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The 'Political' in the Local:

Institutions & Governance for Sustainable Development

Author(s)

Satyajit Singh, Department of Political Science, Faculty of Social Science, University of Delhi, India, ssinghdu@gmail.com

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Abstract:

In the quest for appropriate institutions for local governance of natural resources for sustainable development, we need to move away from a universalistic comparison of centralization and decentralization. The idea of the 'political' in decentralization establishes that unlike uniform normative outcomes, diverse local institutions lead to different outcome paths of decentralization – democratic, devolutionary and accountable (the good) – or the new forms of recentralization and deconcentration (the not so good), are determined. This paper, based on empirical evidence is about local institutions and micro politics as they interface with sustainable development.

Key words: institutions, decentralization, local governance, sustainable development, local politics

As recent approach to issues related to public sector reforms (Kreuger 1974, Lal 1983, Hood 1995), governance (World Bank 1992 & Leftwich, 1994) and decentralization (Oates, 1972 & Tiebout, 1956) have become normative, economistic and technocratic, this paper underlines the importance of the political, especially in relation to administrative reforms towards decentralized sustainable development. As against the normative discourse, it is contended that diverse decentralized institutions lead to different outcomes as they interface with local politics of different hues. It is through the study of the varied institutional architectures of decentralization that the paper provides a political perspective on decentralization. Importantly the different types of local politics that it unfolds and how these impact local people and their livelihoods. Local governance is shaped both by institutions as well as by local politics. The paper begins an exploration of local politics in the context of institutions for sustainable development.

Institutions for Sustainability:

The approach so far has been a debate on the theoretical formulation of Gerrett Hardin, that has been dear to most state foresters. His 'tragedy of the commons' provided an explanation of how village communities, in the absence of state regulation, over-exploit and degrade the natural resources (Hardin 1968). The disapproval of the community in development took away the little autonomy that peasants had in the management of the village forests. As a result of such centralization policies, the last few decades have seen the rise in the number of social movements in developing countries. These social movements view ecological degradation and increasing marginalisation of the peasants as a direct consequence of 'development' that is driven by the requirements of the modernising state and capitalism (Gadgil & Guha 1995, Agarwal *et al* 1987, Baviskar 1995, Guha 1989, Shiva *et al* 1991, Omvedt 1993). In the popular perception the requirements of colonialism, industry, and the expanding market were seen as alienating agents leading humankind to the brink of ecological ruin. In contrast, forest

communities were seen to be living in harmony with nature. Their local knowledge of dependence on natural resources for their livelihoods would enable them to be judicious users of the wealth of nature. This turn-around in popular perception, from people as exploiters of natural resources to them becoming natural conservers of their resources, was significant (Guha 1989, Shiva 1988, Gadgil & Guha 1992, 1995, Chambers, Saxena & Shah 1989, Arnold 1990, Ghai & Vivian 1992, Ghai 1994, Berkes 1995, Baland & Platteau 1996, and Poffenberger & McGean 1996). The increasing degradation of the forest resources exposes the failure of foresters to adequately protect the forests. With the rise of popular protest, and the increasing constraints in the proper governance of the forest resources partly affected by the fiscal crisis, the state governments have begun to give in to the long-standing demands for assigning more power to local resource-users.

A thrust from the local communities has been aided by international agencies and donors. They have played an important role in focusing attention on the significant role that the community can play in conservation (WCED 1987, Conroy & Litvinoff, 1988, Holmberg *et al*, 1993). They have been helped by important theoretical and empirical research on common property management by the academia. Contributions from Bromley (1992), Ostrom (1990) and Wade (1987) have shown the limitations of state and market management of resources and have focused on an alternative of community management of these resources (Berkes 1989, 1995, NRC 1986, Baland & Platteau 1996, Ostrom *et al* 1993, Keohane & Ostrom 1995, Ostrom *et al* 1994. The importance of creating institutions to overcome problems of collective action has been highlighted. There have been a number of local, regional, national as well as international deliberations on the need to involve the local community in the management and regeneration of natural resources. It is believed that with the devolution of power local communities can reclaim their resources, and resort to the customary natural resource use pattern that was both sustainable and equitable.

