

# **Decentralised Planning in Kerala: An Evaluation of Performance**

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# Introduction

- The 73<sup>rd</sup> and 74<sup>th</sup> amendments of the constitution of India have enhanced the role of rural and urban Local Governments (LGs) and assigned responsibility for preparation of plans for economic development and social justice.
- The Kerala Panchayat Raj Act (KPRA), 1994 and the Kerala Municipality Act (KMA), 1994 also assigned the role of formulation and implementation of development plans for economic development and social justice to panchayats and municipalities.
- The successive State Finance Commissions (SFCs) have given high priority for development and recommended major share of devolved funds for development purposes.

- The 5<sup>th</sup> SFC recommended more than half of the devolved funds for financing the development plans of the LGs.
- Though the LGs have been preparing and executing development plans for the last two and half decade, majority of them have not been able to perform satisfactorily due to a number of factors.
- Poor plan performance on all fronts viz. plan formulation, execution, monitoring, achievement of physical and financial targets etc. may be identified as the most important problem faced by the LGs during the last two and half decade.
- The objective of this note is to make an evaluation of performance of decentralised planning in Kerala

# Decentralized Planning : Objectives

The basic objectives of decentralized planning pursued during the last four Five Year Plans are the following:

- 1) Promotion of local economic development by enhancing production and productivity of agriculture and allied sectors, traditional and small scale industries with focus on employment and poverty reduction.
- 2) Reduction in gender disparities.
- 3) Integrated area development.
- 4) Improving governance especially in terms of transparency, people's participation and responsiveness.
- 5) Bringing about an organic relationship between transferred departments and LGs and bring in role clarity.

- 6) Achieving sustainable local level development through preservation of ecology, environment and natural resources.
- 7) Infrastructure development (provision of housing, drinking water, electricity, better transport facilities, health services, clean environment for all, and sanitation including solid waste management) to achieve better quality of life for all.
- 8) Improving the delivery of public services (hospitals, schools, anganwadis, etc).
- 9) Improving the welfare of marginalized and vulnerable sections of people (women, children, the elderly people, SC/ST categories, traditional fishermen and those employed in traditional industries).

# **Decentralised Planning: Assessment of 4<sup>th</sup> State Finance Commission (SFC)**

The 4<sup>th</sup> SFC had examined the decentralized planning of LGs and identified certain serious issues in plan formulation and implementation. They are:

- 1) Tendency to divide the devolved funds ward-wise leading to relatively small projects being taken up.
- 2) Plans appear to emerge from negotiated priorities than from participatory situation analysis based on data and experience.
- 3) Working Groups and Technical Advisory Groups, the instruments of preparation of plans, are becoming perfunctory.
- 4) Planning and implementation of Special Component Plan (SCP) and Tribal Sub Plan (TSP) is far below the desired levels.

- 5) Although 10 percent of the general sector expenditure has to be spent as Women Component Plan (WCP), the realization of desirable outcome is poor. The planning and implementation of WCP is below expectations.
- 6) Significant improvement in the horizontal and vertical integration of plans is needed.
- 7) Poor record of service delivery in public institutions.
- 8) Focus continues to lie on LG level plan and annual plan.
- 9) No significant achievement in the production sector and local economic development sector.
- 10) Absence of effective system of quality assurance for concurrent monitoring.
- 11) Weak role of intermediate Panchayats.
- 12) DPC still function as committees with emphasis on project clearance of LGs.

# Plan Formulation and Execution Guidelines

- A development plan comprises a list of economically, financially and technologically feasible projects and schemes. Preparation of financially feasible and implementable type of project is a pre-condition of a good development plan.
- The Plan should also be supported by adequate resources. Review of the current situation of the local economy and its problems, identification of development requirements, fixing the priorities of development and preparing feasible projects are the stages involved in the planning process.

- The procedure prescribed for the various stages of plan formulation and execution is discussed below. Though the procedure was prescribed by the State Government in the initial stages of implementing decentralized plans in the second half of the 1990s, the practice continued without much change till 2013
- The procedure which is being followed at present in the pre-project formulation stage is given in Table 1. The time frame given for various steps in plan formulation is also given in the table.
- Guidelines are issued about the procedure to be followed in the conduct of Grama Sabhas (Table 2).

- The second phase in the plan formulation process is preparation of a development document, conducting development seminar, approval of development document, plan allocation, preparation of plan projects and approval of plan projects (Table 3).
- Table 4 gives the hierarchy of engineers who have the power to scrutinise and approve construction related projects.
- Table 5 gives the engineers authorised to give technical sanction
- Table 6 gives the various steps involved in the execution of projects
- Thus, the above elaborate, time consuming and irrelevant plan procedures are prescribed to identify the projects, preparation of projects and execution of projects.

