

An Overview of Decentralization in Karnataka – A Study

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Introduction

This chapter deals with an overview of decentralization in the state of Karnataka. This chapter also gives us information about PRIs. Karnataka is a leading state in the initiation of decentralisation policies and reforms. The state brought out path-breaking legislation in 1985 and made a concerted attempt to implement the Panchayat Raj System during 1987-88 under new legislation (Government of Karnataka, 1983). A three-tier panchayat system was established in 1987, which had the following features: devolution of a large number of development functions and responsibilities, merging the District Rural Development Agency (DRDA) with the Zila Parishad, providing administrative personnel, devolving funds from the state government and constituting a Finance Commission. The Finance Commission was to deliberate on the resources available at the state level, and to recommend imposition of taxes and sharing of resources between the state and local governments. The Finance Commission constituted in 1989 by the state government was the first of its kind in the entire country.

The decentralisation efforts and policies initiated by the state had continued even after the 73rd Amendment to the Constitution by way of bringing in a new Panchayat Raj Act, 1993 (Government of Karnataka 1993). In 2002, the Karnataka government set up a committee to discuss the status of decentralisation and suggest reforms (RDPRD 2002).

The PRI (Panchayat Raj Institutions) structure adopted is three-tier, namely, the Grama Panchayat (GP) at the village level, the Taluk Panchayat (TP) at the intermediate (taluk) level and the Zilla Panchayat (ZP) at the district level. At present there are 5,653 GPs, 176 TPs and 30 ZPs in the state. In Karnataka, elections for these institutions were held in 2010 for the fourth time after the 73rd Amendment was put into effect.

4.2 Grama Sabha in Karnataka

The Panchayat Raj Act in Karnataka has made a provision for a Grama Sabha (village assembly) below the Grama panchayat. All adult voters of the village are its members. According to the original Act, a Grama Sabha (GS) should be held in every revenue village at least four times a year. The functions of the grama sabha are: a) to review the accounts and performance of the GP; b) to consider the development programmes proposed by the GP; and c) to identify beneficiaries for poverty alleviation and development programmes. To improve the functioning of the institution the state government prepared and circulated new guidelines to all three-tier panchayats (Babu, 2010). The Committee on Decentralisation Reforms suggested reforms in the Grama Sabha and these were brought into effect in 2004. The main features of this amendment are to provide for a ward sabha below the grama sabha, and the stipulation that a minimum of two meetings at the ward (member constituency) level should be held in a year. Similarly, it stipulated that a minimum of two Grama Sabhas should be held at the panchayat headquarters in a year. A recent amendment to the Panchayat Raj Act incorporated the holding of a GS exclusively for children.

The Karnataka government has incorporated the Grama Sabha in its Panchayat Raj Act to involve local people in local governance and development. But studies have pointed that Grama sabhas have not been able to achieve the purpose for which they have been thought of. It was found in the 1990s that, on average, one Grama sabha meeting was held in a year (Bhargava and Raphael, 1994); this has not improved in later years. Aziz *et al.* (2002) found that the periodicity and utility of Grama sabhas have not been positive. The study by Babu (2005) on the working of Grama Sabhas in a few GPs in Karnataka again reveals that Grama sabha meetings are not held regularly and they are not held for the purpose for which they were constituted, i.e., the formulation and implementation of development plans.

4.3 Reservations in PRIs

It is well known that since development is a long and complex process, marginalised groups are likely to be excluded from participating in governance and planning. It is also a fact that in the absence of an affirmative action by the state the elite sections would garner the fruits of development. To overcome this problem, the 73rd Constitutional Amendment incorporated a provision through Article 243(D) for reserving seats and authority positions for deprived communities and sections in local bodies. The reservation pattern prescribed in the 73rd Amendment Act in the panchayats is as follows: (a) Reservations to Scheduled Castes and Scheduled Tribes have been provided according to their proportion in the total population; (b) The State Legislature, if it wishes, can make provision for reservation of seats in any panchayat at any level in favour of backward class of citizens; and (c) The remaining seats are reserved to the general category. Further, the Act makes a provision for reservation to women of not less than one-third of the total seats at different levels of panchayats in each of the categories (SCs/STs, backward classes and General), this has been increased to 50 per cent in the 2010 elections for Zilla and Taluk Panchayats. The same pattern of reservation also applies to authority positions. This explicit action through the Constitution has the potential to arm the elected representatives of different communities and sections to represent and articulate the needs and problems of their respective communities and sections.