The study moves beyond the existing theoretical arguments in favour of participation and decentralization (Ostrom 1990, Chambers 1997), how decentralization for natural resources has happened and how it affects different social groups (Sundar 2000, Agrawal 2005), or how democratization is critical to decentralization (Chhatre & Sabrawal 2006, Lele & Menon 2014), to focus meaningfully on the politics of how decentralized institutions are created and the political economy of their functioning to understand their outcomes. It is asserted that it is in the creation and functioning of these institutions and the politics around the architecture of decentralization that outcome paths – the good and the not so good - are determined.

Given the centrality of politics in the study of institutions of local governance, the paper interrogates how the state engages with the creation of institutions of local governance. The design of institutions is not an easy exercise as the existing power relations that benefitted from a centralized bureaucratic rule obstruct or facilitate the institutional challenges towards the creation of self-rule. Local politics and the agency of different social and political actors shapes decentralization policies, institutions and their outcomes. The role of key actors like the state bureaucracy, central and state level elected representatives, local level leaders, non-governmental organisations (NGOs) and citizens shape and influence the architecture of decentralized institutions. As local politics is a continuous process, the paper underlines that decentralization is not a static concept, a product of a single policy at any given time. Rather, its dimensions are subject to a continuous process of political negotiation, interpretation and redefinition over time. Local politics does not cease after enactment of a form of decentralization by the state, rather it is an ongoing process of contention between social groups that benefit in varying degree from greater centralization or effective devolution. It is this political interplay at the local level that ultimately sustains, strengthens or weakens processes of decentralization in any given context in the medium and long run.

As the underlying emphasis here is on understanding the transition towards decentralization, this study tries neither to be a severe critic of centralization nor does it excessively applaud decentralization or devolution. The focus is on analysing the specific forms of functional reallocation along various tiers of government as per the principle of subsidiarity - functions to be carried out at the most appropriate level of governance. The attempt is not only to provide an analytical and critical assessment of decentralization and politics, but also engage in strengthening the process of policy making for better decentralization. Hence, a shift away from existing political assessments of *what* happens and *how* it happens, to what goes into the *making* of good decentralization policies and institutions. This distinct methodology adopted here attempts to engage with both the theoreticians and practitioners of decentralization, in an effort to ensure that academic inquiry also contributes to the architecture of making good policy processes. As the study of public administration is considered to be both a science and an art (Waldo 1955) and as knowledge is created in praxis, we take a small step in understanding of the role of institutions, the interplay with power relations in rural societies and how these affect public policy. As institutions affect outcomes, there is a need to scrutinize varied institutions and understand how their design can lead to better governance outcomes. This study of the institutional architecture of decentralization and the political process at the local level aims to understand how local institutions can be crafted to yield better policy results. The making of good institutions and policies that promote effective decentralization is thus the expected outcome of this study.

This perspective on decentralization adds to the growing literature that is contributing to a *political* perspective on decentralization, starkly different from the hitherto dominant theoretical literature on it. This study, along with other existing political analysis, challenges the popular perspective emanating from the discipline of economics that is considered to be normative and prescriptive and focuses on fiscal autonomy, efficiency and competition to form

the basis for local governance. In the analysis presented here, it is asserted that such a perspective is not directly applicable to local governments in developing countries that are struggling to conserve natural resources and to get basic services for the poor. The disconnect between the state and people is so much that issues such as representation and participation are now at the core of local governance (Chambers 1994 & 1997). These are also societies where the formal political structures align very closely with primordial identities and have also evolved a relationship with the state and central bureaucracy for welfare schemes. Hence, one cannot expect rural local governments in developing countries to raise their own taxes to provide everyday costs of conservation or capital costs for basic services. As such, one favours a path to decentralization that focuses on welfare based liberal values, rather than emphasise on autonomous and efficient fiscal principles that underline cost recovery for basic services. One also finds a diversity of institutional designs in rural areas rather than the uniformity that is present in urban local governance, and an emphasis on representation and participation. Without negating the normative theoretical position, the objective here is on complementing it with a more nuanced political understanding. It is hoped that this would subsequently add to bringing about changes in the dominant theoretical literature, and in the meantime help craft more pragmatic decentralized institutions of local governance.

