

# Literature Review: Frameworks And Outcomes Of Decentralisation With A Focus On Kerala

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## **Abstract**

The study offers a comprehensive review of literature on decentralisation, examining its evolution and implementation across global, national, and state contexts. It explores the key dimensions of decentralisation—such as administrative, fiscal, and political aspects—and evaluates performance outcomes associated with these processes. The review also considers relevant government policies that have shaped decentralisation initiatives over time. Special emphasis is placed on literature pertaining to Kerala, providing valuable insights into its distinctive approach, institutional mechanisms, and outcomes of decentralised governance.

The literature review reveals that while decentralisation has been widely studied at global, national, and state levels—especially in Kerala—most research focuses on the decentralisation process itself rather than its impact on specific economic sectors. In Kerala, despite over 25 years of decentralised planning and initial emphasis on the productive sector, outcomes have been limited due to institutional, financial, and political challenges. Studies assessing the sectoral performance under decentralisation are scarce, often constrained by limited data and scope. This highlights a significant research gap, particularly regarding the impact of decentralisation on Kerala's productive sectors like agriculture and industry. Given the state's continued shift toward a service-based economy, a comprehensive analysis in this area is both necessary and timely.

**Keywords:** Decentralized Planning, Community Development Programme (CDP), Kerala Development Plan, Local Self Government Institutions (LSGIs), Productive Sector.

Date of Submission: 23-05-2025

Date of Acceptance: 03-06-2025

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## **I. Introduction**

Decentralisation is a major reform of the past fifty years, often called a "quiet revolution." It aims to improve government efficiency, political stability, and democratisation by shifting resources and decision-making to local levels. When well-designed and inclusive, decentralisation enhances public service delivery and financial efficiency. However, it can fail if its complex nature is misunderstood or poorly implemented.

Kerala pioneered democratic decentralisation with the launch of the People's Planning Campaign in 1996, following the 73rd and 74th Constitutional Amendments and the enactment of the Kerala Panchayat Raj and Nagarapalika Act of 1994. The state adopted participatory local-level planning as the foundation for decentralisation. The campaign aimed to coordinate decentralised planning through widespread socio-political mobilisation and public participation. A key feature of Kerala's approach was the devolution of plan grants to local governments, marking a significant step in fiscal decentralisation.

Studying decentralisation in Kerala is significant as the state serves as a successful model of participatory governance, particularly through initiatives like the People's Planning Campaign. Kerala has effectively implemented the constitutional reforms mandated by the 73rd and 74th Amendments, promoted fiscal devolution, and enhanced the quality of public service delivery. The decentralisation process in the state has also contributed to greater social inclusion and demonstrated how empowered local governance can foster equitable development and effective crisis response.

This study presents a comprehensive review of literature related to decentralised planning. It covers various aspects, including the decentralisation framework at the global, national, and state levels; different dimensions of decentralisation; performance outcomes; and relevant government policies. Special attention is given to studies focused on the Kerala context, offering valuable insights into its unique approach and outcomes.

## **Objectives of the Study:**

1. To review the evolution of decentralisation in India and explore its various dimensions.
2. To assess the performance of decentralisation from global, national, and state-level perspectives.

3. To analyse Kerala's model of decentralised governance, with specific focus on its implementation across different sectors.
4. To examine the roles of fiscal devolution, participatory planning, and institutional reforms in shaping Kerala's decentralisation process.
5. To identify the key challenges and issues in decentralised planning, highlight gaps in the existing literature, and propose directions for future research and policy development.

## **II. Methodology**

This study adopts a qualitative and descriptive approach, based on a systematic review of secondary literature. Relevant data was collected from academic journals, policy papers, government documents, books, and reputable online databases such as JSTOR, SSRN, and Google Scholar. The literature was selected based on its relevance to decentralisation frameworks, fiscal devolution, participatory governance, and institutional reforms, with a particular focus on Kerala. The review encompasses studies at the global, national (Indian), and state (Kerala) levels. A thematic analysis was conducted to identify key trends, outcomes, and challenges, which helped to highlight gaps in the existing research and suggest directions for future policy and academic inquiry.

Decentralisation refers to the restructuring of central, regional, and local levels of authority and responsibility based on the principle of subsidiarity, to improve the overall quality and effectiveness of government by increasing the authority and capabilities of sub-national levels. Good governance, increased government responsibilities, transparency, and accountability are becoming major parts of decentralisation aspirations (UNDP, 1997). Decentralisation is now a complicated process including geographical units such as international, national, and sub-national local areas, societal actors such as the public and commercial sectors, and social sectors such as political, social, economic, and cultural components. As a result, decentralisation employs a systems approach that combines administrative, political, and financial duties and responsibilities (UNDP, 1998).

## **III. Types And Forms Of Decentralisation**

Decentralization means the transfer of the Government's power and functions from the Central Government to the sub-national or local level of the governing body. Decentralization itself is considered as both a concept and as a means of development and also both a process and an end (Cohen and Peterson, 1999). There are three important types and three major forms of decentralization.

### **a) Political Decentralization:**

Political decentralization refers to the transfer of political power and functions concentrated in the Central or higher-level political organs to lower or sub-national level political organs. Political decentralization gives citizens and elected representatives more freedom in public decision making, formulating and implementing policies. A major form of political decentralization is *Devolution*. Devolution is the transfer of authority for decision making, resources and revenue generation to local level independent public authority.

### **b) Administrative Decentralization:**

Administrative decentralization is the transfer of responsibility for decision-making authority, ie, planning, financing and managing public functions from the Central Government to the sub-national levels of Government. The two major forms of administrative decentralisation are Deconcentration and Delegation. Deconcentration is the transfer of power and responsibility from one level of the Central Government to another as maintaining the same hierarchical level of accountability from the lower level to improve service delivery. Delegation means Central Government redistributes authority and responsibility to local units of government or semi-autonomous organisations that are not always necessarily controlled by the Central Government but accountable to it.

### **c) Fiscal Decentralisation:**

Resource reallocation at sub-national levels of government is the core component of fiscal decentralisation. Fiscal decentralisation involves the decentralisation of funds and their devolution to various local governments. It is the public finance of intergovernmental associations and it addresses the source of revenue and its transfer to sub-national and State Governments (Robert, 2001).

## **Local Government and Subsidiarity Principle**

The decentralisation results in forming sub-national centres called *Local Government*. Local Government refers to the institutions created by legislations to deliver specified services to a small geographically definite area. In a broader sense, local governance is defined as the formulation and execution of

collective action at the local level (Shah 2006). Good local governance means incorporating local services with protecting the life and liberty of citizens, creating democratic participation, environmentally sustainable local development and enhancing the quality of life of residents. (Boadway and shah 2009). The need for local Government rests on the *Subsidiarity* Principle. The Oxford English Dictionary define Subsidiaris subsidiarity as the principle as the Central Government only have a subsidiary function, performing only those tasks which cannot be performed at a more local level. Decentralisation and subsidiarity are closely related concepts that propose the functions devolved to the lowest level should be those functions that are capable of completing them. (Isaac, 2000) Subsidiarity principle is the basic principle governing the devolution of functions and can be defined as what can be done best at the particular level should be done at that level itself.

## **Evolution of Decentralisation in India**

### **1. Pre British Era**

In India, local government dates back to the Vedic period, when ancient Hindus lived in communities and the administration was handled by the village headman (Jayswal,1955). During the Manu and Shukras-nitisara periods, the village was the primary administrative entity. Villages are also mentioned in other epics such as the Smritis, Upanishads, Jatakas, Ramayana, and Mahabharatha (Mookerji,1958). A well-established and developed system of local administration has been described by some Indian historians as the backbone of the Indian rural social and economic system (Hansraj,1992). After a few years, these committees were renamed panchayats, and they become the most efficient and effective institutions in each village. The elected village council had executive and judicial powers over matters like land allocation, tax collection and distribution, and oversight among other things (Nehru,1946).

