

## Decentralisation in India: Towards 'localism' or 'regionalism'?

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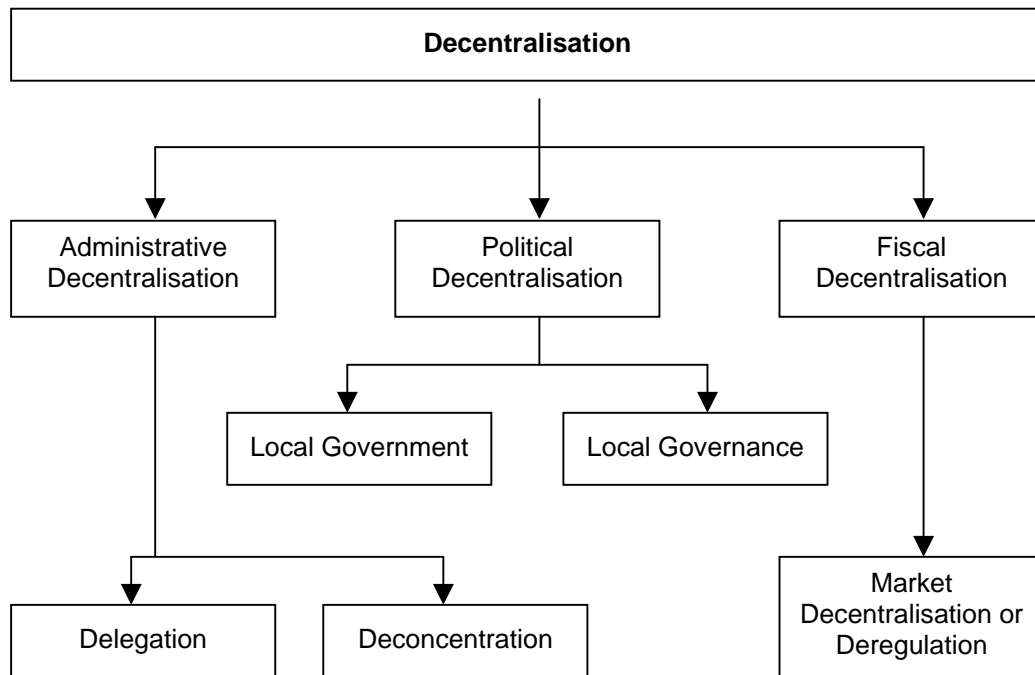
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This paper offers a commentary on what decentralisation has come to mean in India, based on recent research conducted in Kerala, one of the southern states. In particular, the paper discusses the tensions between 'regionalism' and 'localism'. It begins with a brief outline of how decentralisation is conceived within the broad literature. This is followed by a case study, where the shifts in forms of decentralisation adopted by the Kerala state government are examined. The paper concludes with key findings that underpin an understanding of decentralisation within the Indian context.

### Understanding decentralisation

Broadly, decentralisation may be described in three ways (see Figure 1): *Administrative decentralisation*, *political decentralisation*, and *fiscal decentralisation* (Rondinelli et al. 1984). There is also a fourth description, market decentralisation or deregulation (Basta 1999; Bennett 1994). Market decentralisation, although interesting, falls outside the scope of this discussion because it examines how authority has been transferred from public sector undertakings (such as railways or telecommunications) to the private sector, rather than decentralisation within the system of government.



**Figure 1.** Types of decentralisation (Basta 1999; Bennett 1994; Rondinelli et al. 1984; Shah and Shah 2006)

*Administrative decentralisation* focuses on the different responsibilities that might be transferred from central (national or provincial/state) government bureaucracies to actors within smaller political units. These responsibilities often include the administration and delivery of social services such as education, health and social welfare. When such responsibilities are transferred to local or regional offices of central government agencies, this is termed 'deconcentration' (Manor 1999). For instance, the town planning department of a state government in India, situated in the state's capital, might allocate responsibilities to regional offices located within each district or administrative subdivisions of the state. In other cases, functions and responsibilities may be transferred to semi-autonomous institutions that are not directly controlled by central governments. This form of administrative decentralisation is known as 'delegation' (Gaiha and Kulkarni 2002). For instance, in Delhi, the capital city of India, the task of planning the development of urban areas has been entrusted to a semi-autonomous organisation, the Delhi Development Authority.

