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**PRIA**

## **Enabling Panchayats in Himachal Pradesh to Function As Institutions of Self-Government**

## 1.1 Introduction

The State of Himachal Pradesh came into existence on 15th April 1948 with the merger of 30 princely States of Shimla and other Himalayan regions. In Himachal Pradesh Gram Panchayats were constituted first time on statutory basis vide HP Panchayati Raj Act, 1952. In November 1966 hilly areas of the State of Punjab were merged in this State. In the merged area a three-tier Panchayati Raj system was working whereas in old area only two levels i.e., Gram Panchayats and Panchayat Samitis were established. With a view to bring uniformity in all the areas Himachal Pradesh Panchayati Raj Act, 1968 was enacted. The State of Himachal became full-fledged State on 25<sup>th</sup> January, 1971 but the Panchayats continued to be governed by the Act of 1968. In 1994, Himachal Pradesh Legislature enacted H.P. Panchayati Raj Act, 1994 by repealing the old Act of 1968 in view of the historic 73<sup>rd</sup> Constitution amendment. The new Act made the changes in conformity with the Constitutional Amendment like establishment of three tier Panchayati Raj, reservation of seats for scheduled castes and scheduled tribes, reservation of 1/3<sup>rd</sup> seats for women, constitution of State Finance Commission and State Election Commission.

In addition to these provisions, the article 243 (g) of the Constitution provided that the Legislature of a State may by law endow the Panchayat with such powers and authority as may be necessary to enable them to function as institutions of self-government. In this paper I would like to consider whether the legislature of Himachal Pradesh has given sufficient powers and authority to the Panchayats or not to function them as institutions of self-government the Panchayats could function as institution of self-government only if they have sufficient power, authority and resources in their assigned responsibilities and have real autonomy in their functional domain.

## 2.0 The Present Level of Devolution to Panchayati Raj in H.P.

### 2.1 Functions

As per section 11 of HP Panchayati Raj Act 1994, Gram Panchayats have been assigned 29 functions. However, Gram Panchayats in practice are doing very few functions. The HP State Finance Commission in its report dated November, 1996 observed "The Commission understood that these functions were not being performed by the Gram Panchayats on account of lack of resources on one hand and also due to the fact that many of the functions are getting performed through the decentralised planning scheme of the State Plan." Similarly, Panchayat Samitis have been assigned many functions in section III of the HP Panchayati Raj Act but due to lack of resources, they are not performing most of the functions. It is paradoxical that most of the functions assigned to Panchayat Samities are being performed by the extension officers of various Departments posted in the development blocks but the elected members of the Panchayat Samitis have no control over the working of these extension officers. As far as Zila Parishad is concerned, the Act has envisaged it as an Advisory Body devoid of any large service delivery responsibility. The H.P. Government vide its notification dated 31st July, 1996 further devolved powers, functions and responsibilities relating to various programmes of 15 departments. Though the notification of the State Government runs into 26 pages but it lists actually more responsibilities than assigning any real power or authority in PRIs.

### 2.2 Panchayats and Civil Servants

In HP on every two Panchayats one Gram Panchayats Avam Vikas Adhikari (Panchayat Secretary) is posted. All the records and proceedings of the Panchayats are maintained by him. His transfer and posting are vested with Director, Panchayati Raj. Thus, Gram Panchayat virtually has no control over the lone employee they are dependent upon. In case of Panchayat Samiti, BDO is the ex-officio Secretary of

the Panchayat Samiti. BDO and all staff functioning at block level are posted and transferred by State Government. As far as Zila Parishads are concerned, they were established in Himachal Pradesh only since 1996. Each Zila Parishad has been provided with one Stenographer, one Clerk, one Driver and one Peon. This bare minimum staff is also controlled by the State Government.

## 2.3 Finances

In Himachal Pradesh Panchayat Samitis and Zila Parishads have no power to impose any tax. In case of Gram Panchayats, it could impose house tax and property tax up to a limited extent. Thus, Panchayati Raj institutions in Himachal Pradesh are dependent on grants received from the State Government. The grants to PRIs are dependent on the recommendations given by the State Finance Commission which has been constituted in Himachal Pradesh in conformity with the provisions of the 73rd Constitutional amendment.

