

Effectiveness of local governance in rural development:

A study of MGNREGS in Kerala

Teeson C J ¹ Revathi K Sivadas²

¹ Assistant Professor & Research Scholar, Department of Economics, JAIN

² Assistant Professor & Research Guide, Department of Economics, JAIN

1.1. Introduction

Rural development is a widely discussed topic in decentralized planning and local governance. It is a process to enhance the capacity of people and living conditions of rural population especially living below poverty line (Modi, Role of Panchayati Raj Institutions in Rural Development:, 2019). According to Uma Lele, rural development is an improvement in the living standards of low-income population in rural areas and making process of self-sustaining (Mibang,2019). It is a process of enabling grass root level development (Mibang,2019). It is a multidimensional concept as it involves agriculture development, industrial development, infrastructure development and the development of human resources (Vinayak Banakar, 2018). Rural development is the main goal of decentralization which could be attained through the participation of people in developmental activities. The basic needs of common people can easily be identified in the *grama sabhas* and could be addressed with the implementation of welfare schemes. Rural development can be possible through the improvement of living conditions of the rural poor. It is a strategy of improving the social and economic life of rural poor as its main objective is to reduce poverty (Vinayak Banakar, 2018). Local self-governments are working as an instrument machinery for implementing the development programmes of the State (Modi, Role of Panchayati Raj Institutions in Rural Development:, 2019).

Basically, decentralization is the process of transferring the power and authority from the high level of governments to the lower level of governments. The decentralisation came in to effect with the passage of 73rd and 74th constitutional amendments which made a significant breakthrough in our political system in the form of fund and power devolution. Panchayat raj is a system of local governance in which gram panchayats are the basic unit of local administration and stand for the rural welfare. As the grama panchayats are bottom level institutions and can easily identify the needs of rural people, the programmes and policies could be formulated on the basis of priority and needs of society.

“Article 243G of the Constitution empowers panchayats to function as institutions of local self-government for the purposes of preparing plans and implementing schemes for economic development and social justice in their respective areas for various matters, including those listed in the 11th Schedule which is merely illustrative and indicative” (Alok V.N, 2011).

Transformative development in rural India is possible only through “Sabka saath, sabka vikas, sabka vishwas and sabka prayas” for which grama panchayat prepare a plan with the participation of stakeholders and local resources. Panchayats have been authorized institutions to plan for the development of panchayat. The path of development should be line with the certain targets in Sustainable Development Goals. Therefore,. However, it is tedious task to identify the marginalised section of society and deprived households and implement the poverty eradication programmes on the basis of their priority and needs. Grama sabha is the fulcrum of the decentralized governance system in which common people can be involved in the decision-making process of local self-government. Rural development is highly connected with the development of the common people especially the people living below the poverty line. It is imperative for improving the quality of life and economic well-being of the people living in relatively isolated and sparsely populated rural areas. All developmental activities done at the local level benefit the rural population and rural areas. The department of Rural development is implementing several schemes in association with the grama panchayat for the amelioration of rural population. The main aim of these programmes is to reduce the poverty as well as creating employment opportunities in the rural areas, thereby improving the wellbeing of rural population. The major schemes include Livelihood Projects, Mahatma Gandhi National Rural Employment Guarantee Scheme, Pradhanmantri Awas Yojana-Gramin, Saansad Adarsh Gram Yojana and District Rural Development Agency (DRDA) are sponsored by ministry of rural development. It is very clear that rural development and local governance are interconnected to each other.

Panchayat are the basic unit of local governance system which is duly responsible for rural development (Kumar Dhananjay, 2017). Grama panchayat is the basic unit of decentralised system of local governance and the development plan of each grama panchayat is formulated by considering the basic needs of people in the particular locality. The development plan of each grama panchayat includes different sectors like agriculture, industry, irrigation, education, public health, water and sanitation. In a decentralised democratic society like Kerala, local governance plays a pivotal role in the development of rural area and boosting the standard of living of poor people in village areas. The coordination between two departments such as rural development and panchayat raj need to be more strengthened in such a way that several programmes focusing on the rural development gets implemented in a time bound manner. Effective implementation of these programmes has to be ensured within the framework of rural development. Strategies and interventions by each panchayat for implementing these programmes are widely different in terms of functions and functionaries. Grama panchayats are the local governments in rural areas responsible for ensuring rural development (Dhananjay,2017). Therefore, the researcher intends to study the effective mechanism of local governance in Kerala to strengthen the rural development.