*Political decentralisation* transfers electoral capacities or political authority to sub-national and/or local governments (Falletti 2005). This is usually accompanied by

constitutional amendments and/or electoral reforms. In some cases though not always, political decentralisation involves describing the legislative powers of sub-national/local governments and how they can raise revenue for their day-to-day functions. Within the descriptions of political decentralisation, Shah and Shah (2006) note a distinction between local or regional *government* and local or regional *governance*. Through the former arrangement, the intention is to create state-centric forms of governance through devolution of power to lower forms of government, and other actors beyond the state are not involved directly in the policy process. In the latter description, the purpose is to create a facilitating environment for the active involvement of different actors including citizens and civil society actors (such as non-governmental organisations) in decision-making. The framework proposed by Shah and Shah (2006) will be used later to position the nature of political decentralisation in India.

In *fiscal decentralisation*, central governments transfer influence over budgets and other financial powers either to local governments or to their own regional/local offices (Manor 1999). In the former case, where budgetary powers are transferred to local governments, Bird and Vaillancourt (1999) discuss two further possibilities: First, where local authorities act on behalf of central governments in implementing revenue and expenditure policies; and secondly, where local authorities have considerable authority to decide the rates of some taxes.

These different forms of decentralisation will now be explored in the Indian context, particularly in the case of Kerala.

### **Decentralisation in Kerala**

The state of Kerala is one of the 28 states in India (see Figure 2) that was formed in 1957, with a land area of 38,863 square kilometres and a total population of 31.8 million (Office of the Registrar General 2001). It is recognised for its high levels of social development (Anand and Sen 1992; Gopinath 2006; Parayil and Sreekumar 2003; United Nations and Centre for Development Studies 1975). The head of state is the Governor, who is appointed by the President of India. Kerala's legislature is made up of the Governor and the Legislative Assembly (Niyamasabha). The Assembly consists of members (referred to as Member of the Legislative Assembly or MLA) who are directly elected once every five years by eligible voters aged 18 years and over. The leader of the

political party with the greatest number of seats in the Legislative Assembly, the Chief Minister, forms the government, and is also the head of the Executive. The Chief Minister generally appoints MLAs from his/her political party to create a Council of Ministers of the Executive. There are 18 ministries in the current Congress-led United Democratic Front government that took office in 2006.

The key function of the Legislative Assembly is to pass laws on those subjects that have been allocated by the Constitution of India. These subjects are mentioned under the State List in the Seventh Schedule of the Constitution. Legislation on the powers and responsibilities of local governments in a State is one of these subjects, and States may enact legislation regarding what local governments can or cannot do. However, the right of local governments to exist as self-governing institutions is one of the principles in the Indian Constitution, drawing on which the national government can also legislate for local government – this was the basis for the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts of 1992 put forward by national government. This will be examined in detail in a later section.



**Figure 2.** Location Map of Kerala (Wilkinson 2005)

Administratively, Kerala state is divided into 14 districts or regions and a District Collector or Deputy Commissioner heads the government administration in each district. District Collectors are officers of the Indian Administrative Service and are in charge of maintaining law and order, revenue collection, taxation, and handling of natural and man-made emergencies. The general public approach the Collectorate (office of the

District Collector) to obtain a range of certificates, permits and other important documents including those related to domicile, nationality, caste, age verification etc. Although the District Collector is a national government appointee, he/she is attached to the General Administration Department of the respective state government. Local governments in Kerala are organised within districts or regions and total 1215 in number. These include 14 District Panchayats, 152 Block Panchayats, 991 Grama Panchayats, 53 Municipalities and 5 Municipal Corporations (see Figure 3).<sup>1</sup>

