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**DECENTRALISATION**  
**- THE `KERALA EXPERIENCE**

**With Special Reference to**

**Tourism Development**

# DECENTRALISATION - THE EXPERIENCE OF KERALA

## With Special Reference to Tourism Development

### A. INTRODUCTION

#### 1. Background:

Kerala is a relatively small State lying in the southern tip of India. The following table captures the salient features of Kerala's development vis-à-vis India.

	<b>INDIA</b>	<b>KERALA</b>
1. Area	3287263 sq.km	38863 sq.km
2. Population	1027.02 Million	31.84 Million
a) Male	531.28.2 Million	15.47 Million
b) Female	495.74 Million	16.37 Million
3. Sex Ratio	933/1000	1058/1000
4. Density of population	324/ sq.km	819/ sq.km
5. Literacy		
a) Male	75.85 %	94.20%
b) Female	54.16 %	87.86 %
c) Total	65.38 %	90.92 %
6. Life Expectancy		
a) Male	62.4 years	70.7 years
b) Female	63.4 years	75 years
7. Infant Mortality	72	16
8. Population below Poverty line	36.3 %	28.4 %
9. Per capita income	Rs.14,682	Rs. 17,756

Kerala's development achievements have been considered by many as a model of viable development achieved through equitable distribution against the background of a relatively low economic growth. It has been attributed to the combination of public action and responsive governance. The achievement has been mainly due to the twin engines of education and health.

The State has very good coverage of basic needs provisions. It has a universal public distribution system providing food security to the vulnerable sections of society. Similarly its welfare pensions and welfare funds have widespread coverage having within their net 1.43 million people. Thus from the capabilities point of view as well as the entitlements point of view Kerala has performed very well.

## **2. Context of Decentralisation and Objectives**

By nineties the much-acclaimed Kerala model of development aimed at bringing about human development, started facing the sustainability crisis. It became difficult to maintain the level and quality of governmental services in the absence of rapid economic growth. These problems were further compounded by the sharply adversarial political relations in the State. It was felt that decentralisation could shake up the system and help in a thorough overhaul. In this context the objectives of the decentralisation experiment in Kerala could be listed as follows:

1. To improve the quality of investment by allocating resources for priorities fixed by the local people.
2. To facilitate emergence of local solutions to developmental problems through improved planning, better implementation, use of traditional knowledge and appropriate technology etc.
3. To exploit local production possibilities.
4. To enable people's participation leading to better vigil in execution of schemes, followed by better upkeep of assets.
5. To provide the enabling environment for people to make contributions in kind and cash for development programmes identified by them for priority action.
6. To bring about a convergence of resources and services to tackle development problems with greater vigour.
7. To unleash public action resulting in a demand led improvement in the delivery of developmental and welfare services.

In the process of realizing these objectives it was felt that it would lead to a new politics of development emerging out of dialogue and consensus rather than conflict and collision and help forge a realistic approach to development, based on a clearer understanding of problems and issues at the grassroots level.

## **3. Development of Tourism in Kerala**

Almost simultaneously Kerala discovered its tourism potential and through proper positioning (Back Water Tourism, Beach Tourism etc.,) and strategic marketing it was able to achieve remarkable growth since mid 80's showing an average rate of

27% for foreign tourists and 94% for domestic tourists. Kerala has been declared as one of the 50 must-see destinations by the National Geographic Travel. The Government has been rightly playing a facilitatory role encouraging private entrepreneurs and providing the required infrastructure and guiding preparation of proper spatial planning of tourism sites. Tourism with an employment generation of 0.7 million and with a revenue contribution of nearly \$ 100 million which is equivalent to 6.29% of the Gross State Domestic Product now bids fair to become the new engine of growth. Sunrise areas like health, tourism and eco tourism are being tapped. However this sector has not been decentralized.

#### **4. Strategy of Decentralisation in Kerala**

Traditional wisdom calls for capacity building of local governments and then giving power to them in degrees to match the improvements in capacity. But real and effective decentralisation probably calls for a big bang approach – functions, powers and resources are transferred at one go. If decentralisation is effected in one fell blow the suddenness would stun potential dissenters into silent acceptance; before people realize what they have lost, decentralization would have become a fait accompli. The ‘reversals’ - of giving responsibility and then building capacity, of giving powers and then creating procedures and systems, of giving funds and then setting up umpiring systems – help in another way. If government transfers a lot of responsibilities and funds considerable pressure would build on government from various sides to ensure that the responsibilities are carried out effectively and the funds are utilized properly. It would then become Government’s responsibility to ensure that decentralization works.