During the Maurya era, the position of the Village Headman was under Royal supervision, and the States were given total powers over taxation, wealth protection, and so on. Village headmen, who belonged to the higher caste, had control over civic responsibilities, public affairs, and the supervision of industrial and commercial operations that had been delegated to them by rulers. They lived in communities similar to today's Gramapanchayat, and disputes were resolved inside the village units, which were based on caste. During the medieval Mughal period, casteism and feudalism harmed village self-government, and a new class of feudal leaders, known as zamindars, formed. In the British era, this resulted in the stagnation and loss of Village self-government.

### **Decentralisation in Colonial Era**

Villages lost their economic strength and their lives became unpleasant during British control due to the establishment of Ryotwari and Landlordism. The Governor-General of British India supplanted the old panchayat raj and communal life with centralized administration and Local Self Government Institutions as trading centres (Dutta, 2009). The Municipal Corporation Act 1687, the Charter Act 1793, and the Bengal Peoples Act 1842 were all passed by the British to promote a top-down approach.

Lord Mayo's resolution in 1870 emphasized the significance of administrative, judicial, and financial authorities for the efficient decentralized government. The Act was enacted in 1871 by the provinces of Bombay, Punjab, Bengal, and the North-West, but villages were still ruled by bureaucrats, and there was no provision for representation. Lord Ripon passed a resolution in 1882 that is regarded as India's Magna Carta of local self-government. This resolution called for a two-year transition to a representative two-tier local government structure for the sub-district board (*tahasil*). The Royal Commission on Decentralisation in India was established in 1907 and recommended that village panchayats be given the authority to deal with minor civil and criminal matters, as well as the responsibility for basic local infrastructure. However, the government did not follow through on these recommendations (Hobhouse, 1907).

The Montague-Chelmsford Act (Government of India Act) of 1919 recommended local bodies of elected majority with Chairperson to get support from India for World War I. Even though the Act was enacted by eight provinces, it fell short of its goals. The Government of India Act of 1935 gave Local Bodies better grades and regional autonomy, and the authority was delegated to a minister. However, the Second World War stymied the measures, and the situation remained unchanged on the eve of independence. In general, colonial authority in India weakened the local government's decision-making capacity and promoted a degree of decentralization for their advantage and convenience. They began the modernizing process in Panchayati Raj Institutions, treating them as just administrative agents of Centralised Government (Chishti, 2001).

The liberation war led by Gandhi accelerated the decentralization trend in India. Gandhiji believed that the Panchayat Raj system was the best way to provide Justice and minimize dependency on the government, and he praised historic Local Governments in 1916. According to Gandhi, individual liberty, mental and moral growth is difficult to achieve without decentralization, hence democratic policy incorporates decentralisation (Raju,1995). Decentralisation as defined by Gandhiencompasses both economic and political power, as well as the essential ideal of self-sufficiency. He embraces social, political, and economic decentralisation, and aspires

to turn every town into a mini-republic. Gandhiji maintained that individual participation in the decision-making process is essential for perfect democracy and that decentralisation is a necessary precondition for this.

### **Decentralisation in the Post-Independence Period**

In independent India, the federal form of governance with central and state administrations was accepted, and no significant attempt was made to establish Panchayat Raj Institutions. The primary topic of Gandhi's national movement was "Gramaswaraj", which was not stated by B R Ambedkar's early draft of India's constitution. The latest draft included Panchayat in the Directive Principles of State Policy, ie, Article 40 of the Constitution, and the topic was added to the State list after Gandhiji remarked on it. In 1989, Shri Rajiv Gandhi, India's Prime Minister, introduced the 64<sup>th</sup> and 65<sup>th</sup> Constitutional Amendment Bills, which made it essential for all States to implement three-tier Panchayat systems for rural and urban local governments (Mohanti,1993). However, these bills were defeated in the Rajya Sabha and the local governance system was later adopted in India by the 73<sup>rd</sup> and 74<sup>th</sup> amendments. In the post-independence period, the appraisal of local self-government institutions may be separated into three panchayat phases. After the Balwantray Mehta Committee report in 1957, the first generation Panchayat arose. After the Ashok Mehta Committee's publication in 1978, the second generation panchayat was established. Following the 73<sup>rd</sup> Constitutional Amendment in 1992, the third generation panchayat began (Bhatnagar, 1978).

*The first phase, Community Development Phase*, spans the first five-year plan (1951-1956), as well as the second five-year plan (1957-61). On October 2, 1952, a three-year intense programme called the "Community Development Programme" (CDP) was launched to improve the attitude, strengthen self-reliance, and establish the habit of cooperation among rural people. Change the viewpoint of village people, produce responsible and responsive village leadership, create self-reliant, responsive residents competent and ready to engage effectively, focus on modernizing agricultural output, and train village youth are some of the major aims of CDP.

*The first phase - Community Development Phase* includes the period of the first five-year plan (1951-56) and the second five-year plan (1957-61). To enhance the attitude, develop the strength of self-reliance and habit of co-operation of rural people a three-year intensive program "Community Development Programme"(CDP) started on 2<sup>nd</sup> October 1952. Some of the important objectives of CDP are; to change the outlook of village people, the development of responsible and responsive village leadership, create self-reliant, responsive citizens capable and willing to participate effectively, emphasize modernising agricultural production and training village youth, etc. The Community Development Programme, according to the Planning Commission's review panel, did not provide the intended results. The advantage was appropriated by the dominant castes and wealthy agriculturalists in power (Rani,2019). The failure of CDP is due to the poor attitude of bureaucrats, a lack of harmony and cooperation among the numerous departments, a lack of youth participation, etc.

Under the presidency of Balwantrai G Mehta, the National Development Council constituted a study team in 1957. This was of *II Phase –Panchayat Raj Phase (1960-1970)*, which was defined by the installation of a three-tier system of Village, Block, and District Panchayats based on Balwantrai Mehta's proposals. Following that, during the 4<sup>th</sup> and 5<sup>th</sup> five-year plan periods, according to the Gadgil formula's plan allocation proposal, the *III Phase – Special Programmes Phase (1970-1980)* emerged with the creation of an area strategy. The federal government provided support to the states in the form of 70 per cent loans and 30 per cent grants under a standard block system. Dantwala Committee establishes and implements a block-level planning guideline during this time. Specific target groups or locations were the focus of these programmes. For this type of planning, the development Block was the best unit to use.

Later, the *IV Phase – District Planning Phase (1980-1990)*, which included the 6<sup>th</sup> and 7<sup>th</sup> five-year plans and continued with specific programmes at the district and municipal levels, was established. District-level planning was emphasized by the C H Hanumantha Rao Committee (1983) and the GVK Rao Committee (1985), with independent State-level planning. Block Development Officers should have wide planning, implementation, and monitoring responsibilities for the Rural Development Programme. The core of decentralized planning in the *V Phase – The Panchayat Raj Revival Phase* was the devolution of authorities and functions from top-level to the bottom level (199-2000). The administration attempted to enhance Panchayat Raj Institutions, the lower-level authorities, by making a constitutional unit of self-governance. In 1993, the 73<sup>rd</sup> Amendment to the Constitution established three-tier structures for Rural local Bodies across the country to enhance the Panchayat Raj Institution. According to the Act, Panchayat Raj Institutions are required to offer 29 subjects (Mishra,2000).