### **Attempts at political decentralisation: 1950s**

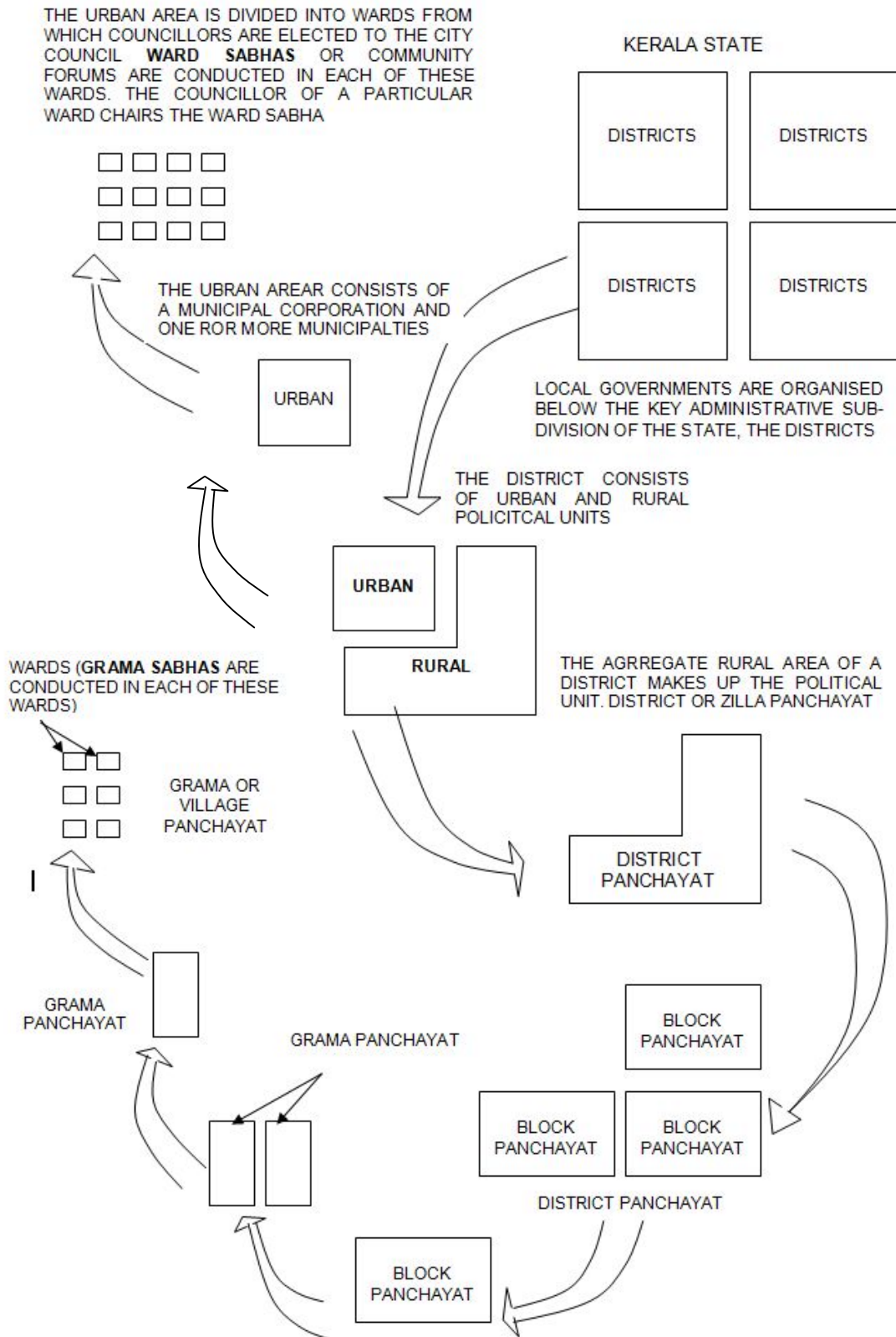
The first Communist party-led government that came to power in 1957 in Kerala attempted to introduce political decentralisation through the constitution of elected district governments, the district, or regional councils. The intention was that districts would emerge as both administrative and political units within the state. This was based on the *Report of the Administrative Reforms Committee* (1958) that had argued for a two-tier local government structure for Kerala – Panchayats (rural local governments) and Municipalities (urban local government) at the local level, and District Councils at the district level. The District Council Bill set out to transfer certain powers and responsibilities from the state government to elected representatives of a district (the administrative region of the state). However, the Bill could not be passed, as there were widespread protests against the Communist proposed reforms. The Congress-led national government dismissed the Communist administration in 1959 on account of the latter's alleged inability to govern the state, resulting in the failure of this early move towards regionalism.