The Karnataka government has incorporated the provisions of the Constitution on reservations in its Panchayat Raj Act, 1993. The reservation pattern adopted is as follows:

- The reservation to SCs/STs is according to their proportion of the population in the total population of the panchayat area on a rotation basis. Further, if no person belonging to the Scheduled Castes is available in the jurisdiction of a Grama panchayat, the same should be reserved to the person belonging to the Scheduled Tribes and vice versa;
- One-third of the total seats shall be reserved for backward classes;
- Not less than 50 per cent of the seats reserved in each category (SCs/STs and backward castes) including the non-reserved seats are reserved for women.

This reservation pattern is the same for all three-tier panchayats. The reservation pattern adopted for seats (membership) is also applicable to authority positions (President and Vice-President) at all three-level panchayats. The position in Karnataka as far as reservations is concerned since the 73rd Amendment is given in Table-4.1.

The field experience on the participation of reserved elected officials is mixed. At the ZP level, their participation is somewhat satisfactory, but not at the TP and GP levels. What these members demand of the TP/GP officer is a share in the budget to take up a piece of work in their wards; in addition, they lack knowledge about the schemes, budget, etc. Sometimes members at the GP level get a housing benefit that they can either use for themselves or can select a family according to their wishes. Similarly, it is beyond the capacity of these vulnerable sections to orient the MGNREGS funds to create sustainable assets. Taking advantage of this situation, a few knowledgeable members (dominant castes, landed and business class) and outsiders (contractors and leaders with political and bureaucratic connections) grab the programmes and create files as if the implementation of the programmes/ schemes followed the prescribed guidelines.

4.4 Administrative Decentralisation

For the effective implementation of decisions and plan programmes, adequate administrative staff is needed. In Karnataka, the PRIs, by and large, have adequate personnel. It can be seen from Table 4.2 on the grade-wise number of personnel working in PRIs that there were 3.28 lakh of regular staff in PRIs in 2011-12. This excludes the temporary personnel working in the GPs as they are appointed by the GPs themselves on *ad hoc* basis as bill collectors, office assistants, attenders, sweepers/scavengers, and watermen. Thus, the staff position shown in Table 4.2 represents those employed at the Taluk level (including the PDOs and Secretaries of GPs) and district level (including line department personnel).

Table-4.2

Number of Personnel in PRIs in Karnataka in 2011-12

Scale	Plan	Non-Plan	Total
2500-3850	10596	14314	24910
2600-4350	4217	11706	15923
2775-4950	987	10036	11023
3000-5450	4989	58163	63152
3300-6300	3886	78934	82820
3850-7050	3294	34419	37713
4150-7050	6396	21218	27614
4575-8400	4386	13987	18373
5200-9580	2896	6383	9279
5575-10620	2406	7829	10235
6000-11200	568	6968	7536
6300-11840	537	3861	4398
7400-13120	564	4175	4739
8000-13440	101	2917	3051
9580-14200	164	4896	5060
10620-14960	74	341	415
11520-15840	1	45	46
12800-16720	5	0	5
13820-17220	0	43	43
14960-18720	2	18	20
All India Scales (IAS, IPS & IFS)	0	27	27
Others	533	1086	1619
Total	46605	281396	328001

Source: Provision of Salary Grants to Zilla Panchayats, Annexure-B (Staff), (in Kannada), Government of Karnataka.