Anti-Poverty Programmes, Centrally Sponsored Schemes, and State-Sponsored Schemes were implemented through decentralised institutions in the *VI Period- (2000-2010)*. During this period, practically every government attempted to decentralize funding, functions, and bureaucrats. The recently added decade represents the *VII Phase (2010-2020)*, with the strategy for the 11<sup>th</sup> and 12<sup>th</sup> plans aiming to achieve a certain

sort of growth process that meets the goals of inclusion and sustainability. During this phase, decentralised planning advanced by engaging previously a certain sort of growth process that meets the goals of inclusion and sustainability. During this phase, decentralised planning advanced by engaging previously excluded groups into the development process and implementing the Sustainable Development Goals for today's decentralised institutions with greater authority and functions.

Due to the impact of Gandhian ideology, the Planning Commission's first five-year plan emphasized the significance of keeping planning at the state, district, block, and village levels. Since the second five-year plan, numerous state governments have tried various ways to decentralise planning, but all of them have failed to achieve true financial, functional, and administrative devolution. The adoption of the three-tier panchayat Raj System and the transfer of projects and finances to the District Panchayats in Gujarat State started decentralised planning in 1973. Twenty per cent of funding is distributed to District level plans, while forty per cent of state funds are allocated to the District beginning with the sixth plan. In Rajasthan, a multilevel planning system was implemented with the start of the fourth five-year plan (1965). Sectoral allocation was continued at the central level in Rajasthan, and the approved projects list and financial information were distributed to all Panchayat Councils for the preparation of panchayat level plans. Decentralisation in Karnataka began with a two-tier planning framework during the sixth five-year plan. In this method, 75 per cent of the expenditure is allocated to the districts, with 25 per cent held in reserve for unexpected needs. District-level planning began in Maharashtra in 1975 when the District Planning and Development Council was established to prepare district plans. During the eighth plan period, Kerala had a failed local plan and launched a three-tier Panchayat raj system on the 9<sup>th</sup> five-year plan. It was only a real democratic decentralisation with suitable institutional architecture and empowerment under the Panchayat Raj Act of 1994 (Dube, 2002).

In all dimensions, such as devolution of powers, functions, and resources to local self-government, Kerala's decentralised planning model is a model for other states. It also allows for the transfer of one-third of the state budget's annual plan allocation to LSGs in the form of an untied plan grant for project preparation following the people's preferences, as well as the transfer of authorities, functions, institutions and employees to local bodies. Other notable features of Kerala's decentralisation include improved capacity and capability of the local public in understanding the local planning process, the introduction of a transparent method of individual beneficiaries, the right to information, accountability mechanism, outsourcing of technical support, improved management system, and good governance features such as responsive and transparent administrative setup, and the creation of a positive approach to poverty reduction.

### **Decentralisation and its Dimensions**

To have a better grasp of decentralisation, UNDP (1999) analysed the idea and local government actions. While the review committee led by Richard Flagman supported decentralisation a concept for local government projects, they stated that there is no universal definition for decentralisation because it has so many different uses. "Decentralisation refers to the reorganization of authority and co-responsibility of governance at the Central, State and Regional levels based on subsidiarity principles. As a result, decentralisation entails 'improving people's possibilities and involvement in economic, social and political decisions through supporting people's talents, government duties, transparency, and accountability.'" Decentralisation is viewed as a variable in public sector management reform in this perspective.

Isaac (2000) while discussing Kerala's experience of Decentralisation, participation, transparency, plan formulation and its implementation the author defines democratic decentralization as the method of devolving finance and powers from the Centre to the lower tiers of Government to provide direct participation of common people in governance. Through the process of democratic decentralisation, it ensures that what can be done best at the lowest level should be reserved to that level, ie, subsidiarity, and the different tiers have functional, financial, and administrative autonomy. Similar to this study John & Chathukulam (2003) adopted the same criteria of devolution of funds for judgment of decentralisation. These studies are in tune with Vengroff and Ben Salem in the context of Tunisia for measuring decentralisation. Fischer (2006) in this paper argues that a stronger focus on the cultural politics of deliberative space is needed to deepen citizen participation theory and design. It examines how the social valuation of political space affects basic conceptual processes including who talks, how knowledge is constructed, what may be stated, and who decides. The paper viewed that decentralised design principles are fundamental but insufficient conditions for deliberative empowerment. The study examines a major example for deliberative empowerment is the people's movement in Kerala

Even though all industrialised and developing nations are moving toward increased decentralization, Kumar and Sharma (2006) claim that the degree and scope of decentralization vary per country. They saw that there is a lot of variation in the degree of decentralisation throughout the world, which is a major worry. Because there is no specific definition or competing measurement for the decentralisation process, its impact is determined by the elements that influence public policies and service delivery. The research consequently asks for a thorough methodology that incorporates both qualitative and quantitative methodologies to account for the

institutional structure of each country's decentralisation process. Renu Krishna (2014) used trend analysis to look at the resource transfer features of decentralised planning in Kerala among rural local bodies from 1996-97 to 2011-12. The research provides Grants-in-aid are the most common type of resource transfer to the PRIs; village, block and district panchayats. The funds are connected to the devolution of specified sectors and components. Given the fact, village panchayats have limited financial autonomy and less initiative when it comes to planning projects or rural development. As a result, decentralised planning must be overcome, and the present system of resources and transfer might be modified by PRIs mobilizing extra resources and transferring them. Granting greater funding through tax collection and a wider push for financial and political autonomy for local governments are examples of such reforms.

Torrise et.al (2011) provided a conceptual approach that focuses on definitional and measurement moments while operationalizing regional authority. They argue that decentralisation types such as political, administrative, fiscal, and market decentralisation appear in a variety of forms and arrangements across sectors, countries, and within countries to allow people to participate in decision making and to spread the idea of inclusion of all classes, which improves the efficiency and equity of local service delivery. The core of democratic decentralisation, according to this interpretation, is local involvement with full political rights and freedoms as well as public control over governance.

According to the studies we mentioned regarding definitional aspects of decentralisation, the term decentralisation refers to the distribution of functions and powers to lower levels, and more specifically, decentralisation refers to the allocation of resources, functions, and powers from higher levels of government to Local Self Governments. The distribution of resources, functions, and authorities also includes the delegation of decision-making authority to lower-level units. Decentralisation acts as a mechanism for empowering local bodies to create and implement 'Planning from below' by empowering ordinary people.

## **Performance under Decentralised Planning**

### **1. Global Studies**

According to Warner (1999), effective decentralisation requires local governments to have administrative and financial capabilities as well as broader duties. He looks at how devolution is becoming more important in eight Mid Atlantic and East North Central States. The United States has gone through three waves of devolution since the 1970s: devolution with funds, New Federalism, and devolution without dollars. According to the findings, intergovernmental support is a key for enhancing local capacity and fiscal equality, and alternative taxation mechanisms, such as access to user fees, access to a portion of the state, and sales tax, are needed to improve development activities.

Rural communities would be successful development channels, according to Platteau and Abraham (2002), provided they were given genuine duties, powers, and finances. They said that rural economies on the African continent are plagued by flaws such as accountability issues, the presence of middlemen, and other issues, all of which pose severe hazards to development efforts. The effectiveness of decentralised planning, according to this article, is dependent on the top tiers of government's effective and cordial participation and support for local self-government participatory development plans.