### **Administrative decentralisation: 1970s and 1980s**

In the early 1970s, District Planning Offices were established in the various regions of Kerala by the Congress-led administration in order to decentralise the technical division of the State Planning Board (the department of the state government that is responsible for economic planning). However, being outposts of the State Planning Board, the District Planning Offices merely employed a technical approach to policy making and did not attempt to involve communities and non-state actors in the policy process. Although 'regionalism' was seen as important, there was merely a decentralisation of the state government's administration in the various regions of the state.

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<sup>1</sup> Panchayats are rural local governments.



**Figure 3:** Administrative and political structure in Kerala.

**Renewed attempts at political decentralisation: 1990-1992**

In 1990, the Communist party-led Left Democratic Front (LDF) government took steps to re-establish district or regional councils across the state. The LDF administration introduced the concept of a 'District Council' to devolve the powers and functions of the State Planning Board. District Council covering both urban and rural areas in a district were conceived to function as autonomous bodies, chaired by the District Collector and with a town planner as a member and secretary. The LDF administration allocated 24 percent of the state budget to the District Councils to prepare district-level schemes. In addition, 5 percent of the state budget was transferred to District Councils on the condition that funded programmes could be implemented only with the involvement of local governments within the district. However, when the new Congress-led United Democratic Front (UDF) government came to power in 1992, the District Councils were abolished and the power to decide on district projects was reallocated to state government departments within each district.

**Mandatory political decentralisation under national legislation: 1992**

Governance became an interesting discussion in the Indian context following the calls of the Indian central government in 1992 to legitimise the existence of local governments that could then engage with state governments in policy making. Rather than conceiving district governments with jurisdiction over rural and urban areas (Isaac and Franke 2000), such as those involved in previous attempts at political decentralisation Kerala, the national government strategy envisaged a three-tier local government structure for rural areas and a single tier structure for urban areas throughout India.

This was an interesting turn in Indian politics marking a departure from a centralised governance strategy and moving towards an agenda of 'localism'. The central government made amendments to the Indian constitution in 1992 through the 73rd and 74th Constitutional Amendment Acts to facilitate the proposed new structures. These were, however, limited to a reconfiguration of what Shah and Shah (2006) refer to as state-centric forms. Responsibilities were shifted between different actors within the state, while actors beyond the state are not seen as significant in the policy process. Mandatory provisions included that: (a) every state should constitute local governments at the village, intermediate and district levels through periodic and direct elections; (b) some of the positions to be filled in local governments through direct election are to be

reserved for individuals belonging to identified categories (such as the Scheduled Castes and Tribes, women etc.); (c) every state should constitute a finance commission from time to time to review the financial position of local governments; (d) every state should ensure that these mandatory provisions are incorporated into state legislation (Ministry of Law and Justice 1993a, b).

While the mandatory provisions were designed to set up uniformly 'democratic' and 'decentralised' institutions in every state in India (through regular and direct elections to local governments etc.), further optional provisions were aimed at strengthening local institutions in responding to contextual needs and priorities within each state. The manner in which such institutions were to be strengthened in responding to contextual needs and priorities was left to the discretion of respective state governments. Thus, the optional provisions provided an opportunity for state governments to decide on how to delegate powers to local governments so as to enable them to function as institutions of self-government including the authority to prepare plans for development; to formulate principles for governing the distribution of financial resources between state and local governments; and to provide experts for representation in local governments (Ministry of Law and Justice 1993a, b).

It was on the basis of these optional provisions that the state of Kerala – which was already at the centre of attention for its progressive approaches to achieving high levels of social development – put forward steps to initiate *political* and *fiscal decentralisation*. This started with the People's Plan Campaign (PPC) in 1996 and later with the Integrated District Development Plan (IDDP) in 2001. To understand the nature of political decentralisation initiated in Kerala, it is useful to introduce the framework advanced by Shah and Shah (2006) and discussed earlier. While the nature of political decentralisation envisaged by the central government (through the constitutional reforms of 1992) was about creating local *government*, the initiatives taken in Kerala in the form of the PPC and the IDDP were focussed on political decentralisation as local *governance*. This was seen as a radical shift in an understanding of decentralisation in India given that the central government strategy set out in 1992 does not talk about involving communities or non-state actors. In addition, the state government of Kerala, through both the PPC and the IDDP implemented *fiscal decentralisation* by transferring one-third of the state



government's budget to local governments. These shifts in the forms of decentralisation adopted over several decades in Kerala are illustrated in Table 1.