This chapter is divided into two parts, the first elaborates on a political perspective on decentralization that is based on the experience of rural local governments from a developing country context. It underlines that political economy of the design of decentralization institutions as well as local politics, determines the outcomes of decentralization. A lot of the good or the bad is embedded in the new institutions that are created to replace the old. The second part of the chapter introduces the empirical evidence.

I

Institutions and Politics in Decentralization

A study of institutions has been at the core of the discipline of political science. The French philosopher Jean-Jacques Rousseau made a distinction between the nature of man and the institutions that a society harbours. Rousseau, like Thomas Paine after him, took a novel position that men were good, but the social institutions were bad, leading to bad social outcomes. Others like Thomas Hobbes and James Madison were sceptical of human nature, and thus established institutions to prevent people from undermining governance. In their study of institutions, political scientists have traditionally concentrated on the study of macro structures and policies and how these affect state, district, or village-level economy and politics (North 1986, Clague 1997).[1] The literature on the study of micro institutions, the political economy in which they operate, and the ability of local politics to transform society and affect developmental outcomes continues to emerge (Ostrom 1990, Baland & Platteau 1996, Wade 1988, Ostrom & Walker 1994). It is now established that even though economic and social relations are central to the understanding of political structure, institutions also play an autonomous role in politics. As suggested by James March and Johan Olsen, "Political democracy depends not only on economic and social conditions but also on the design of political institutions" (1984, p.738). Hence, macro institutions such as the state's bureaucracy, legislature, and judicial system are not only arenas for contending social forces, but they are also "collections of standard operating procedures and structures that define and defend interests. They are political actors in their own right" (March & Olsen 1984). Another significant work that closely examines the political economy of state intervention for poverty alleviation - 'Seeing like the State' by James Scott (1998) emphasises how bad institutions can

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[1] The term institution refers to the formal and informal mechanisms of social interaction. Hence, while the state is a formal institution, informal ones contain acceptable norms of behaviour in society.

hinder good intentions. Hence, political outcomes are not just a function of the distribution of resources or power among social forces as political actors, such as capitalist or feudal elements, but also of the distribution of preferences or interests among the institutions themselves as political actors—a claim that holds across macro and micro levels. Thus the idea of a study of the political economy of architectures of decentralized institutions is based on a very strong theoretical foundation.

On the question of whether different institutional arrangements lead to different outcomes, the governance literature has often provided macro institutional answers dealing with constitutions (codified or not), democratic type (consensual or Westminster), state structure (unitary or federal), etc (Lane & Ersson 2000). There is a lot of literature on the presidential and parliamentary systems as well as different forms of federal structures. Instead of a macro perspective, we look into how local politics shapes institutions. This allows us to comparatively assess different micro institutions in a similar setting according to their different outcomes, against the backdrop of the related literature on the actual workings of decentralized systems in a developing country. Yet, I suggest, given that the critical requirements for decentralization—including political, fiscal, and administrative autonomy—are often lacking or deliberately underdeveloped. With this lack of institutional support, it may not be fair to compare outcomes of centralization with that of badly designed decentralization programs. Instead, one needs to critically examine the processes being undertaken toward decentralization. Whether these processes assist state and local governments to choose and differentiate between economic or democratic outcomes, efficient or inclusive designs, and those emphasizing cost recovery and financial sustainability or those focusing on redistribution and livelihood sustainability. Clearly, the values underlining the form of decentralization should be under scrutiny. The design of framing constraints and the rules of the game, can lead

to different policy outcomes. Whether decentralization is good or bad depends both on the desired outcomes and the instruments that are used to catalyse the process.