1.2 Importance of the study

Sustainable Development Goals (SDGs) can be attained only through comprehensive rural development for which Local Self Governments (LSGs) are responsible for ensuring rural development (Sarkar, 2021; Ramya, 2014). Improved living conditions and quality of life of the rural poor helps to obtain SDGs (Adamowicz, 2020;Singhal, 2016). However, majority of them are suffering from different types of deprivations like educational deprivations, health deprivations and deprivations in standard of living (Chathukulam, 2021;Chandran, 2020;Alkire, 2018). The decentralized governance mainly intends to provide the basic amenities of a common man thereby achieving rural development. Rural development is highly connected with the development of the common people and it is imperative for the improvement of quality of life and standard of living of the people living in sparsely populated rural areas (Economic Review, 2021-2022).‘No poverty’ is one of the Sustainable Development Goals (SDGs) that could be attained at the grassroot level (Ministry of Panchayat Raj, 2021). Sustainable Developments Goals are furthermore localized today and the panchayats are given more responsibility to achieve those goals in rural areas. Sustainable Development Goals (SDGs) are taken through the different themes which can be realised

through the local self-governments. Poverty free and enhanced livelihood village is one of such themes that the local governments need to play an active role for attaining the targeted aim. Panchayats are very close to the people and they can easily identify the development needs of people. Therefore, the eradication of poverty and enhanced livelihood village is the sole responsibility of local self-governments. The Ministry of panchayat raj had initiated the people's campaign as "Sabki Yojana Sabka Vikas" being launched in all states from 2021 to 2022 for ensuring people's participation and preparing the grama panchayat development plan (Economic Review,2021-22). Grama panchayats are the constitutional body to prepare the development plan in rural areas with a comprehensive plan of utilising the local resources and various flagship programmes like MGNREGS (Ministry of panchayat raj, Ministry of Rural Development, 2019). Creation of income as well as purchasing power along with ensuring the livelihood security among the rural people is the essential part of rural development. Ministry of rural development is implementing several schemes in our economy for rural development and grama panchayats take the cognizance of these schemes (Ministry of panchayat raj, Ministry of Rural Development, 2019). For achieving the aim of rural development, grama panchayats need to associate with various departments concerned for developing the integrated strategy of utilising the locally available resources through different flagship programmes like MGNREGS. In the panel data analysis of different states in India for the years from 2006 to 2021, rural household coverage under MGNREGS in Kerala is 27.2% ((Turangi, 2022).

1.3 Objectives of the study

- To understand the plan fund utilisation of local bodies in rural Kerala
- To examine the contribution of state plan fund towards rural development
- To assess the performance of MGNREGS as a major rural development programme under the purview of grama panchayats

1.4 Data source and methodology

The entire study is based on secondary data such as ministry of panchayat raj, Grama Panchayat Development Plan, Ministry of Rural Development, and latest economic reviews.

1.5 Annual plan expenditure of local self-governments in Kerala

Plan fund utilisation of local self-governments is one of the indicators for measuring the rural development. Article 243 G of the constitution empowers panchayats to function as catalyst for implementing the schemes for economic development (Alok, 2014). Plan fund utilisation of local bodies in village area such as grama panchayats, block panchayat and district panchayats for the last five years since the financial year 2017-18 have been given in Table 1.

Table 1. Plan Fund utilisation of rural local bodies in Kerala (%)			
Year	Grama panchayat	Block Panchayats	District Panchayats
2017-18	90.65	80.4	71.06
2018-19	88.56	89.35	80.64
2019-20	63.24	60.39	45.94
2020-21	99.9	101.11	98.52
2021-22	92.9	92.97	82.77
2022-23	90.42	86.73	76.77
<i>Source: Author's compilation</i>			

From the Table 1, grama panchayats are found to be highest in terms of fund utilisation among the three local bodies in Kerala during the period 2022-23 even though there is some decline occurred during the period from 2021-22 to 2022-23. The lowest fund utilisation is recorded in three local bodies during the period 2019-20.