The foregoing shows that PRIs are provided with adequate personnel and staff. The GPs are given the power to appoint staff on a temporary basis. Even the personnel of various line departments at the taluk and district level are brought under the purview of the respective TP and ZP. The Secretariat at a ZP includes the CEO, Deputy Secretaries, Chief Accounts Officer, Chief Planning Officer, Project Director of the DRDA, and their respective subordinate officers. An exclusive engineering department (Zilla Panchayat Division) is also created. However, it has to be underlined that the present large contingency of personnel serving in panchayats is deputed from various state departments. These personnel in genera owe allegiance to the heads of their parent departments rather than to the local governments. The panchayats have no control over them - either to transfer them or to initiate any disciplinary action. There have been instances of officials boycotting meetings convened by panchayats (Babu, 2010).

Since 1994, a dilution in the grades and postings has taken place and, compared to the position in the late-1980s, these posts do not carry much respect. For instance, in the regime before the 73rd Amendment, the administrative head of the Zilla Parishad (then nomenclature of Zilla Panchayat) was headed by a senior IAS officer in the district, who was called the Chief Secretary (CS). The President of the Zilla Parishad was given the power to write an annual Confidential Report on the CS. In the regimes since 1994 not only has the designation of the CS been changed (to Chief Executive Officer), but also the position in terms of seniority has been downgraded. Besides, non-IAS officers⁵ are also posted to the ZPs as Chief Executive Officers. More or less the same situation holds true in the case of TPs.

4.5 Functional Decentralisation

The broad principle that the state governments are expected to follow in the devolution of functions from the state to PRIs and between the tiers within the panchayat system is subsidiarity. On this basis, the functions of inter-district and state character have been retained with the state and the remaining functions have been transferred to PRIs. Based on the same principle, the schemes with a village-orientation have been entrusted to GPs, while schemes with an inter-village orientation have been delegated to the TPs. Finally, all schemes with an inter-taluk or district orientation have been given to ZPs (Government of Karnataka, 1988). Thus the state has assigned a large number of functions to the panchayats. The Karnataka Panchayat Raj Act, 1993 specifies the functions of the three tiers distinctly under three different Schedules/Lists. Schedule-I containing 30 subjects was assigned to GPs, Schedule-II with 29 functions was assigned to TPs and Schedule-III with 30 functions was assigned to ZPs. These functions relate to provision of basic amenities, infrastructure, and development sectors like agriculture, horticulture, fisheries, minor irrigation, health, education, etc. The notable feature in Karnataka's functional devolution is that almost all the subjects listed under Article 243(G) of the Eleventh Schedule of the Constitution have been transferred to PRIs.

The functions entrusted to PRIs contain a large number of sub-programmes/schemes of both the state and Central governments. The PRIs, until 2003 - 04, were implementing a total of 665 plan and non-plan schemes of both the state and Centre in about 29 sectors. The number of schemes implemented by PRIs (by sector and tier) is presented in Table -4.3.

The number of schemes entrusted to PRIs is huge and there were a large number of small and unviable schemes. It became difficult for the elected and non-elected members to understand the design and guidelines of each scheme. It posed problems while planning, integrating and allocating resources. To overcome these problems, the state undertook a rationalisation of the schemes in 2011-12 and the number of schemes had come down to from 665 to 434 (314 plan and 120 non-plan schemes) (Table 4.3). This, to a great extent, gave the PRIs the flexibility/ manoeuvrability to formulate plans based on local priorities. This rationalisation exercise also led to a reshuffling of the schemes between the tiers, keeping in view the subsidiarity principle. It can be observed from Table-4.4 that the GPs are entrusted with 30 plan scheme compared to just 4 schemes earlier.

Table-4.4

Number of Schemes Entrusted to PRIs in Karnataka since 2011-12

Panchayat Tier	Plan Schemes	Non-Plan Schemes	Total Schemes
Zilla Panchayat	212	87	299
Taluk Panchayat	72	32	104
Grama Panchayat	30	1	31
Total of Three-tiers	314	120	434

Source: 'Panchayat Raj Institutions in Karnataka: Empowering Villages' (n.d), Rural Development and Panchayat Raj Department, Government of Karnataka.