**Table 1: Shifts in decentralised governance in Kerala.**

Year	Political Party	Type of Decentralisation	Outcome	
1957	CPM	Political decentralisation (proposed)	District Councils as an intermediate form of government between local government and Kerala state government – 'regionalism'	
1977	INC	Administrative decentralisation	District Planning Offices as purely technical divisions within the State Planning Board – 'deconcentration'	
1987	LDF	Political	District Councils – 'regionalism'	
1991	UDF	Administrative	District Planning Offices – 'deconcentration'	
1992	National governance strategy	Mandatory, national directives for implementing political decentralisation backed by constitutional amendments and electoral reforms  Nature of political authority and/or administrative/fiscal powers to be transferred to local governments to be decided by respective state governments	Three-tier structure of local government in rural areas, and single-tier structure of local government in urban areas, in every state in India – 'localism'  Individual states are constitutionally empowered to decide on the nature of authority to be transferred through political decentralisation, depending on local circumstances	
			<b>Shifts in who should decide and how, following political decentralisation</b>	<b>Administrative and fiscal decentralisation</b>
1996	LDF	Political decentralisation <b>People's Plan Campaign</b>	A 'grassroots' process of involvement of communities and non-state actors in the preparation of local plans, starting at the Grama/Ward Sabha, a local discussion forum – 'localism'	Transfer of authority to a key district level actor, the District Planning Committee (comprising elected representatives of local governments in the district, officer of District Planning Office, District Collector etc.), to coordinate the preparation of local government plans within a district  Transfer of administrative responsibility of certain state government-run departments such as health, education to local governments
2001	UDF	Political decentralisation <b>Integrated District Development Plan</b>	A 'scientific' approach to involvement of communities and non-state actors in the preparation of local government plans, that takes into consideration both local and regional priorities – 'regionalism'	Transfer of fixed amounts of state government revenues to local governments as part of fiscal decentralisation

## Conclusion

The literature on decentralisation in Kerala has been fragmented – advocates of the People's Plan Campaign (Heller et al. 2007; Isaac and Franke 2000; Veron 2001) and the Integrated District Development Plan (Easow and Thomas 2005; Karunakaran 2006) each argue that decentralisation is best understood through their respective strategy. What is missing within these debates is a broader understanding of decentralisation strategies within the Indian context, and particularly how they relate to questions of 'regionalism' and 'localism'.

This discussion has highlighted the application of three different approaches to decentralisation. *Administrative decentralisation* has been a longstanding dimension of decentralisation in the Indian context. In the case of Kerala, starting from the 1970s there have been efforts in deconcentration of state government departments, but for many years political decentralisation was a non-starter. However, with the national constitutional reforms of 1992, *political* and *fiscal decentralisation* have emerged as additional dimensions.

By unpacking what decentralisation has come to mean in the Indian context, the Kerala study points to two interesting findings. Firstly, that a decentralisation strategy is a reflection of the socio-political context of different states. It reflects both the approaches taken by individual state governments to decentralise or devolve decision making (in the case of Kerala, early attempts to introduce district or regional councils to bring about 'regionalism'), and central-state government relationships (for instance, the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts 1992 with their focus on 'localism').

Secondly, while both the PPC and the IDDP advanced 'local governance' through *political* and *fiscal decentralisation*, the PPC was in fact more interested in 'localism' (for instance, by facilitating community forums in localities to discuss the local government budget), whereas the IDDP was focussed on 'regionalism' (for instance, in how the district or regional councils were seen as necessary to mediate local and regional priorities).

This commentary has thus sought to provide a description of the various forms of decentralisation that co-exist and/or compete in the Indian context; and an examination

of how there remains a contest between 'regionalism' and 'localism' within the Indian states. A decentralisation strategy merely provides a clearer account of that struggle. It is in this context that further research needs to be carried out, particularly into the role of national government in shaping decentralisation strategies in state governments. A primary concern is whether this is desirable. An equally important issue that is particularly relevant in a federal structure is according constitutional status to local governments – not merely legitimising their right to existence but also by giving them powers to legislate. Just as there are subjects in the Union List and the State List, drawing on which national and state governments can legislate, so too there should be a 'Local List' describing areas in which local governments can legislate – otherwise local governments will remain simply 'creatures' of central and state governments.

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