Work (2002) examined the connection between the federal system and unitary states under decentralisation after analysing the theoretical underpinnings by integrating development, governance, and decentralisation. The research involved 31 decentralised nations, 18 of which are unitary and 13 of which are federal. Only a successful Center, he believes, can encourage economic growth, and its fragmentation will be economically feasible, long-term, and homogeneous. The report also shows how varied democratic governance and decentralisation techniques are common, with 80 per cent of developing nations having some sort of decentralisation, although to varying degrees. He demonstrated that there are various and complex approaches to decentralisation through case studies in Nepal, Jordan, Morocco, Malawi, Tanzania, Uganda, Nigeria, Ghana, Argentina, Columbia, Brazil, Philippines, SouthAfrica, Lithuania, Estonia, Latvia, and Kyrgyzstan. Decentralisation is a difficult process that demands commitment, patience, and appropriate mechanisms for greater democratic governance and long-term growth.

The writers Rodriguez-pose and Gill (2004) summarise the overall trend toward devolution and has significant implications for efficiency, equity, and governance. While analyzing the cases of Brazil, Mexico, India, China, the USA, etc. the authors argue that the diversity of devolution efforts is addressed using a theoretical argument emphasising the importance of political legitimacy across several levels of government. The authors also examine the repercussions of the widespread transfer of power to regions after justifying their decentralisation paradigm.

Osorio (2003) made an experimental study showing the relationship between decentralisation and quality education in Colombia. Theoretically, decentralisation may increase the efficiency in the provision of

education. The impact of decentralisation is asymmetric concerning income. However, it may also create a more unequal distribution of educational quality.

In an international study, Bardhan and Mokherjee (2006) discovered that during the last three decades, both political and economic powers have been shifted to local governments on a large scale. This study is based on a collection of eight country case studies from the past three decades; Bolivia, Brazil, China, India, Indonesia, Pakistan, South Africa, and Uganda which represent a mix of democratic and non-democratic, low and middle-income countries with low and moderate levels of human development. Bolivia and Indonesia were the first countries to decentralise in 1995 and 1998, respectively. Brazil and India have seen decentralised development more slowly and unevenly. Devolution in Pakistan resulted in the power consolidation of a non-democratic central administration. China gained a lot of economic power but limited political influence for local governments as a result of decentralisation and South Africa drafted a decentralised democratic constitution. In the majority of these nations, competencies were devolved to local levels, coupled with financial devolution.

In nations such as China, Spain, the United Kingdom and the United State, Rodriguez (2008) examined the ongoing trend of shifting authority and resources to local governments. Over the past twenty-five years, the number of nations shifted authority and resources to sub-national levels of government. The authors investigate the motivations by examining shifts in decentralisation discourse in several nations. They identified that identity has been gradually pushed aside in favour of the economy and the prospect of an economic dividend as the other key motivator.

Sharma (2009) looked at the establishment of the local level political unit in the context of globalisation, renamed "Glocalisation". Glocalization has highlighted the difficulty of managing the complementary pressures of decentralisation and globalisation while preserving good governance and a stable, safe, and fair government. The changing global and local economy necessitates decentralisation's success through the components of finance, function, right community information, a mechanism for identifying local priorities, ensuring people's participation, providing fiscal responsibility, legal framework, service delivery, intergovernmental transfers, local elections, and so on.

Rogerson and Rogerson (2010) recorded the Local Economic Development (LED) experience in Africa in a global context with its changing practices. It gives an overview of the international evolution of local economic development, its controversial definitions and theoretical position, as well as the extent of scholarship on LED policy and practice in Sub-Saharan Africa. South Africa currently has far more LED research accessible than the rest of Sub - Saharan Africa. The report emphasises the need of correcting this imbalance.

Ramesh (2013) reviewed and analysed several papers on the decentralisation movement in Asian nations. According to the results of this survey, the word decentralisation has been popular throughout the world for decades and peaked in the early 2000s. It implies that if decentralisation is pursued to a reasonable degree, it is successful. Decentralisation initiatives have focused on education, healthcare, economic development, and others since the 1980s, with the notion that public services work better at the local level. Bringing governments "closer to the people" is an appealing feature of economic and political decentralisation, with benefits such as better information, more involvement, decision-making, and accountability. There were papers in the study that questioned decentralisation's efficiency and governance assumptions. According to their ideas, decentralisation by itself does not increase local government capacity until we seek to improve efficiency via wide coordination of local-level policies is enhancing local government political, administrative and budgetary ability.

## **2. National Level Studies**

Decentralisation also plays an important part in India's development and poverty reduction. The country took steps in this direction with the 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendments. Decentralisation attracted the interest of several researchers in India and therefore a considerable number of studies were carried out by them. The following sections address the studies on decentralisation in India.

Ghosh (1988) in his study examines the theoretical foundations as well as the practical evolution of decentralised planning in West Bengal. In 1978, the notion of decentralisation was introduced through the development of plans and programmes for the underprivileged. This experiment began in West Bengal in 1985-86 with the implementation of land reform through the Panchayat. The study also looks at how successful the West Bengal experiment with decentralised planning has been, as well as the challenges it has experienced and the implications for the future.

Rao (1989) in a research paper presented the Indian Economic Association's 71<sup>st</sup> Annual Conference in Calcutta in December 1988, discussed decentralisation difficulties, and proposed several procedures that needed to be taken to create decentralised planning in rural regions. The research looked at topics including development planning, preparing for basic requirements, and encouraging people to participate in planning. He advised that regional variance in development programme gains and their consequences on the rural economy be closely monitored and that new possibilities for the poor to get access to rural resources and alleviate poverty be established. In the process of decentralised planning, the impact of decentralisation is determined by the

mobilisation of rural resources and the mobilisation of rural poor. He opined that in India decentralised planning is still in its early stages of testing at present, the performance is far from satisfactory. The study identifies three challenges viz, growth planning, planning for minimal needs and involvement in planning that must be addressed carefully to turn decentralised planning into a functional operational system.

According to Bryld (2001), in the last decade, good governance and decentralisation have emerged as two development pillars in India. Through reservation policy measures have been done to improve the involvement of the disadvantaged sectors of society in new structures for decentralised decision making. The study also reveals the promise and drawbacks of boosting involvement through decentralisation. It is demonstrated that technocratic regulations are insufficient to achieve true democratic decision making and the study concludes with the question of whether decentralisation can be justified as a major development tool that has yet to be answered.

Brenda and Sweeney (2000) claimed that people's engagement in the management of local resources and institutions was necessary for enhancing local democracy. A powerful decentralisation process results in rapid human growth, the elimination of social inequalities, the eradication of poverty etc. He did, however, address the concern regarding the feasibility and efficiency of Panchayat Raj Institutions in providing basic services to the poor and accommodating vulnerable sectors of society. An effective macroeconomic policy, ie, a 'Panchayat-friendly' policy environment, was required to ensure robust local democracy by eliminating the three-tier system's administrative, legal, financial, and structural abnormalities.

Jana (2004) conducted a critical examination of India's decentralised planning administrative structure and experience at the state level. The author examines the efficacy of West Bengal's alternative decentralised model using a variety of primary and secondary data sources. While investigating the effectiveness of district-level infrastructure and issues like citizen engagement, resource allocation, and mobilisation, the researchers discovered significant improvement, indicating that grassroots organisations for rural development are working effectively.

Saavendra Costas (2009) looked at the link between decentralisation and service delivery in two areas: health and enhanced water sources. The results of the empirical study show that fiscal administrative and political decentralisation has a considerable impact on health and water service factors. The study revealed that decentralised policy implications had a positive impact on developing country's access to services.

Beal (2010) looked at decentralisation through the lens of women's development, arguing that it is a vehicle for expanding women's participation in local administration. However, he suggests that, despite decentralised policies concentrating on gender equity, women are occasionally harmed by localization. In India, one-third of seats in all three levels of the Panchayati raj system is designed for women by law to ensure women's political involvement. The current election rotation structure in local authorities discourages certain women from running for office. Proxy women, or women elected as proxies for relatively powerful males, are a barrier to women's liberation. In this context, the study proposes that organised women should be handled locally and accommodated in all levels of government. Under decentralisation, a right-based approach might give the proper outline for larger concerns about women's rights and socio-economic rights.