Kerala followed this approach and hindsight shows that strategically it was a sound decision as it would have been impossible to transfer power in small dozes.

To operationalise decentralisation, Kerala chose the path of participatory local level planning as the entry point. This succeeded to a considerable extent in harnessing public action in favour of decentralisation. In order to push the system and force the process a campaign approach was followed for decentralised planning - known as the 'People's Planning Campaign'. This campaign created a powerful demand factor for decentralisation to be guided along the right path. To a large degree the campaign succeeded in setting the agenda for decentralisation.

### **B. THE PROCESS OF DECENTRALIZATION**

#### **1. Steps in Decentralization**

##### **(1) Defining the functional domain.**

This is a very difficult activity and it is totally dependent on the political vision of decentralisation. Also the size of the local government particularly that of the Village is a critical factor in assigning its functions. Most of the State legislations give more or less the same functions to all the three tiers of local governments. It

would be a healthy practice if a legislative definition of the functional domain is done with as much precision as possible. But this is a rather difficult task. In Kerala, functions in practically every development sector like agriculture and allied sectors, village industries, rural development, health, education, social welfare and poverty reduction have been devolved almost fully to the local governments.

Kerala found that it is easier to define the functions in the management of institutions, creation of infrastructure and provision of services but when it came to the question of defining the functional areas in sectors like agriculture and industries there is bound to be certain overlaps, and only based on several years experience can the comparative advantage of each tier in performing various functions would be known clearly. Thus a process approach is called for in demarcating the functions of different tiers of local government as also the role of the State Government in such development areas.

## **(2) Freedom and its limits.**

For each function and each kind of activity the freedom of local governments as well as the limits to the freedom need to be indicated. This is best done through a process of experimentation followed by consultation with local governments to reach a consensus. Such an exercise was undertaken by Kerala when it was found that local governments were giving abnormally high subsidies to individual beneficiaries of various schemes.

## **(3) Need for appropriate administrative operating systems.**

Development programmes and development administration run essentially on the basis of executive instructions which constitute the flesh and blood of administration with the Acts providing only the skeletal framework and form. Therefore any number of legal provisions and rules would remain on paper if they are not followed up with clear-cut administrative instructions in the form of Government Orders, Circulars, Manuals etc.

It would not be appropriate if the existing administrative systems and executive orders are just transplanted on to local governments. The deep structure of such instructions is oriented towards centralised governance and is tailored for hierarchy; eg., procurement instructions, accountability systems, reporting systems etc. These need to be harmonized to local government conditions without sacrificing accountability or efficiency.

## **(4) Transfer of Resources.**

### **i) Human Resources.**

Often one comes across vague conceptualization of local governments particularly Village level ones as “doers”, but actually they should be the ‘deciders’ and the ‘doers’ should be personnel under their control. Expecting

local governments to do functions without assigning at least the staff who were hitherto performing those functions would be futile. This was done in Kerala on the principle of work and worker going together. As a compromise the cadres and service conditions are not disturbed and government continues to pay salary.

## **ii) Financial resources.**

Kerala's experience in fiscal decentralisation is worth noting. Its salient features are enumerated below:

- (i) The cutting edge local governments at the Village level and Municipal level have been given the right to collect certain "own" taxes viz., property tax, profession tax, entertainment tax and advertisement tax. In addition the State Government fully or partly shares its land tax, motor vehicle tax and tax on registration of property. The local governments are given the freedom to fix tariffs and levy user charges without reference to the State Government.
- (ii) The remarkable feature of fiscal decentralisation in the State is the transfer to local governments of what is called Plan grants. In India Plan signifies new investment both capital and revenue and Non-Plan means maintenance and running costs.  $\frac{1}{3}$ <sup>rd</sup> of the Plan resources which are mostly borrowings is earmarked for local governments with the urban and rural areas getting shares equivalent to their population and among the rural local governments, the Village local government getting 70%. The grant is practically untied and gives freedom to the local governments to plan and prepare their own development programmes. The entire money is investible and local government-wise allocation is passed along with the State budget and every single rupee is devolved according to a formula without any political or executive discretion whatsoever.