From the aforesaid discussions it is clear that PRIs in Himachal Pradesh are heavily dependent on State Government for finances as well as for staff to discharge their obligatory functions. They hardly have any autonomy in any sphere to function as institutions of self-government.

## 3.0 Steps Needed to Make them Institution of Self Government

The functioning of PRIs as institution of self-government is very important as it is well known that Panchayats are best placed to know the exact nature of the needs of the local people and how they could be met in cost-effective way. Panchayats as a representative body is presumed to be closer to the aspiration of the public and hence are more responsive to the needs of the local people. Panchayats are more open and transparent in their working compared officials of the State Government. Further Panchayat representatives are much more accessible to general public compared to State Government officials who are considered socially remote. The decision making at Panchayat level is quicker and easier. Moreover, Panchayats are accountable to the general public to whom they are to serve. Due to these features the strengthening and devolution of powers is very vital. To make Panchayats functions as institution of self-government, following measures are suggested:

### 3.1 Functions to be assigned to Panchayats

The strengthening of the Panchayats is to be matched with the service delivery responsibility assigned to these institutions (BAHL LINN, 1992). Hence it is necessary to have clear cut division of functional responsibility between State Government and Panchayats

As per article 243 (g) of Constitution of India "State Legislature may endow Panchayats with such powers and authority as may be necessary to enable them to function as institution of self-government and for that purpose they may be entrusted with implementation of schemes in relation to matters listed in the 11th Schedule", The 11th Schedule list out 29 matters which could be entrusted to Panchayats. At the same time State Government is empowered to perform all these functions under the power vested to it in the State List prescribed in the 7th Schedule of the Constitution. Moreover, provisions of the article 243 (g) of the Constitution, as per the article itself are subject to other provisions of the constitution. "Due to these weaknesses of the constitutional provisions, the State Governments have so far ignored the 11th Schedule for functional devolution to the panchayats under their conformity legislation after enforcement of the 73<sup>rd</sup> constitution amendment act." (Datta. A-1995)

Thus, there is an overlapping of functions between State Government and PRIs.

"For decentralisation to work, assignment of service delivery responsibility amongst the level of government should be as clear and simple as possible. Vagueness in the division of responsibility can

undermine local accountability like in Brazil all levels of government could open hospital, which leads to duplicity and confusion." (WDR1988). Thus, in place of having joint responsibility for providing the same service, the State Government and PRIs should have a clear division of functions like is the case in Britain. The exclusive functional domain to Panchayats could be either ensured by inserting a local list in the 7th schedule of the Constitution or clear-cut State Government commitment to exclusively devolve functional responsibility to PRIs on the same analogy as is the case between Union Government vis-a-vis State Government in India.

Now the second issue is which function should be exclusively devolved to PRIs. For division of functions the first criterion is the economy efficiency (Davey, K. 1989). By this test the services which benefit exclusively the local people should be provided by Panchayats if they benefit most of the people living in their local area and by the State Government if they benefit the entire State. The second criterion is, the nature of task. If standardized, uniform provisions and procedures are important than it should be administered by the State Govt. If adoption to local, circumstances and preferences is important, it should be the Panchayats' responsibility (Davey, K-1989). The third criterion that entrustment of function should be based on technical competency and professional skill amiable at a particular level According to Mahipal (1998) the cardinal principle of devolution is what can be done at a particular level, should be devolved to that level and not at a higher level. Following this in Karnataka the Act; itself has spelled out the powers and functions to take decentralisation forward on the basis of the cardinal principle that what is appropriate at given level of three tier system should be done at that level and not unnecessary at a higher level.

### **3 .2 Devolution of functions and responsibilities to PRIs in B.P.**

Given the above frame work I would like to proceed to discuss the devolution of power and responsibilities to the Panchayats with respect to first of the twin task mentioned in Article 243(g) i.e. Preparation of plans for economic development and social justice.