In the context of a vibrant democratic polity, it needs to be appreciated that decentralization policies, designs, and implementation rules are negotiated politically at different levels of government. What is the purpose of decentralization, who would be the primary actors, and how would the objective be achieved, are some basic political questions. Welfare functions so designed, would naturally affect social groups in different ways. These democratic engagements with social and economic relations might not necessarily provide ideal decentralization outcomes, as desired by the normative literature. Rather outcomes could very well lead to yet another form of centralization, or ensuring that the rich and powerful benefit at the cost of the poor and marginalised. Democracies undertaking decentralization reforms therefore require certain rules of the game that not only provide safeguards to poor and marginalized voices, but also empower them. Safeguards can be through representation, a veto on critical issues, or specific allocation of resources to the poor. Without basic level of food and empowerment, the quality of democratic participation would be questionable.

Decentralization, as a process of reforming the centralized state, necessarily leads to a realignment of power, privileges, and resources in society. The erstwhile beneficiaries of the centralized state—namely, the bureaucrats and technocrats of the national and state governments, as well as the politicians elected to the state and national assemblies—have much to lose with decentralization. Control over resource allocation to constituencies as well as the management of contracts for services give the politician-bureaucrat nexus critical control over rents. On the other hand, the emerging beneficiaries—the elected representatives at the sub-national level—are often not fully aware of their emerging powers as laid down in the Constitution. At the same time, they often owe allegiance to their senior elected party representatives, as well as to the bureaucracy they consider synonymous with the state.

Political perspective argued out in this chapter asserts that one cannot be casual about the role of institutions in reordering society and in effecting changes in established power relations, as diverse outcomes and political negotiations unfold from the politics of the realignment of society and the distribution of its resources.

It needs to be understood that the drawing up of decentralization programs and institutions can lead to fundamental changes in society and politics in developing countries. It can either prompt greater governmentalization at the local level or bring about greater democratization in society and in resource distribution. This paper explores the different models of local governance emanating from specific politics of decentralization enacted in various state governments of the country. This study widens the debate on the institutional architecture of decentralization, so as to achieve a better understanding of power and the role of micro-politics in shaping decentralization designs and outcomes.

II

Decentralization and Local Politics: Forests and Water

As against greater control of the state for the management of natural resources, as proposed by Garrett Hardin (1968), the current wisdom is for granting more power to local communities for the management of natural resources as articulated by Elinor Ostrom (1990). In the last decade, there has been a redrawing of the political and administrative arrangements of the state in order to facilitate a transition from the existing centralised state to a decentralized one. The transfer of power to local administrative structures has opened a number of issues including the appropriateness of local institutions to mediate issues of power and resource allocation at the local level. The shift towards decentralization is to ensure better provision of public services as well as to meet the growing demands of citizens for greater participation in the political and administrative structure of the country. However, often communities and local institutions are also both an expression of local power and also designed to perpetuate the status

quo. Hence, there is a need for greater clarity on the kinds of community institutions that can express the values and politics that are enshrined in the constitution. The process of design and implementation of decentralization is a product of the political process at different tiers of the government. At times these designs are politically or socially mediated, or ordered due to administrative exegeses, or indeed an outcome of specific resource and regional structures.

The forestry and the rural drinking water sector have been selected in this study due to their direct linkages with people's livelihoods and their significant role in alleviation of poverty. The forests provide a resource base essential for the livelihood of forest dwellers as well as their daily needs such as fuelwood and grass, and forest based movements are seen as an extension of peasant movements (Guha 1988). Similarly, safe drinking water and sanitation is critical for health and livelihood opportunities for the poor. Lack of clean drinking water impacts people's health and the resultant loss of employment for adults or learning opportunities for children. Young girls throughout the world are given the responsibility of fetching water in areas of scarcity, leaving them little time to go to school or learn after school (Sara & Katz 1997).