1.6 Plan Fund towards rural development in Kerala

Annual plan fund for rural development as a percentage of total state plan fund during the period from the financial year 2002-03 to 2022-23 is given the Table 2.

Table 2. Plan Fund towards the rural development in Kerala			
Year	Annual plan fund (State)	Rural Development	state plan as % of state's total plan
2002-03	3953.36	168.08	4.251573
2003-04	3712.24	229.89	6.192757
2004-05	3907.18	312.1	7.987858
2005-06	4230.93	287.12	6.786215
2006-07	4785.31	314.19	6.565719
2007-08	5690.4	292.43	5.139006
2008-09	7142.54	296.34	4.148944
2009-10	8780.47	425.87	4.850196
2010-11	10024.57	342.62	3.417802
2011-12	11758.89	422.31	3.59141

2012-13	14736.92	622.59	4.224696
2013-14	14901.29	656.56	4.406061
2014-15	15567.26	570.05	3.661852
2015-16	21310.69	1247.4	5.8534
2016-17	24470.72	1225.1	5.006391
2017-18	29896.79	3424.27	11.45364
2018-19	26047.32	1591.44	6.109803
2019-20	24445.2	1204.74	4.928329
2020-21	36214.23	1902.16	5.252521
2021-22	39281.84	1382.68	3.519896
2022-23	37699.53	1789.87	4.747725
<i>Source: Kerala Budget, 2023-24</i>			

From the table, it is very clear that the share of state annual plan fund for rural development has been showing a declining trend since 2017-18 even though a marginal increase occurred in the last two financial years.

1.7 Strengthening rural development through local governance: lessons from MGNREGS in Kerala

Grama panchayats are the constitutional body to prepare the development plan in rural areas with a comprehensive plan of utilising the local resources and various flagship programmes like MGNREGS (Ministry of panchayat raj, Ministry of Rural Development, 2021-22). MGNREGS is one of the major programmes which aims to provide livelihood security of households by providing employment to rural households (Economic survey, 2022-23). In fact, the MGNREGA Act 2005 emerged in the context of growing divergence between economic growth and rural job creation (Desai,2015). Panchayat raj institutions have a critical role in the effective implementation of MGNREGA in rural areas. It is also called as mother of all local development schemes as it helps to strengthen the panchayat raj system in the country (Vijayanand,2021). The programme started in Kerala in 2006 in the rural areas of Palakkad and Wayanad districts and later extended to other districts (Nair,2009). There are around 27 lakh people depend upon this programme in Kerala and the govt launched a welfare fund for MGNREGS workers. These workers are also found to be major participants in grama sabha (State finance commission,2016). Another interesting fact is that this programme gave an opportunity to strengthen the decentralization and implemented through grama panchayats (Vijayanand,2021).

1.7.1 Financial status of MGNREGS in Kerala in the financial year 2021-22

The total plan outlay in Kerala during the period 2021-22 is recorded as Rs.4057 crores, out of which around Rs.2944 crores have been spent indicating that fund utilisation for MGNREGS against plan fund is nearly 73%. District wise analysis of fund utilisation for MGNREGS against state plan fund has been given in the Table 3.

District	Plan Outlay (Cr)	Total expenditure FY 2021-22 (Cr)	% of expenditure against State plan
Kannur	238.81	211.67	88.64
Kozhikode	456.96	364.75	79.82
Wayanad	177.66	141.60	79.70
Kottayam	192.76	152.68	79.21
Ernakulam	213.37	162.10	75.97
Malappuram	230.42	174.46	75.72
Idukki	260.98	193.16	74.01
Thrissur	251.14	183.73	73.16
Alappuzha	371.19	269.89	72.71
Kasargod	192.66	139.34	72.32
Kollam	364.99	254.41	69.70
Palakkad	385.45	266.65	69.18
Thiruvananthapuram	540.74	329.37	60.91
Pathanamthitta	179.90	101.10	56.20