## **(5) Setting up Accountability Systems**

Since substantial funds have been given to the local governments accountability system acquire special importance. In addition to the traditional systems new checks and balances need to be evolved. To a large extent, accountability can be ensured through open government. In a sense transparency is the best form of audit.

Corruption in local governments is to be addressed right at the beginning. It is felt that decentralised corruption is more harmful than centralised corruption for it permeates every part of the society and causes widespread moral degradation.

In addition to traditional accountability mechanisms like audit and inspection. Kerala has attempted two innovations – first, setting up Performance Audit to conduct regular auxiliary audit with a view to correcting mistakes as and when

they occur and guiding local governments in maintaining the proper systems; second, setting up of a technical audit team consisting of senior engineers selected for their integrity to investigate complaints of malfeasance in public works.

An Ombudsman for Local Governments has been created. More significantly new accountability mechanisms have also come up. Regular IEC campaigns, participatory structures right from planning up to monitoring, transparency provisions and scheme formulation framework and spelling out the due process in various kinds of decision-making, which fix the rational boundaries to autonomy, are the important examples.

Reforms on the anvil relate to semi structured social audit, insistence of compulsory information giving, publishing of Citizen entitlements and Charters and use of information technology.

## **2. Operationalizing Decentralized Participatory Planning.**

The People's Planning Campaign has succeeded in providing a concrete methodology for participatory planning for local level development. The salient features of this methodology include participatory priority determination through assemblies of electorates at the Village/Municipal Ward level, preparation of a development status report using primary and secondary data, determination of broad strategies through interaction with selected members of the public, experts both official and non-official and political leaders, preparation of project profiles by joint teams of elected leaders, government officials and non-government experts, vetting of the projects by similar teams and finally implementation in a transparent manner.

## **3. Role of Government**

Paradoxical though it may seem, the role of Government increases considerably in the early years of decentralisation; it has to play the role of an activist facilitator. Decentralization is a process and throws up several unexpected challenges during its course. The Government should have the readiness and flexibility to respond quickly.

Capacity building for managing the change is a tremendous administrative responsibility of the Government. There are so many persons to be trained both officials and non-officials. Capacity building has two components – training as well as providing professional support. In Kerala for training the institutional frame work of the State Planning Board and the Kerala Institute of Local Administration is being used. Sufficient funds are earmarked for this activity. There is a pool of master trainers identified from government officials, retired officials and NGOs who provide a kind of cascading training to the staff and elected representatives of local governments. How-to-do handbooks and case studies of best practice enrich the training process. Professional support is being provided by tapping barefoot expertise, non-government sources as well as academic institutions especially for fresh graduates who could serve the local governments as apprentices.

Genuine decentralisation demands that there should be a gradual withdrawal of direct executive control over local governments. This has to be balanced with the need for accountability. The best option is to create independent regulatory institutions or strengthen existing ones. Kerala has gone considerable ahead in this process as may be seen from the following list of institutions.

- a) State Election Commission fully in charge of conduct of local government elections right from delimitation of constituencies up to election of representatives.
- b) State Finance Commission, set up once in every five years to determine the resources to be devolved from the State Government to the local government.
- c) Ombudsman for local governments to investigate complaints of mal-administration and corruption and issue binding directions.
- d) State Development Councils consisting of the State Cabinet, District Level Local Government Heads, Mayors of Cities and Representatives of other Local Governments to decide on policy and sort out issues between Local Governments and the State Government and those among local governments.

As decentralisation progresses, the attitude of the government towards the local government has to go through appropriate phases which has administrative implications. In the initial days patience and tolerance are highly essential as several mistakes could be made – some of them bonafide and a good number of them malafide. Government should have all eyes and ears to grasp the complexities of the process. Quickly this should be followed by a corrective phase where the focus is on helping local governments to set their house in order. This would mark the period of stabilization and institutionalization. Thereafter the regulatory institutions should take over and have both preventive as well as punitive systems in place to avoid mal-administration and malfeasance.