In H.P. before the enactment of 1994 Panchayati Raj Act, Zila Parishads were not in existence. Hence District level plans were never prepared by a democratically elected body. With the 73rd constitution amendment there is a new dimension to District planning namely the mandatory provision of "District Planning Committee" which will consolidate the plans prepared by Panchayats and Municipalities in the district. The Chairman of the DPC is to be chosen in such a manner as may be prescribed by the State Government. Accordingly, section 185 of H.P. Panchayati Raj Act, 1994 prescribes the constitution of DPC. H.P. Government has further notified the Rules for constitution of this committee but even after lapse of six years these Committees have not been constituted. Thus, even the mandatory provisions of the Constitution have not been implemented in this regard. For PRIs to work as institution of self-government first and foremost requirement is that whatever functions are to be implemented by them, they should be actively associated in their planning.

If PRIs are involved only in implementation of various schemes by placing funds at their disposal. then they would be merely doing the agency work of the State Government in place of articulating the local needs. Thus, the State Government should immediately constitute District Planning Committees, the scope of DPC should be based on the cardinal principle of planning that whosoever is responsible for implementation of a particular function or activity, should also be assigned the task of its planning under the overall budgetary ceiling. After preparation of District Plan, the same should be sent to State Planning Department who should convene a meeting of DPC functionaries to finalise the plan for the District. The Head of Department at the State level should be actively associated in scrutinizing these plans. If State Government or HOD feels that there is a need to amend the District Plan, then these amendments should be referred to DPC for reconsideration. After reconsideration DPC should send its final recommendations to State Government which should be accepted by the Government in toto. If the State Planning Department feels that certain areas of public importance have been left uncovered in the District Plan then the same should be covered by them by making suitable provision in the State portion of State Plan.

The second of the twin task is stated in article 243(g)(b) of the Constitution which says that the legislature of a State may devolve powers and responsibilities to Panchayats for 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 11th schedule. .

The 11th Schedule does not specifically provide for the total range of governmental functions at the Panchayat level like law and order and other regular responsibilities. At present this appears to be reasonable as Panchayats as institution of local government are yet to take firm roots. Presently, it is important that they win the acceptability and confidence of the people through efficient implementation of development programmes.

What constitutes an optimum package of powers and functions for local government in a State would depend on its unique historical background for evolution of its present administrative and institutional pattern. However, the functions assigned should not be illusory or mere agency functions. The package of power and functions should be such which put the Panchayats on the path of evolution as effective unit of local self-government.

In HP Panchayats have statutory duties prescribed in the Act and they have also been delegated some functions under the state government notification dated 31/7/96. Though the list of functions under the Act is quite impressive but, they are more like a list of subjects, without clarifying which functions or projects are to be performed at which level of PRIs. Moreover, at present many functions assigned to PRIs are Routinely being performed by the departments of state government, leading to lack of functional responsibility for both levels of government. As Slater (1994) emphasised in case of Sri Lanka that a clear demarcation of responsibilities with associated spending authority is essential for strengthening decentralisation, therefore I propose that the following functions should be exclusively done by Panchayats by amending the HP Panchayati Raj Act 1994. The allocation of functions is being proposed keeping in view the principle of economic efficiency, nature of task and technical competency available at three levels.

### **Gram Panchayat**

- i. Sanitation, conservancy and drainage in Panchayats area.
- ii Supply of drinking water and cleansing and disinfecting the source of supply and storage of water.
- iii. The construction and maintenance of public streets, community buildings and culverts,
- iv. Construction of primary school buildings and assisting ZP in management of primary education.
- v. Agriculture extension-
  - a- To conduct demonstration on improved technology and training of framers through extension staff of agriculture department.
  - b- Implementation of bio-gas programme. .
  - c- To organise crop protection and pest management programmes and to release subsidy on pesticide.
- vi. Lighting of village street and other public places
- vii. Plantation and preservation of panchayat forest
- viii. Running of Aganwari centre of Integrated child development services (ICDS).
- ix. Organising horticulture input distribution with the help of extension staff.
- x, Identification and selection of beneficiaries of various developmental schemes of government.
- Ki. Running and maintenance of minor irrigation scheme and kulhs.
- xii. Preparation of development plan for GP
- xiii. Poverty alleviation programmes