Apart from a direct linkage with livelihoods, both these sectors lend themselves to be better managed at the local level rather than by a centralized state. It is for this reason that these sectors got the first two national level programs for decentralization – joint forest management (JFM) in the forestry sector and the rural water supply and sanitation (RWSS) sector reforms. The JFM program was initiated in 1990 (GOI, 1988 & 1990) and the RWSS was initiated in 1999 (GOI, 1999). Hence, these sectors naturally lend themselves to a study on the political economy of environmental decentralization. While JFM program is ready for its first major reforms in being handed directly to the gram panchayats under the Recognition of Forest Rights Act 2006 (GOI, 2006), the Village Water and Sanitation Committees (VWSCs) were to be created as sub-committees of the Gram Panchayat as per the 2000 amendment (GOI, 2000). In

spite of the constitutional as well as policy mandates, the limited nature of devolution and decentralization in both the sectors has to be analysed in the context of the local political economy.

Yet, the approach to study the forestry and the water sector is not the same in the pages to follow. They differ greatly as the attempt is to capture as many dimensions of the politics of decentralization as possible within these two sectors. The forestry section takes a historical route to understand the centralized form of forest management to cater to the needs of the state and market. In contrast, a decentralized form of forest management was demanded by local communities through a series of forest satyagrahas to meet the needs of the community. An exploration of local politics based on these village level ethnographic studies in the forestry sector is complimented with a study of local institutional design for scaling up community driven development in the rural drinking water sector. The study on drinking water takes a policy and institutional route for better local government management of water. It also differs from the forestry sector as the rural drinking water sector in comparison requires more technical support than what is readily available in most villages in developing countries. Yet it is held together with the forestry sector in the search for sustainable local level institutions as they interplay with local politics, in an era where the failure of the modernist and centralising state is evident and there is a search for institutional reforms from a decentralising perspective.

From Van Panchayats to Joint Forest Management: Decentralization to Recentralization

While much of this literature underlining the need for community management for sustainability emerged in the 1980s, the forest conflicts in Uttarakahand underlined this in the 1920s (Guha 1989). As this region was thickly forested, there was no scarcity of forest resources and forest related conflicts were not heard of. The colonial government reserved forests for commercial use and debarred local use of forests. As forests have played a critical role in the agro-pastoral economy of Uttarakhand, the colonial forest policy in India marked a

major shift in natural resource management and led to drastic reduction in the rights of the forest communities in Uttarakhand. With the prospect of increasing revenue through the sale of timber demanded by the rapidly expanding railways, the state was to monopolise the use of the forest resources. Through various legislations, the Forest Department (FD) restricted the extension of agricultural land, curbed the customary practice of burning the forest grass in the summer, and limited the rights of the forest dwellers in the different categories of forests.

The Forest Act of 1878, notified as 'reserved forest' 1,700 sq. km of land in the districts of Almora and Nainital under the direct control of the FD. The Indian Forest Act of 1893, declared all non-agricultural land as 'protected forest' and put under the control of the Deputy Commissioner (DC). It prohibited the extension of agricultural land by felling trees. Villagers were prohibited from cutting trees outside five miles of the boundaries of the village and within 100 feet on either side of a road. Certain species as Deodar, Cyprus, Chir and Sal were declared 'protected', within and outside a village. The new settlement of forests in 1911 increased the area under reserved forest to about 7,500 sq. km in Kumaon and British Garhwal. The customary practice of burning the forest floor during the summer, in anticipation of a fresh crop of grass in the autumn, was banned within one mile of reserved forests. These developments were to lead to widespread peasant unrest and discontent in the years to come (Guha 1989).

Resistance to these policies started almost as soon as the policies were implemented in Uttarakhand. Forests were set on fire by the villagers as a sign of protest in 1916. These along with the forest movement in 1921 were important landmarks that led to rethinking of colonial forest policy. The growing unrest led to dissension among officials of the state towards the forest question. During the 1920s and 1930s, the revenue officials did not agree with the FD. These hills provided the British army with tough and loyal soldiers who had provided meritorious service both before and during the World War I. The interests of these soldiers were a concern for the lieutenant-governor who wrote to the Kumaon Commissioner, 'it would

be a pity for the 39th Garhwalis to come home and find their villages seething with discontent.' The return of these soldiers after the war was a cause for worry for the Deputy Commissioner also, who, recognising the role of the soldiers in previous social movements wrote, 'They are already a power in the land and will be still more a power after the war'. To appease the Garhwali soldiers and retain their loyalty, the commissioner rebuked the Forest Department, suggesting that they thought that 'the world were made for growing trees and men were vermin to be shut in' (cited in Guha 1989, p. 108).