### **3. Studies on Kerala**

Kerala's development has been extraordinary since the late 1970's earning it the nickname "Kerala Model of Development due to public action, social development, human development and progressive governmental involvement. Kerala's development strategy, known as the "New Kerala Model" or Kerala Development Plan, has been focused on decentralised government and participative planning with community-based politics since 1996. Kerala is one of India's most well-known states for developing and effectively implementing decentralised planning techniques. There are several studies on Kerala's experience with decentralised development planning. This section is dedicated to discussing the studies in the context of Kerala. The study hopes to assist in defining the research problem and determining the scope of the analysis.

According to Bandyopadhyay (1997), the 73<sup>rd</sup> constitutional amendment and article 243-G established panchayats as a constitutional body with powers, duties, and authority, and ordered them to prepare development plans. According to Article 243-G panchayats have some unique tasks, such as plan drafting, as well as agency functions, such as the execution of economic development and social justice programmes. Soon after the constitutional change, the Kerala State Planning Board issued a pamphlet titled "Peoples Campaign for the 9<sup>th</sup> Plan" stating that 35 to 40 per cent of the 9<sup>th</sup> plan will be allocated from below. Identification of needs, development seminars at the gramapanchayat level, development report preparation to convert it into schemes and projects, preparing gramapanchayat plan, and implementing the annual plan are the five basic phases of the people's campaign in Kerala, according to this conceptual study. Even though decentralisation began with constitutional reform, Isaac and Harilal (1997) claim that India's planning process remains excessively centralised owing to the lack of popular representative managerial organisation at the lowest level. Because

there were no substantial attempts to enhance planning competence in the state plan, an integrated strategy at the local level is required.

In Kerala, the newly formed Kerala State Planning Board headed by I S Gulati commenced the People's Campaign for the ninth plan to strengthen panchayats and other local authorities. The campaign emphasises the crisis areas of the Kerala model, such as the productive sector's growth, improving quality services in education, health, public distribution, subsidised provision of necessities, strengthening social infrastructure, women's participation, environmental protection, etc. The report raised an essential point on how the campaign technique should be implemented. Local bodies construct and prioritise a plan for themselves using the campaign strategy; they identify and analyse requirements, assess resources, develop a project, and eventually incorporate it into the local plan. It was also advised that the schemes be completed within a certain amount of time.

Chattopadhyay, Kumar and Rajalekshmi (1999) advocated preparing a local strategy and applying technical, institutional, and socio-organisational information connected to resource availability in decentralised planning. The Centre for Earth Science Studies (CESS) and Kerala Sasthra Sahithya Parishad (KSSP) initiated the 'Panchayat Level participatory resource Mapping' (PRM) initiative in this direction for its effective implementation. The study seeks to claim that to implement the panchayat level plan, access to PRM data is required to examine the technical and organisational components of how PRM is translated into Panchayat Level Planning (PLP). According to the study, PRM adds a new dimension to local level plan formation by inspiring confidence, which is a significant step toward societal empowerment.

Isaac (2000) explained the early experience of decentralised planning as the process of transferring powers and resources from the higher level to the lower level, allowing local people to participate in decision making, implementation, monitoring, and sharing of benefits and responsibilities. He went on to say that decentralised planning will make elected officials more responsible and transparent to the administration. Decentralisation concepts like autonomy, subsidiarity, role clarity, complementarities, people's engagement, accountability, and openness are highlighted in this study. According to the author, Kerala's decentralisation campaign method is unique in that it allows for maximum participation in plan creation and execution at the local level.

Thomas (2002) looked at the transfer of development functions, its plan machinery for plan formation and implementation, and how to increase people's engagement in the planning process from 1996-97 to 2000-2001 in his study. According to a SWOT analysis of four panchayat projects in the Thrissur district, there was no adequate administrative and functional transfer. Though the change in plan machinery resulted in a positive change in local planning, low participation in gramasabha meetings, a high proportion of spillover and dropped projects, ineffective beneficiary committees, delays in project execution, and other factors hampered the institutionalisation of local planning. The research stated that, while decentralised planning in Kerala is a brave attempt, it would require a large number of corrective actions to attain the intended result.

Kang (2002) discussed the ways to maximise the advantages of tourism in light of environmental, social and economic constraints on its growth. Many local governments have turned their attention to the particular problems of sustainable development governance after the passage of Agenda 21. The need for a holistic approach is emphasised as readers analyse the complex nature of tourism. Participants recommended particular policies, programmes and activities that may be put in place to strengthen local governance in tourism-dependent areas. The report identifies some of the issues the international community will have to deal with over the coming decades.

After explaining the historical and pragmatic approach of Kerala's democratic institutional process, Mukundan (2003) concentrates on Kerala's new developmental strategy of bottom-up approach with immediate power and resource transfers, termed "Empowered Deliberative Democracy" (EDD). The Peoples Campaign for Decentralised Planning (PCDP) was founded on idealistic principles, according to the report. The author spoke on the implementation of educational programmes in many Gramapanchayats in Kannur and Kasaragod districts in particular. The study identified the necessity for rethinking long-term educational improvements in the context of local opportunities and constraints about government primary education goals. According to another study by Mukundan and Bray (2004), policymakers should include stakeholders; such as teachers, officials, students, and community people; for analysis, feedback, and criticism from each locality. It is believed that decentralisation promotes local engagement in education, but in practice, due to problems in implementing changes under local plans, it has not accomplished what was planned.

According to Oommen (2004), Kerala is prominent in the development literature of India and the globe for its human and social development accomplishments. He analysed Kerala's and other Indian states' democratic practices severely. According to the report, most states have failed to create the required conditions for devolution and local government following the 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendments. Kerala's fiscal decentralisation, functional division, people's engagement, openness, social auditing, access to information, etc

were greatly praised. Kerala is a great example of how to strengthen participatory democracy, even though there are still certain challenges to be addressed.

Mariamamma (2009) gave a broad overview of decentralisation, emphasising the importance of the decentralisation process and numerous capacity-building programmes, particularly in rural local governments. The research looked at the Cap Deck (Capacity development for Decentralisation in Kerala) initiative, which was launched in 1999 in conjunction with the Swiss Agency for Development (SDC) and KILA to improve and promote decentralisation and devolution capacity building. She discovered that decentralisation in Kerala is troubled by issues such as dual control of transferred employees and line departments, as well as a data gap at the local level.

Williams et al. (2011) investigated the Kudumbasree programme's poverty reduction efforts, which are part of decentralised planning. Kudumbasree works with women to overcome the gender gap in literacy, skill development, economic, social and political empowerment. Women are considered catalytic agents of local development at the grassroots level through this neighbourhood group (NHG). The study discovered that it had a significant impact on women's visibility in the public sphere and poverty reduction.

According to Oommen and Shyjan (2014), 'Social Inclusion, which is discussed in the 12<sup>th</sup> five-year plan, is a national goal. Local Governments are constitutionally empowered to participate in this mission of achieving this goal. In Kerala, the BPL Survey and the Caste Census are used to develop plan models aimed at attaining social inclusion. It is feasible to identify gramapanchayats by SC, ST and fisherfolk populations and begin work to alleviate deprivation using the integrated strategic plan. This study argues that democratic decentralisation is a critical component of social inclusion.