## **Panchayats Samiti**

- i. Running and maintenance of large water supply schemes.
- ii. Construction and maintenance of village link roads.
- iii. Assisting ZP in establishment and running of primary schools.
- iv. Under taking scheme or financial assistance through GP for the development of livestock, cottage industries, cooperatives, horticulture and fisheries.
- v. Arrangement of supply of agriculture and horticulture inputs.
- vi. Release of funds under various development schemes to GP and monitoring thereof.
- vii Organisation of health and family welfare camps and promotion of awareness of national health programmes.
- viii. Running of ICDS programme.
- ix. Formulation of development plans of PS, consolidating plans all the GPs.
- x. Minor irrigation

## **Zila parishad**

- i. Establishment and running of primary and middle schools in the district.
- ii. Agriculture/ horticulture and animal husbandry activities benefitting the whole district.
- iii. Schemes relating IO soil conservation.
- iv. Minor irrigation schemes.
- v. Social forestry and management of Waste-land in the district.
- vi Feed and fodder development schemes of the veterinary department.
- vii. Rural housing.
- viii Construction of village link roads in the district.
- ix. Community development programmes of fisheries, welfare and health departments.
- x. Economic planning for the rural area of the whole district.
- xi. Poverty alleviation programmes
- xii. Welfare of SC/ST
- xiii. Public distribution
- xiv. Cooperation

From the above it is clear that in place of present limited advisory role, Zila Parishads should have larger role in planning, coordinating and implementing various developmental functions as District is the most suitable unit for systematic planning and implementation below the State level.

District has sufficient administrative and technical resources for functional efficiency. The intermediate level Panchayats (Panchayat Samiti) and Gram Panchayats would be implementing agencies in consonance with administrative and technical competency available at their level.

## **4.0 Measures needed to make PRIs as Institution of Self Government**

Now, after assignment of exclusive service delivery responsibility to PRIs we need to match it with appropriate administrative and financial authority. In my opinion following measures are required to make PRIs the real institutions of self government:

### **4.1 Commitment of State level political leadership**

The first and foremost requirement is that Chief Minister and Ministers should be fully committed to the cause of democratic decentralisation. At present the general feeling amongst the State level politicians is that if anything beyond the agency function is entrusted to PRIs, the State govt. will become powerless.

But this fear is unfounded as State govt. would continue to have larger role and the PRIs, in fact, would help in improving the State Govt. image by better delivery of various services assigned to them.

## 4.2 Organic link between the three tiers of Panchayats

As per the constitutional provision all the three tiers of Panchayats in a District are directly elected. Due to directly elected independent members they could have the feeling that they are independent of other levels of PRIs and may start working for cross purpose. In my view this would not be a healthy situation as we cannot have three institutions of self-government at District level. I propose that there should be only two levels of elected representatives, one at Zila Parishad level (District level) and second at Gram Panchayats level. The intermediate level should consist of elected representatives of Zila Parishads as well as Gram Panchayats, This would ensure proper coordination amongst the three tiers and a feeling that they are part of a whole. Till that is done all the Pradhans of Gram Panchayats should be made member of Panchayat Samitis and Members of Zila Parishad should be made members of Gram Panchayat falling in their area. Similarly Members of Zila Parishad should also become Member of Panchayat Samiti of their area and President of Panchayat Samitis should be Member of Zila Parishads. This would lead to an organic link amongst the three levels of Panchayats in a District and all the three levels would work in a tandem.