# Table 1

## Plan Formulation process (1<sup>st</sup> Phase)

Sl. No.	Steps	Committee/Group Responsible	Target dates for plan preparation
1	Appointment of Plan co - ordinator	Committee/Council of LGs	Before November 20 (if needed)
2	Constituting working groups	Implementing officer (recommending); Standing committees (recommending); Administrative Committee (approving)	Before November 25
3	Preparation of District wise Priority list		November 25
4	Preparation of status report including project plan	Standing committee; working groups	If necessary
5	Discussion with Bank	Standing Committees; Working Groups; Administrative Committees	If necessary
6	Discussion with Stakeholders	Working groups; standing committees	If necessary
7	Rapid assessment	Working groups; standing committees	Before November 25
8	Grama Sabhas/ Ward Sabhas	Working group members; facilitators; Administrative committee; ward member/Councillor	Before December 15
9	Finalisation of status Report and project suggestions preparation	Working groups; standing committees	Before December 15. ( Status report is not applicable for coming years)

Source: LSGD (2013), 12<sup>th</sup> Five Year Plan (2012-17), Revised Guidelines for Plan Formulation, Subsidies and Allied matters. Thiruvananthapuram, LSGD (Malayalam).

## Table 2

### Programme Schedule of Grama/Ward Sabha

<b>1</b>	<b>Welcome (5 minute)</b>	<b>Grama Sabha convener</b>
<b>2</b>	Development views of Panchayat (10 minutes)	President/Vice president
<b>3</b>	Rights and duties of Grama sabha (10 minutes)	Resource person
<b>4</b>	Plan implementation report of current year and previous year (10 minutes)	Secretary/Plan Co-ordinator
<b>5</b>	Presentation of Draft project suggestions of next year (10 minutes)	Development standing committee chair person/welfare standing committee chairperson
<b>6</b>	General discussion and question answers (previous plan activities, activities of Organisations and employees, decisions of grama sabha, General Administration etc. (45 minutes)	Questions may be collected in the meeting or earlier in writing. Participants may also permitted to raise questions.
<b>7</b>	Group discussion (draft project proposals) (90 minutes)	Discussions may be done in groups based on the number of working groups. Service of a facilitator may be made available by Panchayat in each group.
<b>8</b>	Reporting of group discussion (Plenary session) (30 minutes)	Presentation of the proposals of the group
<b>9</b>	General discussion on draft plan (15 minutes)	
<b>10</b>	Summing of discussions	President/Vice president/Standing committee Chairperson
<b>11</b>	Approval of written minutes, putting signature	Apart from people's representatives and officials, anybody who attended Grama sabha can sign
<b>12</b>	Conclusion, Vote of thanks	Grama sabha co-ordinator/ Secretary

- Urban Local bodies should also conduct ward sabha meetings as per this schedule
- Block-district Panchayats may conduct Grama sabha meetings as per this schedule as mentioned I
- n Panchayat Rule 15. But item 3 of this schedule may be excluded

Source: Same as Table 1

**Table 3**  
**Plan Formulation process (2<sup>nd</sup> phase)**

<b>Sl. No</b>	<b>Steps</b>	<b>Committee/Group Responsible</b>	<b>Target dates for plan preparation</b>
<b>1</b>	Development document (in the 5 year plan period and annual plan document)	Working group; development standing committees	Development document ( NA for coming years)
<b>2</b>	Preparation of integrated programmes	Working groups; standing committees	If necessary
<b>3</b>	Development Seminar	Administrative Committee; development standing committee	Before December 15
<b>4</b>	Approval of development document	Administrative committee	NA
<b>5</b>	Decision on plan provision and allocation of plan total	Administrative Committee; Finance standing committee	Before December 30
<b>6</b>	Preparation of project	Working groups	Before January 10
<b>7</b>	Approval of projects by standing committees	Standing committees	Before January 15
<b>8</b>	Approval of plan projects	Administrative Committees	Before January, 20
<b>9</b>	Approval of plan projects	District Planning Committee	--

Source: Same as Table 1

**Table 4**  
**Scrutiny and Approval of Construction related projects**

<b>Sl. No.</b>	<b>Projects of Rural and Urban LG</b>	<b>Engineer who is authorized to Approve</b>
<b>1</b>	Projects of GPs	Asst. Executive Engineer of BP
<b>2</b>	Projects of Block Panchayats (BPs)	Executive Engineer of DP
<b>3</b>	Projects of DPs	Superintending Engineer (decided by Chief Engineer)
<b>4</b>	The project of Municipalities having Assistant Engineer as Municipal Engineer	Assistant Executive Engineer of BPs
<b>5</b>	The projects of Municipalities having Asst. Executive Engineer as Municipal Engineer	Executive Engineers
<b>6</b>	The projects of Municipalities having Executive Engineer as Municipal Engineer	Superintending Engineer (decided by Chief Engineer)
<b>7</b>	Projects of Municipal Corporations	Chief Engineer of LSGD