Balan et.al (2014) identified the historical achievement of decentralisation. According to the Authors Kerala has embarked on a new phase of democratic decentralisation by experimenting with decentralised planning and public engagement. The Kerala Panchayat Raj Act, 1994, reinforced the Local Self-Government Institutions (LSGIs) by devolving rights and functions. Kerala's decentralisation initiative has received much praise from throughout the world. The entire process, however, has yet to be stabilised. The article is structured into seven sections, each of which provides an overview of the historical context for the current participatory decentralised planning experiment. Kerala has achieved historic milestones by embarking on a new phase of democratic decentralisation. Devolving powers and functions has strengthened Local Self Government Institutions (LSGIs). Because no model exists anywhere else on the planet, the technique is predicated on 'learning by doing'.

Jafar (2015) examines the uniqueness of Kerala's Decentralisation experience among the South Indian States, which serves as an excellent example of a micro-level planning process. According to the study, Kerala Achieved a higher position in human development as a result of strong citizen participation initiatives such as mobilising people and resources for the local planning process and strengthening the provision for necessities such as water supply, sanitation, roads, and housing. As a result, reactions to Kerala's decentralisation varied widely among the general people, NGOs, bureaucracy, political parties, and leaders.

Chathukulam and John (2016) attempt to determine the first effect of women's positions in Local government in India following the implementation of 33 per cent seat reservations for women in local governments in 1995. An interview with 27 elected women members of Vaikom panchayat was used to conduct the study. According to the findings, the majority of women gained understanding and abilities after taking office in the present political context. Women, however, are influenced by local parties. Women's reservations in local governments, according to the report, are insufficient, and a women-friendly political climate must be created to achieve fundamental reforms in this sector.

Deepthi and Dhanuraj (2007) brought attention to Kerala's significant attempt to decentralise the state by transferring powers to Local Government Institutions for a more efficient decentralisation process. According to them, the relevance of urban local authorities such as municipalities and corporations is illustrated by the fact that 47 per cent of the state's population is urbanised, and that most urban concerns may be resolved by Local bodies. However, the study discovered that owing to overlapping authorities, Urban Local Bodies in Kerala are unable to function efficiently. The report revealed difficulties such as weak financial positions, over-dependence on subsidies from the federal and the state governments, and constraints from higher levels of government, among others.

### **Assessment of Government Policies for Decentralisation**

Charvak (2000) attempts a comparison of the decentralisation process between West Bengal and Kerala because of the success of implementation by these States. The success was linked to social inclusion, democratisation, demand from below, collaborative action mobilisation, democratisation, mass conscientisation, demand from below, collective action etc. It also provides a critical assessment of the history of local bodies and the process of decentralisation in these states. The Kalliasseri experiment of Resource Mapping and Kerala Sathra Sahithya Parishad's Science popularisation to Local Level Planning are described in depth. The study

concludes that literacy campaigns, people's participation, popular science movement and consciousness etc. are required for the Kerala and West Bengal experiences to be replicated in other states.

Isaac et.al. (2002) went over the context, stages, and outcomes of Kerala's decentralised planning campaign, which took place between 1996 and 2001. He demonstrates that the Kerala experiment of decentralisation is unique in all aspects of planning, including problem identification at gramasabha level meetings, development seminars, local plan formulation, project proposal preparation by the task force, annual plan document finalisation through council meetings, and annual plans finalisation at block and district panchayat meetings. According to the study, Kerala's decentralisation is not a normal sort of decentralisation, but rather a unique example of bottom-up decentralisation.

According to Patnaik (2004) decentralisation imparted through the Peoples Plan Campaign, differs fundamentally from previous imperialist decentralisation. He distinguished between the imperialistic approach to decentralisation and Kerala's left notion of decentralisation by pointing out the four types of decentralisation; anarchy, iteration, multiplication, and user's sovereignty, with Kerala's version of decentralisation being the fourth. While imperialist decentralisation is concerned with establishing direct access to imperialist activities through a group of NGOs that are not accountable to the people. Kerala's democratic decentralisation imposes more accountability and subjectivity on the people.

Heller, Harilal and Chaudhuri (2007) argued that decentralisation reform was introduced in Kerala in 1996 as an ambitious effort and that this people's campaign enhanced the direct participation of people in the planning and budgeting of activities. They also argued that Kerala makes its first unflinching effort in democratic decentralisation. They discovered that as a new initiative, the Peoples Campaign revolutionised the importance of local governance by creating a public platform for alert social society and facilitating an environment for development and that this form of the new institution had a remarkable impact on the quality, efficacy, and inclusiveness of the development process based on data collected from 72 sample gramapanchayat with 858 key respondents. The initiative has a significant positive influence on Scheduled Castes and Women's growth, performance, and social inclusion. The people's campaign represents the maximal engagement of local people in planning and budgeting in a State-level endeavour to construct local institutions, both in scope and design.

According to Vijayanad (2009), the Kerala decentralisation model gained institutionalisation following a period of experimentation, correction, and stabilisation in the state's administrative, developmental, and socio-political environment. As an example for other states to follow, the state has built administrative, fiscal decentralisation, participatory planning, supporting institutions, line departments with specialists, professionals, community-based organisations, and so on.

According to Ramakantan (2009), Kerala has effectively shifted powers to local governments for the creation and execution of development plans with people's involvement under the 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendment Acts. Kerala took a 'Big Bang' approach to local government empowerment. Local government associations were part of the institutional structure for identifying policy concerns in local government. Capacity building is associated with the creation of local plans utilising the 'learning while doing' technique. For capacity building programmes along with elected representatives participation of local organisations and associations are ensured including elected representatives, officials, experts and organisations. Kerala's decentralised planning focuses on special plans for Scheduled Castes, Scheduled Tribes, Women etc.

Chattopadhyay (2017) looked at decentralisation as a development strategy and concluded that some important lessons may be derived from Kerala's amazing decentralisation experiment, despite the problems that remain today. In Kerala, resource mobilisation, involvement, and a multidisciplinary approach are the most remarkable achievements of decentralisation. Local Self-Governments can be reinforced and territoriality ownership and integration introduced via multi-level planning.

Harilal (2021) initially argued that Kerala's people's planning movement is challenged by bureaucratic dominance. The process of participatory planning appears to have been hindered by government orders and rules imposed from above. Only by taking prompt remedial action to restore and develop involvement in the planning process the untapped potential will be cached. The report recommends a bottom-up rethinking of planning techniques, such as de-bureaucratizing the planning process to make it more straightforward, transparent and realistic. Local bodies should be given the space and flexibility to preserve their autonomy. Participatory planning should strive to maximise the use of experts to improve values of responsibility and responsiveness to the public. The experiment should also take into consideration the constraints of local participatory planning and governance. Local Governments should not be loaded with responsibilities that are beyond their capabilities. The history of democratic decentralisation in Kerala shows forward as well as backward movement through bureaucracy is scoring now, this will only be temporary.

### **Performance of Different Sectors under Decentralisation**

Enhancing the productive sector growth, especially agricultural sector growth in Kerala was one of the main objectives of decentralised planning in Kerala (Oommen, John and Chathukulam). A minimum of 40 per cent of the planned budget should go to panchayat raj institutions to achieve this goal. Agriculture and allied sectors, soil and water conservation, irrigation, industries and the environment are all covered in the Productive sector of the Local Self Government Plan. According to many evaluations, the productive sector's production fell short of Kerala's expectations. For instance, Iyer (2003), looked at the financial and physical outcomes of decentralised planning initiatives in the Thiruvananthapuram Municipal Corporation in 1997-98. The municipal company has been working on micro-projects in a variety of fields since 1994, including agriculture, fisheries, infrastructure, waste management, education as well as the elements that influence project execution. It has been discovered that the planning and implementation of development projects have fundamental flaws since cost estimates are created informally, resulting in a shortage of funding, and as a result, the majority of projects are either incomplete or spillover.