## 4.3 Integrated Administration and Institutional Changes

### A- Changes at Zila Parishad and District Administration Level-

In HP the district is the basic unit of administration. State government therefore, has posted district level officers in all the districts with sufficient administrative and financial delegations, to run its affairs. Deputy commissioner is the head of district administration who coordinates the activities of all the departments. Zila parishad and other tiers of Panchayati Raj are required to implement the developmental schemes of various development departments, but at present, ZP has no control over the functioning of district level officers of various departments (like agriculture, horticulture, education and rural development department etc.), whose schemes they are responsible to implement. This diarchy, at district level is the crux of the problem of poor service delivery and weak position of PRIs in HP. The Ashok Mehta committee (1978) recommended for strong executive Zila Parishad. Similarly, GVK Rao committee (1985) recommended that district should be the basic unit for policy planning and programme implementation. According to Kamal Siddiqui (1992), the Zila Parishad should become the principal body for the management of all development programmes, which can be handled at that level. Thus there is a need of forging and integrating district development administration under the supervision of Zila Parishad. To translate this into reality, following suggestions are made-

#### (i) Merger of DRDA in ZP

Government of India vide its letter dated 6-1-95 (Mahipal, 1998), asked the state governments to restructure the DRDA's by making ZP chairman to be ex-officio chairman of the governing body of DRDA. Accordingly in HP, the chairman of Zila parishads have been made, chairman of governing body of DRDA, relieving Deputy Commissioner of this charge. But this is only a partial integration as DRDA still remains an independent body and DC continues to exercise all the executive and official powers in it. Secondly, members of ZP except chairman are not associated with the working of DRDA. As DRDA is the most important body of rural development at district level therefore, its complete merger with ZP should be done.

ii An I.A.S. officer equivalent to the Deputy Commissioner in seniority and status should be posted as the Chief Executive Officer (CEO) of the Zila parishad as is the practice in the State of Karnataka,

Maharashtra and Gujrat. Moreover, the office of ZP should be suitably strengthened by posting sufficient staff.

iii- The district level officers of department of Agriculture., Horticulture, Animal husbandry, Rural development and Education who deals primarily with the functions to be performed by the Zila Parishad at district level should be brought into the fold of Zila Parishad and should be accountable to them. The CEO should be the head of the multi-disciplinary team of officers. He should be responsible for horizontal coordination amongst the head of various functional departments. As far as technical inputs are concerned the line hierarchy should not be broken and technical guidance to the extent necessary from higher level should be available to the line hierarchy (Mahipal, 1998).

iv- At Zila Parishad level the system of committees needs to be strengthened, so that specialised subjects could be discussed in depth and experts from outside could be also co-opted to the committees. Moreover, the committee system ensures fuller participation of elected members in the decision making. The various committees should have important role of preparing budget proposal in their respective spheres and should decide about various programmes as is the case in UK local government.

## **B- Changes at Panchayat Samiti Level**

Panchayat Samiti is required to execute programmes of various development departments. The BDO is the ex-officio executive officer of the Panchayat Samiti, State government has also posted extension officers of various departments in the Development Block. Though, the office of panchayat samiti and Development Block is in the same building, yet these extension officers are neither under the control of PS nor under the control of BDO, and they report to their respective district heads. This ambiguity and duality needs to be removed by placing all the extension officers, directly under the control of PS. It is also suggested that, all the BDOs should be from Himachal Administrative Service. Moreover, at present BDO is to play dual role. One as a BDO in which he reports to DC, and another as executive officer of panchayat samiti in which he reports to PS. Now this dual role should end, and he should solely be under the control of PS. Moreover, like CEO of ZP he should be captain of all the extension officers posted in the Block, to provide technical and administrative support to PS. 'This will end the rock departmentalism, with the establishment of a structured relationship between locally elected politician and departmental officers' (Webster, 1990).

## **C- Change at Gram Sabha and Gram Panchayat level-**

i- In the union budget for 1999-2000, the year 1999-2000 has been designated as the year of the Gram Sabha. The purpose is to enhance resources transfer and participation of local bodies in the implementation of developmental schemes. 'Gandhi ji also envisaged a primary role for village republic in the attainment of economic self sufficiency' (Murtalib, M 1982 p-94). It is therefore, recommended that Gram Sabha should be vested with the power of selection and approving the names of eligible person for all the developmental schemes run by state government. It should function like 'communes in Switzerland which decide all the important matters at local level' (Allen, Hubert 1998).