#### **4. Good Governance Features.**

Government has to play a conscious role to improve governance in local governments. Experience shows that it is relatively easier to introduce good governance features at the level of the local government. To recapitulate, some of the good governance features in the Kerala experiment are –

- Transparency and right to information
- Public IEC campaigns
- Insistence on due process
- Participation in all stages
- De-bureaucratization especially in technical matters
- Accreditation of NGOs to act as support agencies for local governments

- Giving opportunities to young professionals to serve as apprentices in local governments eg: Civil and agricultural engineers, IT professionals etc.
- Recognition of best practices by selecting Beacon Panchayats
- Strengthening independent umpiring institutions
- Introducing code of conduct for elected representatives and officials
- Making Citizen's Charter compulsory
- Revising office management systems to make them people friendly
- Simplification and modernization using information technology.

## **C. IMPLICATIONS OF DECENTRALISATION FOR LOCAL LEVEL DEVELOPMENT – INITIAL EVIDENCE FROM THE FIELD**

### **1. The Achievements**

The experience of the first few years of decentralisation has proved that in providing basic minimum needs infrastructure like housing, water supply, sanitation and connectivity, the Local Governments have performed creditably. The speed and extent of coverage as well as efficiency in implementation in respect of provision of minimum needs has been superior to that of Government.

Next to minimum needs, the local governments have done reasonably well in natural resource management particularly in utilisation of water resources for productive purposes. As regards the productive sector there have only been isolated successes where agricultural production and productivity have been increased manifold.

However in providing services like health and education, success stories have been relatively less in number. Of course outreach of health services as well as remedial coaching for laggard students has definitely improved and the infrastructure for health and education has rapidly been upgraded. But management of professionals and other staff to provide better quality services requires further effort.

On the whole an encouraging feature is the fact that in most of the sectors there have been viable models evolved by individual local governments. A major challenge would be to upscale and replicate them. It is pertinent to note that funds spent on poverty reduction programme by local governments significantly exceeds earlier investments. This is suggestive of the higher priority given to anti poverty programmes by local governments. The spread of this investment is also much wider and generally more equitable.

Another significant area relating to poverty reduction where the local governments have performed well is the implementation of social security schemes like pensions. The coverage has improved and the targeting has been fairly satisfactory.

The good governance aspects of decentralisation particularly transparency as well as the opportunities for participation have improved the quality of the programmes formulated and implemented by local governments. There is considerably less leakage and definitely the identification of beneficiaries is better.

## **2. The Potential.**

In terms of local level development, decentralisation has certain definite advantages which are evident from practice. They are –

- (1) Resources have flowed into every nook and corner and if the formula of devolution and distribution is a progressive one with earmarking of funds for the disadvantaged groups, greater equity can be achieved.
- (2) The outreach of developmental services has improved a lot.
- (3) There is less of sectoralism in decentralised programmes. Greater convergence has contributed to reducing the ratchet effect of poverty. Local Governments particularly Village Panchayats, tend to view problems holistically and come out with a solution first and then only decide on the agency of implementation.
- (4) In view of the financial constraints and skill limitations there is greater emphasis on locally appropriate, affordable solutions.
- (5) There is great realism in tackling problems of poverty. There are no tall promises. The problem of poverty is perceived in its stark reality. It cannot be submerged in academic debates or hidden in statistical sophistry.
- (6) The innumerable opportunities for participation which has been structured into Kerala's decentralisation process has helped the poor in gaining confidence and in moving from lower levels of participation into higher forms of direct social action like management of facilities, creation of demand for services and so on.
- (7) The participation of people has definitely improved accountability.

## **3. The Limitations:**

There have also been certain problems, which are enumerated below:

- 1) The outliers like Scheduled Tribes are still to gain from decentralisation. In scenarios where one section of the poor lives off another section, then decentralisation has certain inbuilt limitations.