Jain (1980) looked at the steps that need to be taken to build decentralised industries. The social and economic foundations for encouraging decentralisation of industry and supporting the development of Indian village and small scale industries as well as a critical assessment of past performance and measures to strengthen are discussed in this paper, as well as a critical assessment of past performance and measures to strengthen the village and small scale industrial sector. Finally, it discusses specific problems of decentralised industry development in backward regions.

GoK (2009) formed a committee to assess decentralised planning's experience with sectoral development during the 9<sup>th</sup> and 10<sup>th</sup> plans and provide recommendations for improvement. The paper began with a historical overview of decentralised planning, followed by a discussion of the decentralisation process, conceptual framework and sectoral analysis. Five components of a federal framework for strengthening local governments were outlined in the paper. For the successful development and execution of local plans under decentralised planning, factors such as autonomy, revenue-raising capacities of local authorities, administrative autonomy, institutional decentralisation, and responsiveness are important.

According to Mohankumar and Vipinkumar (2010), the primary goal of the decentralisation project in Kerala was to recover from the crisis in the productive sector. Kerala's decentralisation method is unique in terms of its scope and degree of devolution of functions and funding, as well as its execution. The state plan devolved 35 per cent to Local Self Bodies for the formation of various development plans beginning with the 9<sup>th</sup> plan. According to the standards for its use, the productive sector should get 40 per cent of the minimum plan money, while the infrastructural sector should receive no more than 30 per cent. Based on a primary survey of farmers in Vellanad gramapanchayat with a total sample size of 30 farmers, this study examined the influence of market intervention equipment on the agriculture sector under decentralised planning in Kerala. The study found that local government market intervening mechanisms shield farmers from market fluctuations to a large extent, ie. the local government under decentralised planning provides an effective market intervention.

Kannan (2011) looked at Kerala's structural shift into a non-agrarian state, which revealed new challenges for agricultural growth such as labour shortages and poor profit margins. The author strives to investigate the present difficulty of revitalising Kerala's agriculture and proposes a variety of solutions to the problem. Kerala's agriculture grew rapidly in the mid-1980s and mid -1990s, but stagnation set in the late 1990s. He believes that kudumbasree's efforts at nurturing will be successful in overcoming this stumbling block. Kerala must develop adequate alternative organisational structures for multi-level planning in a decentralised system as part of decentralised planning.

Kannan (2013) used survey data obtained from 36 gramapanchayats and the methodology of targeted group talks to investigate the influence of democratic decentralisation on agricultural public service delivery in Karnataka. The study also looked into the factors that influence gramapanchayat's joint agricultural activities with agriculture's line departments. The study found a beneficial impact on the delivery of agricultural public services. According to the findings, increased devolution of functions and sufficient organisational management will boost agricultural productivity substantially. The study demonstrated the necessity of institutional systems that enable farmers to get assistance on time.

The results of performance and compliance audits of LSGIs such as District panchayats, Blockpanchayats, Gramapanchayats, Corporations and municipalities are contained in the GoK (2015) report. This study provides an overview of the organisation, accountability, and financial reporting issues that LSGIs face, as well as proposals for technical guidance and supervision systems. While the overall amount of LSGIs received increased by 10 per cent between 2009 and 2014, the amount spent in the productive sector was only 7.54 per cent of the total. This demonstrates that LSGIs place a low value on the productive sector. Along with this, there were issues with budgeting, submitting monthly progress reports, preparing monthly accounts, etc.

### **Fiscal Decentralisation in Kerala**

In Kerala, there has been a collection of research on fiscal decentralisation. The majority of this research looked at how fiscal decentralisation affects economic growth. The decentralisation of money and its devolution to multiple local governments are referred to as fiscal decentralisation. Fiscal decentralisation aids in increased governments activity, enhanced efficiency, and financial responsibility. Local government financing was disrupted, according to popular belief, as a result of institutional and political instability. In this perspective, the study will look at some research on fiscal decentralisation in Kerala.

Jha (2002) measures the extent of fiscal decentralisation based on budget data of rural governments in seven Indian States for the 1990s. He concluded that the effectiveness of fiscal decentralisation can be enhanced through greater fiscal autonomy, public participation, transparent, responsible and accountable fiscal operations. The reforming and strengthening of fiscal efforts are necessary to ensure smooth and adequate transfer of funds to local bodies.

Oommen (2015) undertook a thorough examination of local government finances and found significant flaws in the income and expenditures of local governments. After examining the sources and expenditures of local government money, as well as their reporting, the study found that own-source revenue is declining, which is cause for worry. To increase fiscal efforts under decentralised planning, the study recommended strengthening taxpayer identification, assessment of tax responsibility, real tax collection, arrears collection, correct accounting, periodic reporting etc.

Renu (2015) investigated local government engagement and accountability in Kerala's fiscal decentralisation. This research contributes to a better knowledge of the state's fiscal decentralisation, as well as its numerous aspects and ways for increasing involvement and responsibility. The shortfall and disparity between the minimum and maximum allocation of local governments in each district of Kerala were discovered using secondary sources. It is claimed that the problem of accountability and involvement can only be solved by new methods such as social audit by the monitoring committee, neighbourhood committee, and beneficiary committee, and the performance can be fixed.

Patrick (2017) attempted to analyse the current structure of gramapanchayat financing sources by analysing the efficacy of project implementation and identifying financial challenges and issues. The study indicated that development projects under decentralisation in Gramapanchayat are only moderately development effective, based on the logical framework analysis and effectiveness index calculation. The author made policy recommendations such as effective use of numerous funding sources, the importance of performance audits, integration between various agencies, staffing patterns, and lasting changes to the multi-stage planning process.

Based on a case study, Oommen (2018) experimentally validate the trustworthy cross-section and standard processes underlying budgeting and accounting in Kerala's local governments, the study reveals that there is uncertainty in the budgeting and accounting system. According to the findings, the budget document should be prepared in the same style as the annual financial statement, and each transaction should be tied to a certain functionary.

Khan and Riyas (2018) examined local government fiscal decentralisation critically. Fiscal autonomy has been accorded a significant role in the intergovernmental devolutions between the Centre and the States. Fiscal decentralisation since it ensures the government's financial health. The state's financial record is considered to be unsatisfactory since the gramapanchayat's Own sources of money account for just 12 per cent of total revenue, and the State Finance Commission's function is ineffective.

Oommen (2020) discusses sub-state fiscal decentralisation in India and examines the many budgetary components of Indian state governments closely. He looked into Kerala's fiscal decentralisation process, which involved taxing and spending authority being devolved to the lower levels of government. The entire fiscal package is the result of a coordinated effort including the federal, state, and municipal governments. To minimise radical fluctuations, the study proposes that timely transfers of funds from the divisible pool are required. For inter-ward fund allocation, the research proposes taking into account numerous variables such as population, local revenue collection per capita, and poverty index. To solve financial restrictions, local governments may use Public-Private Partnership (PPP) or market borrowing facilities.

Prakash (2020) looked into the finances of Kerala's rural and urban local governments as well as the state's fiscal decentralisation experience. He looked at the collection of own and non-tax revenue and gave recommendations for the 5<sup>th</sup> SFCs devolution process in Kerala. According to the research, Kerala has been implementing anti-decentralisation policies in terms of resource mobilisation, and the state government has failed to execute the bulk of SFC recommendations in recent years.