ii- In Himachal Pradesh GP Pradhans (chairman) are directly elected. This leaves a gap between him and other elected members of GP as he is not accountable to them. The accountability to electorates comes only after five years in election, which is not sufficient to stop him becoming authoritarian. It has been observed by me that many pradhans start taking decisions without consulting other members of GP therefore, to ensure day to day accountability to members of GP, it is proposed that GP pradhan should be indirectly elected from amongst the elected members of GP as is the case in West Bengal and Karnataka. Day and Klein cited in Crook and Manor (1998) has aptly remarked 'it is day to day accountability, in which the ruler explain and justify their action to the ruled, which distinguishes a democratic society from an elected tyranny'.



iii- In HP, at present two panchayats share one Panchayat secretary, who is the lone official to maintain office record and accounts. Considering the increase in the work load each panchayat should have an independent panchayat secretary, who should be under the control of GP.

#### 4.4 Personnel System

Mahwood as cited in (Alien. H 1998) suggests that, there are three principal systems governing the management of appointed local government personnel:

- i- Separate- in which local authority acts as a complete autonomous employer.
  - ii- Integrated in which each local authority administration is composed of state government officials who could be moved freely 'between state government and local authorities.
  - iii- Unified- in which local authorities staff is employed on a collective basis by all local governments.
- Davey, K (1989) explains that there are four main problems surrounding the staffing of local government i.e.

1. Merit
2. Mobility
3. Loyalty
4. Discipline and control

In case of a separate system loyalty and discipline is ensured, but merit and mobility is compromised. Moreover, in a separate system chances of promotion of staff are less. In case of integrated and unified system merit and mobility is there but loyalty and discipline are divided. Thus there is no perfect personnel system and a tradeoff is required to be made. In HP at present integrated system is prevalent, under which all the staff in PRIs is posted by state government, which creates the problem of loyalty and discipline. As Slater and Watson (1989) puts it 'ultimate control over departmental staff tends to be exercised by state ministers who determine, transfer, promotions and leave entitlements'. To rectify the problem following suggestions are made-

- All the class III and class IV employees of PRIs should be appointed and controlled by respective panchayat ( i.e.ZP/PS/GP). For that purpose there should be a separate 'Panchayat Service' as is the case in state of Gujrat,
- There should be a district cadre of panchayat secretaries and ZP should control their transfer and postings.
- Class I and II officers should remain integrated with the state government services. However, chairman Zila Parishad and PS, respectively should be given powers like writing of ACR(Annual Confidential "Report) and sanctioning of leave, to have control over them.
- To ensure merit in recruitment, the recruitment of class III and IV employees of 'Panchayat Services' should vest in State Public Service Commission.
- The complete control of officials under the PRIs could affect the impartial working of the officers and officials working in these institutions. Therefore, accountability of bureaucrats should be to both elected representatives and to legal-administrative mechanism as suggested by Crook and Manor. The state government and director of concerned department should provide sufficient protection to ensure balance in both the things. For that purpose the ACR written by elected representative at district level should be subject to review by the director of concerned department.

## 4.5 Finances-

### (i) Background-

The financial position of PRIs has been weak. since the very beginning, they always depend on grant received from the state government, which is given to them on ad-hoc basis. The decentralised governance system to operate effectively, should have financial autonomy (Aziz,1996). To improve the financial position of PRIs, the 73rd Constitutional Amendment provided for constituting State Finance Commission in every state 'to review the financial position of PRIs and to make recommendation to the governor for transferring resources from state to panchayats'. Accordingly State Finance Commission has been constituted in HP and it has submitted its report in November 1996. From the perusal of the report of State Finance Commission it is evident that the recommended for transfer of 10.06 crore rupee to PRIs to fulfil the expenditure requirement of delegated functions only. No additional funds were recommended for obligatory functions as these were being done by other agency/ department of state government from other funds.

For financial autonomy, PRIs should have sufficient resources, so they are in a position to meet their financial responsibility in executing various functions.

ii- The resources for PRI could be generated from. the following sources:

- a- User charges
- b- Taxation
- c- Grants from state and central government.