As far as the devolution of functions to PRIs is concerned, despite the rationalisation of schemes and reshuffling across the tiers, there are still problems of lack of role clarity, overlap and ambiguities. The 30-odd schemes transferred to the GPs in the mid 2000 are either on paper or are under the control of line departments. The most important point to be observed is that many schemes assigned to PRIs have been imposed

from above. The PRIs have to implement them irrespective of their need. The PRIs only have power to reallocate the budget from one scheme to another by 10 per cent. In certain cases, the physical target (number) is set at the state level, like the number of houses granted to each GP under different schemes. The GPs face uncertainty in the planning, as they are unsure how many houses will be allocated to them.

4.6 Fiscal Decentralisation

Taxation powers in Karnataka are vested only with the third tier of PRIs, i.e., the Grama Panchayats. Section 199 of Karnataka Panchayat Raj Act, 1993 specifies that each Grama Panchayat can levy and collect the following taxes, fees, rates, etc.

- Tax on buildings and lands which are not subject to agricultural assessment and within the limits of the panchayat area;
- Water rate for supply of water for drinking and other purposes;
- Tax on entertainment other than cinematograph shows;
- Tax on vehicles, other than motor vehicles;
- Tax on advertisements and hoarding;
- Pilgrim fee on persons attending *jatras*, festivals, etc., where the necessary arrangements for water supply, health and sanitation have been made by the GPs;
- Market fee on persons who expose their goods for sale in any market place;
- Fee on the registration of cattle brought for sale in any market place;
- Fee on buses, taxis and auto-stands if adequate facilities have been provided for the travellers by the GP; and
- Fee on grazing cattle in the grazing lands.

According to Section 202 of the Act, GPs can levy taxes on the buildings and land used for industry or factory/ factory quarters for employees. What has been the status of own revenue collection by GPs in Karnataka? Are there regional variations in the collection of own revenue? What is the composition of own revenue? Which is an important source of own revenue for locally elected bodies? How significant is the own revenue in per capita terms? What is the extent to which own revenue enables GPs to

have expenditure autonomy? In other words, what is the proportion of own revenue to total receipts and total expenditure? Rajasekhar and Manjula (2009) attempted to answer these questions with the help of data collected from 5,212 Grama panchayats for the year 2002-03. They present the data by four groups of districts: (a) Bangalore hinterland⁶ (Bangalore Rural and Urban, Tumkur and Kolar), (b) Malnad districts (Dakshina Kannada, Kodagu, Udupi, Shimoga, Uttara Kannada and Chikmagalur), (c) North Karnataka districts (Bagalkot, Bellary, Bidar, Bijapur, Gadag, Gulbarga, Koppal and Raichur), and (d) Other districts (Mysore, Belgaum, Dharwad, SCajanagar, Davanagere, Hassan, Haveri, Mandya and Chitradurga). The main conclusions emerging from their study are the following.

The total amount of own revenue collected by 5,212 GPs in the state in 2002-03 was Rs. 66.37 crore. The Bangalore hinterland alone accounted for over 27 per cent of the total own revenue in the state. Six districts in the Malnad region accounted for over 25 per cent of the total own revenue in the state. Grama panchayats in as many as eight districts in the backward north Karnataka region accounted for less than 19 per cent of the total own revenue in the state.

The per capita own revenue collected by GPs in Karnataka increased from Rs. 5.58 in 1990-91 to Rs. 8.96 in 1997-98 (Rajaraman, 2003). Rajasekhar and Manjula (2009) show that the per capita own revenue in the state was Rs. 23 in 2002-03. There has been, thus, considerable growth in the own revenue in per capita terms in recent years. Per capita own revenue tended to be high in GPs located in the Bangalore hinterland and Malnad region. With regard to sources of own revenue, house tax was an important source of revenue accounting for 57 per cent of the total own revenue collected in the state. How significant is the own revenue in the state? In other words, what is the proportion of own revenue to total receipts of grama panchayats? How much expenditure could be met through own revenue? Answers to these questions have been analysed in this study, as they would enable us to conclude the revenue and expenditure autonomy of grama panchayats in Karnataka.

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