To appease the soldiers and civilians, the Kumaon Forest Grievances Committee (KFGC) was set up in 1921. It recommended that forests containing little or no commercial importance, with species like Oak that was valuable to the local people and helped in preserving watersheds be reverted to the control of the Revenue Department (RD) who would exercise minimal control. Except in demarcated regeneration areas, the villagers now had rights to graze their cattle in these forests, as well as lop off Oak branches for fodder (Forest Department 1922). The forests controlled by the RD was declared civil forests (also known as civil soyam forests), and the new policy endorsed the management of these forests by the village panchayats wherever possible. However, the *Van Panchayat* (van – forest; panchayat - village councils, henceforth VP) rules were only drafted in 1931. The administrative head of the VPs was the DC, who was assisted by a Sub-Divisional Magistrate, called the Van Panchayat Officer. These officers were assisted by Van Panchayat Inspectors. According to the rules, two or more villagers could propose the formation of the VP in a village. The proposal was sent to the Van Panchayat Officer who got the land surveyed and the *khasra* or the survey map prepared. The approval finally comes from the DC and the Van Panchayat Inspector supervises the elections of the village VP. Five, seven or nine members are elected by the adult population of the village to constitute the *panch* (council). The *panch* in turn elect the *sarpanch* (head), who heads the village-level body. According to the VP rules, in co-ordination with the van panchayat

inspector, the *sarpanch* and the *panch* are responsible for the management of the village civil forest. In these proceedings, the FD had a minimal role to play providing only a 'technical' assistance - whenever commercial decisions were to be made, e.g. resin tapping or the sale of timber. However, by 1937 only 182 villages formed VPs. While the formal institution was a slow and half-hearted attempt at decentralisation by the colonial government, the villagers invoked their traditional institution called *lath panchayat* for community management and regulation of civil forests. The creation of the institution of VPs was a major concession granted by the colonial state to quell the forest conflicts in the Uttarakhand hills, especially as the colonial government found loyal soldiers from these parts. Decentralisation was an essential tool for conflict resolution (for more on VPs see Agrawal & Yadama 1997, Agrawal 1999, Ballabh & Singh 1988, Ballabh et al 2002, Balooni et al 2007).

Ironically, during the post-independence period, the forest and revenue officials begun to reassert their claims over the civil forests arguing that the Van Panchayat Act of 1931 gave too much power to the village community. The reduced powers of the VPs along with the absence of any significant institutional support to the village panchayats has led to a gradual erosion of the village autonomy in managing the panchayat forests. The RD has never been very supportive of the VPs. A notable development took place in 1956, when the post of the Divisional Van Panchayat Officer was abolished and the responsibility of this officer was transferred to the DC. The abolition of a specialised post that understood the institution of the VP and the transfer of these powers to the already burdened DC was to hinder in the speedy processing of VP related paper work. In another development in the 1960s, village boundaries were redrawn under the land settlement to exclude reserve forests from within village boundaries. It meant that parts of the reserve forests could not be managed by the village communities, even though the villagers continued to depend on and utilise the produce from them. Further in 1964, as much as 3,000 sq. km of land was transferred back to the FD as during

all these years village VPs could not be formed (Saxena 1995, p. 12). The indifference of the RD then, in spite of the popularity of the VPs, has gradually led to enormous problems in the working of the VPs.