- 2) The poorest among the poor need social safety nets particularly for food and health emergencies. This cannot be provided by local governments.
- 3) The management of services particularly health and education have not been more efficient than before and these services have direct implications for local development especially poverty reduction.
- 4) The flow of bank credit into local schemes has been rather limited resulting more from bankers' reluctance to deal with local governments than from inadequacies of project formulation. This has resulted in higher subsidies.
- 5) In a State like Kerala where the number of educated poor is very high there is an inherent limitation in local government action for creating jobs. The role of local governments in bringing about economic development and creating employment opportunities on a large scale needs further study.
- 6) There is a tendency to spread resources thinly with preference being given to every electoral constituency whenever a development scheme is taken up.
- 7) Participatory aspect of planning is often limited to airing of needs and sharing of benefits. There is need for enhancing the quality of participatory planning so that there is a healthy discussion by all sections of the population based on data and norms, generating a prioritized list of developmental needs.

#### **4. The Role of Local Governments in Development of Tourism – the Potential and Possibilities.**

Before the local governments were created decentralized tourism development activities were taken up at the District level through District Tourism Promotion Councils. These Councils took up activities like promoting back-water tourism, eco tourism, maintained scenic spots and parks, provided tourism information and developed tourism infrastructure related to sanitation and hygiene.

Though tourism has not been transferred as a subject to the local governments they have started showing keen interest. Some of the areas where some initiatives have been taken are:

- a) Local Governments especially near the sea coast or back-waters or in the hills have taken several steps to develop infrastructure needed for tourists like electricity, water supply, roads etc., and to maintain environmental sanitation.
- b) Local governments have started identifying heritage spots and nature tourism spots for protection, promotion and proper upkeep.
- c) In some cases group entrepreneurship by the relatively poor sections have been directly supported by local governments through skill development training and

financial assistance to start tourism related enterprises. This is turning out to be an area of tremendous potential. Families below poverty line covering about a third of the population are networked into Neighbourhood Groups at the local levels, Area Development Societies at the intermediate level and Community Development Societies at the Local Government level with each family being represented only by women folk. These self-help organizations of women have taken up several activities like revival of traditional cuisine, development of local handicrafts, taking up environmental sanitation activities as group effort providing IT services and so on. Since the women below poverty line are properly organized they can be trained to reap the direct down stream benefits of tourism. It is a good example of making tourism development pro-poor. More linkages are expected in the coming years.

- d) Development of local cultural activities, preservation of traditional art forms are two activities in which local governments have done quite well. Without much investment they are able to enthuse local level action in these areas.
- e) Eco tourism is an area where partnership with local governments shows much potential. Local governments can train tourism guides as a means of self-employment. They can provide minimum required infrastructure like drinking water and toilets in these tourism spots.
- f) The State Government is now in the process of building long-term perspective on tourism development in partnership with local governments. Learning from experience the State is now bringing about proper spatial planning in tourism sites to prevent overcrowding and inappropriate architecture. This joint planning exercise with local governments is expected to improve destination tourism in the selected local governments.

As local governments are moving into finding avenues to push local economic development tourism development would be getting natural preference.

## **D. CONCLUSION**

### **TOWARDS INSTITUTIONALISATION OF THE DECENTRALISATION INITIATIVE.**

The decentralisation process in Kerala has moved from the experimentative phase through a corrective phase and has now entered the critical institutionalization phase. In the first stage which was based on trial and error, several mistakes were made and several new areas discovered. At this stage adhoc systems were designed to facilitate operational flexibility at the local level. Now from the campaign mode decentralisation is entering the systems mode. This is the time for weeding out worn out procedures and systems and planning modern systems, which are simple, transparent, fair, providing easy upkeep while at the same time ensuring accountability of the highest degree. The

Peoples' Planning Campaign has been sustained through a host of activist volunteers. Soon these volunteers would move out of direct leadership and play the role of facilitators. Regular support systems appropriate to local government functioning would be in place.

The local governments which are by now reasonably adept in preparing plans are expected to further improve their capacity to implement them efficiently and economically. A major challenge ahead would be to build capacity in the local governments to manage provision of various services to the people. Participation of the people needs to be further institutionalized and the question of integration of plans among the tiers needs to be dealt with. From incremental annual planning, the local governments are expected to switch over to five year planning from the year 2002. For this purpose they have to be conditioned to develop a strategic vision. In this phase they have to graduate from creation of infrastructure to promoting local economic development including tourism. While doing so they have to increasingly rely on local resource mobilization as well as innovative methods of financing projects.

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