Source: Same as Table 1

**Table 5**  
**Engineers authorized for giving Technical Sanction**

<b>Sl. No</b>	<b>Projects</b>	<b>Engineer who is authorized to Approve</b>
<b>1</b>	The projects of GPs and Municipalities which have the Assistant Engineer as Municipal Engineer	Asst. Executive Engineer of the BP (The Executive Engineer DP will decide the AEE)
<b>2</b>	The projects of BPs and municipalities which have the Asst. Executive Engineer as Municipal Engineer	Executive Engineer of DP
<b>3</b>	The Projects of DPs and Municipalities which have the Executive Engineer as Municipal Engineer	Superintending Engineer (LSGD Chief Engineer will decide the SE)
<b>4</b>	The projects of Municipal Corporation	Chief Engineer/LSGD

Source: Same as Table 1

# Table 6

## Project Execution

### Annual plan expenditure of rural LGs in Kerala

Step	Committee/Officer Responsible
<b>Project Execution- Ist Stage</b>	Tendering/Identifying Beneficiary Committee
<b>Project Execution- IInd Stage</b>	Finalisation of Tender/Award of work to Contractor/Beneficiary Committee
<b>Execution of Work-Supervision</b>	Designated Officer/Engineer
<b>Completion of the work</b>	Verification by designated officer
<b>Payment of Bills</b>	Implementing officer/finance officer of LGs

## **5<sup>th</sup> SFC Evaluation of plan performance**

- The 5<sup>th</sup> SFC had conducted a sample study to evaluate the annual plan performance of 15 sample Grama Panchayaths (belonged to five districts). 5 sample district panchayats (Thiruvananthapuram, Kollam, Ernakulam, Thrissur and Kozhikode), 9 sample municipalities (belonged to five districts) and 5 sample municipal corporations (Thiruvananthapuram, Kollam, Kochi, Thrissur and Kozhikode).
- The Commission collected detailed data from the above sample LGs, conducted sittings and held detailed discussion with all the sample LGs and examined the major projects executed by them.

- For examining the plan performance, the Commission used indicators like data of constitution of working groups, date of meeting the working groups, date of meeting of grama sabha/ward sabha, date of development seminar, date of approval of annual plan by council of LG, date of approval of district planning committee (DPC), category of projects implemented (contractor and beneficiary committee), percentage of projects completed in a year, percentage of fund utilisation (plan and maintenance), and quarterwise and monthwise spending of the plan.

## 5<sup>th</sup> SFC Assessment

The above analysis may be concluded with the following observations:

- 1) The elaborate procedure followed for the appointment of plan co-ordinator, constitution of a number of working groups, conducting stakeholder consultations, discussion of project proposals in Grama Sabhas, finalization of status report, and preparation of development plan and development seminar have not contributed much to the identification and preparation of projects. Lot of time and energy of the LGs are spent for completing these procedures.
- 2) Another issue is the use of a single plan guideline for different categories of LGs such as GPs, BPs, DPs, Municipalities and MCs. Though the development requirement, nature and magnitude of plan activities etc are different among different categories of LG, a uniform guideline is used for all.

- 3) It is found that too much emphasis is given for completing a number of pre-project formulation procedures and too little emphasis for actual project formulation process.
- 4) As the peak period of plan formulation and implementation is a single period (between December and March) it results in poor plan formulation as well as execution.
- 5) Lack of adequate time given for preparation of projects in the plan formulation guidelines (15 days in a year) results in preparation of poor projects.
- 6) An important reason for the poor plan performance at all levels – formulation, getting approvals, entrusting the work for execution and actual execution – is the large number of projects or unmanageable number of projects.

- 7) The practice of dividing annual plan fund ward wise and preparing projects based on the interest of the ward member of GP is the reason for the large number of small and tiny projects.
- 8) Due to the practice of having large number or excess number of projects, a substantial share of the projects remains incomplete during the end of the financial year.
- 9) Due to the delays in project formulation, getting approvals from DPC, technical sanctions and awarding the work, the execution starts during the third or fourth quarter of the financial year resulting in poor execution and bunching of plan expenditure to the last quarter or last month of the financial year.

- 10) A reason for the poor execution and poor quality of projects is the practice of entrusting the execution of almost the entire projects (except a few) to beneficiary committees, who have no expertise, manpower, machinery or capacity to execute engineering projects.
- 11) The other reasons for poor plan performance are shortage of engineers, supporting field and clerical staff, restrictions imposed on the passing of bills by treasury etc.

# References

- Report of the Fifth State Finance Commission, Part II (March, 2016). Government of Kerala. Thiruvananthapuram
- B. A. Prakash (2020). Local finance fiscal decentralisation and decentralisation and decentralised planning: A Kerala Experience, Sage Publications, New Delhi.

**Thank You**

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