As per efficiency criteria for raising local revenue (World Development Report 1988)-

- i. The cost of providing local services should be recovered to the extent possible from charges on beneficiaries (those who benefit).
- ii- Services whose cost cannot be recovered from charges should be financed from general taxes.
- iii- If the benefit of local service produces state wide benefits, it should be financed from grants.

#### a- User Charges

In Himachal Pradesh the present level of user charges by PRIs is very low. The State Finance Commission in its report observed 'the issue of user charges for various services has been evaded for long, but it will increasingly become imminent that such charges will Deed to be levied. Resources which can legitimately be raised will required to be raised and no alibis will help sustaining the current scenario for long'. Thus, now user charges on utilities like water supply, irrigation etc. should be based on the criterion of cost recovery.

#### b-Taxes

The income from taxes of PRIs in HP is only 2% of its total resources, Generation of such a low tax revenue shows that, the cost of servicing rural area is being met by other tax payers. To improve the tax collection

Following action should be taken-

- i. At present only GP has the power to raise resources through taxation. Now the taxing power should be given to all the three tiers. 'The taxing power should be on natural local fiscal domain i.e. levies on the use of common resources in the form of forest and quarriable material and minor minerals; levies on privately owned property and on production originating from their respective jurisdiction' (Indira Rajaraman,1999).

- ii. There should be some penalty for non-collection of taxes. Like State Finance Commission in its report recommended that, 'in case some local bodies do not collect the statutory levies, the resources transfer recommended through this report of Commission should not be released. Compliance to collect taxes at the local level should only qualify these bodies for availing the resource transfer from the consolidated fund of the state'.
- iii. There should be obligatory minimum tax rate to ensure tax efforts and to reduce scope of subversion ( Indira Rajaraman, 1999).
- iv. There is need to strengthen local 'technical capacity' to collect taxes, like technical competence to properly evaluate the properties for property taxation.

#### c-Inter-governmental Transfers-

Considering the rural base of PRIs, whatever funds are raised by them through user charges and taxation, would always be short of their requirement. This gap needs to be filled by the state government on the recommendation of State Finance Commission. The transfer should be based upon the fair assessment of gap between tax potential in the jurisdiction of PRIs and expenditure responsibility with them. The transfer should be based upon a formula to ensure stability and predictability of grant. This would help PRIs to plan their spending (WDR,1997). As per Biro and Rodrigue(1999), decentralized poverty reduction strategy requires 'equalization grant' in sense of larger transfer to poorer regions and it should be supported with specific grant, targeted to poor people. Indira Rajaraman(1999) has favored tax wise sharing between state government and PRIs. In 1999-2000 HP state budget, the State government has announced complete transfer of land revenue to panchayats, which is a welcome step.

#### iii- Explicit Incentives for Raising Local Revenues-

To improve revenue generation by PRIs incentives should be offered by state government. Like in state of Rajasthan, cash award for development work. are given linked with revenue generation by PRIs, In. Tamilnadu, 15% of the transfer from general state revenues are set aside for incentives like matching grants for rural local bodies.

iv- For integrated functioning it is recommended that budget, non-plan and plan of the department (for the functions transferred to PRIs) should become part of Zila parishad budget. The state budget should be split into two, providing separate budget for PRIs as is the case in State of Karnataka (Raghavalulu,1991).

v-Accounting wing in PRIs should be strengthened to ensure proper maintenance of accounts.

vi-last but not the least. as the State Finance Commission has a very crucial role to play in improving the financial position of PRIs, therefore it is recommended that chairman and members of the Commission should be eminent persons, who are well versed about the working of PRIs.

Secondly on the receipt of the report of the Commission state government should by and large accept the recommendation, as is the practice in union government vis a vis Union Finance Commission.

## 4.6 Training of Elected Members

For smooth functioning of PRIs, the training of elected representatives is must. In HP, with the conduct of three tier PRIs elections in December, 1995, the number of elected representatives have considerably increased. Moreover, due to the reservation of seats, most of them are first timers. Proper training to them is must for smooth functioning of these institutions. To fulfil this work, the PRI training institute situated at Mashobra and at Baijnath needs to be vitalized.