Source: <https://nregs.kerala.gov.in/en/financial-progress/>

From the district wise analysis of plan fund utilisation for MGNREGS in Kerala, it is seen that highest utilisation is recorded in Kannur district which is nearly 89% whereas the lowest fund utilisation is shown in Pathanamthitta district which is only 56%. In this context, researcher also want to examine the employment status of MGNREGS in Kerala, which shows that how many of the households having the active job cards got employment for the last three years. The employment status of MGNREGS in Kerala for the last three years has been given in the Table 4.

Year	Number of active job cards	Number of households got job	% of households got job
2021	2022610	1476515	73
2022	2194783	1643096	74.86
2023	2189182	1512037	69.07

From the Table 4, it is clear that there was a significant reduction to the employment given to the household in the last two years. It was around 75% in 2022 which later declined to 69% in 2023. There is also interdistrict variation of MGNREGS job distribution in the last three years which has been clearly figured in the Table 5.

District	2021	2022	2023
Alappuzha	81.08	82.92	80.09
Pathanamthitta	77.55	77.13	72.31
Thiruvananthapuram	76.88	79.18	74.69
Kottayam	75.58	73.07	64.62
Palakkad	74.8	74.97	71.67
Kozhikode	74.43	77.89	69.43
Kasargod	74.16	77.82	70.07
Idukki	72.2	74.86	67.67
Kannur	71.79	75.02	66.89
Wayanad	70.94	74.44	69.9
Thrissur	69.9	70.59	64.12
Kollam	69.35	73.27	66.86
Ernakulam	68.71	68.56	62.95
Malappuram	61.75	63.38	58.87

Source: Author's compilation

It is found that even though the registration process and issuing of job cards in MGNREGS had been done, lapse from the part of panchayats in providing the job to registered workers remains unaddressed, which is more reflected in the Malappuram district. While comparing the two financial years 2022 and 2023, it is found that all districts show the significant reduction of employment status and wide variation among the districts in terms of employment distribution.

1.8 Major findings of the study

Grama panchayats plays a pivotal role in the development of rural and boosting the standard of living of poor people in villages. However, from the analysis of plan fund utilization of grama panchayats in Kerala, it is seen that there was a huge gap between budgeted amount and expenditure amount in 2019-20 which indicates the clear case of underutilization and also showing the same trend since 2021-22. Even though significant growth has been made in the allocation of state plan fund towards rural development which is recorded as 4.7% to 7.07% from the year 2022-23 to 2023-24, it is still below than that of the financial year 2017-

18 which is recorded as 11.45%. Fund utilization of MGNREGS against state plan is found highest in the Kannur district (88.64%) and lowest is recorded in Pathanamthitta district (56.20%). In the district wise analysis of MGNREGS employment distribution, the Alappuzha holds the highest position in terms of providing the employment to households by the scheme, recorded as 81.08% which is far higher than the state average (73%) in 2021, declined to 80.09% in the year 2023. Malappuram district shows the lowest position which means only 62% of households got employment through MGNREGS in 2021, further reduced to 59% in 2023. It is found that even though the registration process and issuing of job cards had been done, lapse from the part of panchayats in providing the job to registered workers remains unaddressed. The lack of proper coordination among the villagers, panchayat members and government officials in the implementation of rural development schemes is cited as another significant challenge.

1.9 Conclusion

From the analysis of plan fund utilization of grama panchayats in Kerala, it is evident that there was a huge gap between budgeted amount and expenditure amount in 2019-20 which indicates the clear case of underutilization and also showing the same trend since 2021-22. There was a wide interdistrict variation in the pattern of fund utilization for rural development initiatives like MGNREGS in Kerala. It is also found that employment distribution through MGNREGS is not uniform across the districts in Kerala. It is the need of the hour to further strengthen the grama panchayats in preparing the inclusive and comprehensive development plan by utilizing the locally available resources and well execution of centrally funded flagship programmes like MGNREGS.

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