### **Challenges and Problems Facing under Decentralisation**

Warner et al.(1999) looked at how the national government devolved authority and responsibility to local governments as part of rural development policies in the 1990s. The article points out that rural

governments have problems in becoming effective planners due to autonomy, capability, market formation, and public administration. Local government autonomy is limited by the mismatch between local requirements and financial resources, over-dependence on political authority, etc. Managerial and technical skills, functional integration, restricted taxing, capabilities and other market development issues such as non-profit sectors and market saturation are among the study's shortcomings.

Kannan (2000) argued that Kerala's decentralised development process was now at a crossroads. Decentralisation was regarded as a solution for all evils but Kerala's coalition politics unlike those of Karnataka and West Bengal could not seriously accommodate decentralisation. It must be acknowledged that a key success of the present programme is that the objective of decentralisation has been forced into the public discourse on development. The capacity of our political society to establish a minimum political agreement in the execution of the panchayat raj system in Kerala would determine its success. It asks for a paradigm change away from intensive political competition and narrowly defined party-political goals that serve the interests of those in power in the near term. A political agreement of this nature might also allow for the much-needed reform and reorientation of the bureaucracy.

Nair (2000) compared the profiles of two sample panchayats namely Vithura and Nanniyodeto explore how they came up with the plan, how it was implemented how beneficiaries were chosen, and how the people's plan programme was evaluated overall. The author recognised two key areas of worry for Kerala's people planning programme; widespread mismanagement of individual beneficiary projects and substantial expenditures in the productive sector that are unproductive, resulting in waste and misuse of public funds. According to the sample panchayat research, if the panchayat does not spend the plan fund within the time frame, they would not receive the next instalment. As a result of this pressure, they chose projects without assessing their relevance, quality, feasibility or effect. Along with this, sectoral allocation limitations will limit panchayat's ability to choose according to their local requirements. The government's directive to spend 40 per cent of the planning grant on the productive sector and its sub-sectors limits the panchayat's ability to choose whatever proposals are willingly available in these sub-sectors without considering the panchayat's absorbing capacity, marketing resources, beneficiary capability, or relevance to the panchayat's development.

Chathukulam and John (2002) stated that in Kerala's decentralisation, there is a lack of adequate political orientation and a weak grasp of power dynamics. The example of Kerala illustrates that participatory planning may lead to the strengthening of panchayats, but only if a conscious effort is made in this direction. According to the authors decentralised planning is harmed by challenges arising from a lack of a clear notion of decentralisation, changing policies and government, and so on.

Sharma R (2003) sought to analyse the achievements and difficulties of the people's Campaign in Kerala through a case study of the Palakkad District. Though Kerala's democratic decentralisation is exceptional in and of itself, the plan's execution was discovered to be plagued with obstacles. Some of the concerns were linked to political affiliations, personal challenges, a lack of technical knowledge etc.

Decentralised planning, according to Varghese, Varatharajan, and Thankappan (2007), has two challenges in resource allocation; the first is forward and backward linkage between the socio-economic state of the panchayats. According to the findings, there is a negative relationship between the size of the health allocation and the panchayat's socio-economic position. The second issue is resource allocative inefficiency, which results in unequal distribution across Panchayats due to a lack of technical skills and the local socio-political environment. The study goes on to say that these concerns result in little investment in communicable disease management and little attention by Panchayats in this area.

According to Prakash and Pillai (2016), People's Planning in Kerala is based on grassroots engagement in the design and execution of development plans. Because of the increasing propensity of middle-class people in Kerala, the survey discovered a consistent drop in people's participation. It has been found that middle-class persons are better off and are less interested in attending gramasabha meetings. Some of the obstacles concerning individuals in gramasabha were pointed out as the educated middle class, who are meant to contribute significantly to the execution of the planning process, and the growing indifference of the upper-middle class.

### **In Lieu of Conclusion**

The discussion reviewed studies on decentralisation, covering its concept, global and national evolution, and country-specific experiences. It highlighted the performance of various sectors under decentralisation in Kerala, focusing on the unique features and financial aspects of the state's decentralised planning. The first section examined literature on decentralisation's definition, types, extent, and the importance of participatory governance, with a consensus that decentralisation involves transferring resources and functions from higher to local government levels.

The literature highlights global experiences with decentralisation, showing its growing importance in various regions, including parts of the U.S. and Africa. Studies suggest that intergovernmental cooperation can

enhance local capacity and promote fiscal equality. Decentralisation is viewed as vital for addressing issues like human development, poverty, and inequality. In the context of globalisation, the concept of "glocalisation"—blending global and local approaches—is seen as a key factor in making decentralisation more effective. Research from Europe and Africa indicates that decentralisation has been a long-standing trend and is now at a critical turning point.

At the Indian level, studies show that several states have implemented significant decentralisation reforms. These reforms have impacted grassroots organisations, particularly in rural development. Decentralisation has been found to be crucial in areas like enhancing participation through reservation policies, improving local service delivery, promoting women's involvement in governance, and strengthening democracy. However, research also highlights inefficiencies and underperformance in certain areas, indicating the need for improved decentralised planning across various sectors.

Kerala's experience with decentralised planning has drawn global attention and mixed responses. Following the 73rd Constitutional Amendment, the Kerala State Planning Board launched the People's Plan Campaign during the 9th Plan, allocating 35–40% of resources through a bottom-up approach. Studies on Kerala highlight it as a strong example of deepening participatory democracy. However, challenges remain, such as dual control over transferred officials by line departments, data and information gaps, political influence affecting women's participation, and weak or overlapping powers of Urban Local Bodies (ULBs).

Kerala adopted a "Big-Bang" approach to empower local governments, marked by strong social mobilisation, democratic decentralisation, collaborative initiatives, innovative programmes, active people's participation, and support from movements like the Kerala Sasthra Sahithya Parishad (KSSP). A key feature of this success is the local-level planning process—beginning with issue identification at the gramasabha, followed by development seminars, project proposals, and plan finalisation across all local bodies.

Kerala's decentralised planning initially prioritised the productive sector, especially agriculture and industry, with significant fund allocation. However, outcomes fell short due to institutional and political instability, poor funding patterns, and declining local revenues. Studies recommend reforms like social audits, timely fund transfers, public-private partnerships, and improved financial practices. Despite this, implementation is weak, and decentralisation is reportedly undermined by political interference, reduced local autonomy, lack of technical capacity, and poor integration. Misuse of funds, delays, and declining public participation further hinder effective planning and development.

The extensive literature survey we have undertaken in the preceding sections at various levels, provide ample evidence on the process of decentralisation, its various dimensions and the problems associated with the planning at the grassroots level. It is noteworthy that the majority of these studies deal with the decentralisation process per se rather than deeply analysing the impact of decentralisation on various sectors in the economy. As we mentioned earlier the efficiency of decentralised planning to augment productive sector growth in Kerala requires special attention in the present growth scenario of Kerala. However, studies analysing the sectoral performance under decentralised planning is very limited to the best of our knowledge. The studies we analysed on the issue of the impact of decentralisation in Kerala are not sufficient to shed light on the performance of productive sectors in Kerala. Though some studies empirically attempted to assess the sectoral development, they have confined to limited data or due period and scope to provide a comprehensive analysis on the performance of productive sectors is lacking.

It is generally opined that Kerala's decentralisation completed 25 years in the process but it was a failure to address the growth of key sectors like the productive sector. There is no single comprehensive study that specifically analyses the impact of decentralisation on the performance of productive sectors in Kerala. The review of literature provides ample gap to carry out a study in this direction. As we know Kerala's economy is diversified towards the tertiary sector with redistribution as the strategy. Decentralisation follows the same structural phenomenon of undermining the productive sector under the people's planning process also.

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