#### 4.7 Accountability

Accountability of elected members to citizens needs to be ensured for effective service delivery. Accountability through 'auditability' after the event is over is not very useful, but accountability through 'transparency' of operation at the time, the resources are used is crucial (Allen, Hubert, 1998). Thus the working of these institutions should be transparent. General public should have the right to observe the proceedings of the meeting, as is the practice in UK. Similarly, they should have the right to obtain a copy of any record kept by these institutions.

#### 4.8 Performance Indicators and Performance Targets

For effective service delivery from PRIs, designing of performance indicators is essential. The indicators should be designed to focus attention on what services have been delivered (outcomes), rather than what resources have been devoted to them (inputs). The indicators will help PRIs to know where they stand, on the range of services which they provide and where they want to get to (Modern Local Government: UK, 1998). Moreover, there should be a 'Performance Competition' amongst various PRIs. Good ZP/PS should be rewarded with substantial prize money and trophies to motivate them. In local government in Sri Lanka, such schemes had an influence on performance improvement across a range of functions (Slater, 1994).

#### 4.9 Preparation of Guidelines and Manuals

In view of the fact that article 243(g) of the Constitution has clearly assigned the preparation of plan for economic development and also its implementation to the Panchayat, suitable guidelines and manuals need to be prepared by State Government for the use of elected representatives and officials associated with Panchayats.

#### 4.10 There should be balance Between the Power shared by The MLA's and the Members of PRIs

For proper working of democracy, there should be a balance between the power exercised by the state level and local level politicians. If a majority of the MLAs are dissatisfied in this respect, it leaves scope for a determined backlash from above resulting in myriad pressure on the state administration to hamper the functioning of these institutions. Moreover, as local government is a creature of state legislature, the MLAs would never support more decentralisation if they find, in the process, that they would lose power. Therefore, in my view as MLAs and MPs are members of 'ZP and PS', their views should be given due weightage by other members of these bodies. Moreover, the chairperson of District Planning Committee should be a minister of the state government. This would balance the power between both the levels as being chairperson of DPC a minister would be able to have his say, similarly ZP members would also continue to have their voice as '4/5th member of DPC would be from ZP' (section 185 of HP PR Act 1994).

#### 4.11 Need of attitudinal change in the Bureaucracy

The sub state level administrative space has long been the exclusive domain of bureaucracy; as such accountability to democratic representative at local level is still an anathema to a bureaucrat (Budhadeb Ghosh). Bureaucracy at district and state level exercises substantial power under the state level politician, because their number is much smaller than the PRIs representatives. Thus bureaucracy has vested interest in making the local government ineffective. However, they should realise that like MLAs, members of PRIs are also people's representatives and they have to accept working under them. This requires a cultural change, which could be initiated by giving regular training to employees. Moreover, bureaucracy could be made to change if there is political will at state level to do so. Examples such as Korea's Saemaul Undoug and Sri Lanka's million house programmes demonstrate that if there is a real

political commitment at the highest level then the most conservative bureaucracy will come into line and desist from obstruction, Allen, H (1990, p-112).

## 5.0 To sum up

The road of making Panchayats as institution of self-government in hilly State of Himachal Pradesh is torturous and bumpy. At present the State Government has virtually failed to endow sufficient powers to PRIs in the true spirit of democratic decentralisation. While the Constitutional sanctions binds the State Government to establish the three-tier system of Panchayati Raj, operationalization of the spirit of the amendment is at present fully dependent on the degree of commitment at the level of State political leadership and bureaucracy. This needs an attitudinal change in the bureaucracy coupled with strong political will in the State level political leadership towards making the decentralisation work. In the present context adding a local list/district list in the 7th Schedule of the Constitution which assigns exclusive functional domain to Panchayats independent of State Government, appears to be only viable solution to ensure that Panchayats become real institution of self-government as envisaged in article 243 of the Constitution of India.

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### **Participatory Research in Asia**

42, Tughlakabad Institutional Area, New Delhi-110062

Ph:+91-011-29960931/32/33

Web: [www.pria.org](http://www.pria.org)