, were enacted to ensure that the local bodies enjoy functional, financial and administrative autonomy. Forty four state legislation affecting various line department functions such as education, health, co-operation, drinking water, irrigation, and so on, and parastatals were amended to broaden the delegation and powers of local government authorities.

Both plans and non-plan schemes had been transferred to local bodies\(^2\) under the detailed heads of provisions earmarked to local governments in the budget. Concerned functional revenue expenditure, major / sub major heads of departments are transferred to local governments including funds of centrally sponsored schemes. Besides the above funds, the local self-government institutions may receive a number of non-plan grants which are distributed on the basis of recommendations of the State Finance Commissions as accepted by the State government. New procedures for allotment are prescribed for transferred schemes and grant-in-aid. The concerned administrative department will have to decide the norms of devolution after the budget presentation

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\(^2\) See Appendix IV of the State Budget from 1997-98 onwards
and communicate the entitlements of each local body. The heads of department will have to assign appropriate allotments to the local bodies through authorized officials.

The secretary of local body has to present separate grant-in-aid bill with the letter of allotment to the treasury for transfer, crediting it to the account of the local body. As soon as the local body receive the allotment under grant-in-aid, it should formally decide the schemes on which the funds are to be utilized, and each scheme shall be implemented through corresponding implementing officer. To facilitate accountability and to promote monitoring and mid-term correction, a system of ongoing performance also was introduced through the quarterly performance audit system. Social auditing through grama sabha also can be undertaken by the local body. New formula for distribution funds, functions and functionaries were adopted in Kerala since 1998-99 onwards. Plan funds, as well as special component and tribal sub-plan allocations are made on the basis of this population based formula. According to the recommendation of the state finance commission, a composite index, with geographical specifications, like area of local body, area under cultivation, backwardness of people, households without latrine electricity, shelter, and drinking water etc. shall be considered as criteria for allocation and distribution of funds.

This type of delegation denotes certain inferences such as

i. Unsuitable theories of decentralization and un-adaptable institutions in the context of western market economics

ii. Mismatch of fiscal autonomy and fiscal responsibility owing to lack of link between revenue raising powers to expenditure responsibility.

iii. Misleading distinction between plan and non-plan functions at the state level

iv. Low quality of public services because of dichotomy in budgeting and expenditure.

v. Multiple agencies with same or distinct objectives imposing or employing different criteria of transfers which allow much room for bureaucratic discretion on transfers.

vi. Systematic failure in the process of decentralization and local governance.

vii. Gap existing in between the delivery of core services, requirements and achievements yawns wide.
viii. Lack of unanimity in evolving criteria based transfer system in local governance.

ix. Need for considerable capacity building to support a new style of management and administration in local governments with respect to devolution of additional powers and functions.

x. Role of clarity and specifications of the rules of the game in intergovernmental relations, so as to reduce or avoid overlapping, ensure efficient coordination, sharing of responsibilities between various tiers of governance.

The local government authorities can function more as independent entities than as coordinated agencies for economic development and social justice in the society. There is not a hierarchical relationship and they cannot be expected to function as higher level governments.

The vital need is to redesign the transfer arrangements in India on a more rational, objective and equitable basis. The functional domain of local governments, quality and adequacy of services they provide, the resources they raise, the autonomy they enjoy and their accountability to the electorate are crucial aspects of democratic decentralization. At present the real democratic decentralization remains as a distant goal in its administrative and governance aspects. Probably the greatest challenge is to evolve as appropriate framework for functional devolution in Indian federalism in order to effectuate the local governments.