The state authorities resorted to centralisation by reducing the powers of the village community under the Van Panchayat Act of 1976, particularly with regard to sale of timber and forest products under the aegis of the forest department and greater control over the finances by the van panchayat inspector. This was reverting to earlier colonial government policies against which the people had fought and won concessions. This was in line with the creation of a centralized independent state and the enormous powers that was wrested on the FD. It was maintained that the village elites often in conjunction with the revenue officials were regularly felling trees for commercial purposes. The 1976 Act continued a process during the late sixties when the state withdrew from its decentralised policy of community development as it was argued that it only favoured the village elites. While these conclusions may have been entirely true for most parts of India, it demonstrated little appreciation of the more egalitarian social reality of Uttarakhand. Some would argue, that these policies lead to further conflict and unquiet in the hills leading in the culmination and spread of the Chipko movement in Kumaon and Garhwal.

Through these policy enunciations, the Van Panchayat Act 1931 and the Van Panchayat Act 1976, we notice the various pulls and travails that made a mockery of the concept of decentralization. An effort towards conflict resolution, led to attempts to recentralize due to one argument or the other over the last century. In spite of limiting the powers and rights of the village VPs, the administrative indifference to its existence, the absence of budgetary allocation, or access to independent resources for afforestation, etc., the management of forests by the village community fares quite well compared to other forms of forest management. Forests in Uttarakhand can be classified as reserved forests, civil and soyam forests, and VPs.

The area under these three categories is 70, 22 and 8 per cent respectively. The existing tree cover in these categories (except those areas that are unfit for vegetation as they are rocky or covered with snow, etc.) is estimated at 50, 10 and 40 per cent of their potential respectively. While the FD with all its expertise and vast resources at its command can only boast up to 50 per cent of its potential tree cover, the VPs with the near absence of resources and restrictive administrative procedures can achieve tree cover of up to 40 per cent of its potential (Saxena 1995).

In the 1990s, the state become responsive to the idea of joint management with the forest communities, as its exclusionist policies have been discredited over the years. Huge investments in numerous afforestation programmes and the enormous powers in the hands of the FD have only increased corruption and not succeeded in the better conservation of forests. Hence, the FD has been forced to take a closer look at joint management of village forests with the local population. The Joint Forest Management (JFM) legislation was inspired by the Arabari experiment in West Bengal, become a national-level program (Poffenberger & McGean 1996). The undivided Uttar Pradesh (UP) government had been one of the last to take up the JFM program. In the hills, JFM created yet another institution for community management of forests along with the older VPs. The JFM directive has however failed to draw upon the lessons based on more than sixty years of experience on community management of forests in the hills under the VPs. Instead it is structured around the recent experiments of decentralised management of forests in other Indian states. However, in the context of Uttarakhand, it became an attempt to recentralise community forest management as it provided the hill people of Kumaon and Garhwal with even less autonomy in the management of their resources than the 1931 Van Panchayat Act.

In 1998 the World Bank provided a loan to the UP FD to fund the UP Forestry Project worth $ 65.01 million,[2] under which the JFM program was undertaken. Under this program, as much as 250,000 ha of forest was to be protected and about 5 million person-days of employment was to be generated. As a large part of the forest area is in the hills of the Uttarakhand region, most of the benefits accrued here. For instance, compared to 1,000 village communities in the hills, only 230 villages were earmarked for the plains. Theoretically, the JFM orders have increased the reach of the existing community forestry that is currently under VPs. Under JFM community forestry can be organised even in the reserved forests, as against its organisation only in revenue land under the VPs. The existing VPs could also change to the JFM committees and adopt the new institutions and rules.

The financial arrangements were very generous and unsustainable. For a typical village in the middle Himalayas, the financial returns were about Rs 4.5 lakhs over three years and as much as Rs 6.3 lakhs over three years if there were no withdrawals (World Bank 1997, pp. 10-11).The resources of the jointly managed forests and the revenue of the VFC from the sale of forest produce, fees, permits and compensation was to be made in such manner as prescribed in the micro-plan. The maximum amount that could be spent in a year was up to Rs 50,000. Of this amount not more than half could be distributed to the members of the village community and the remaining half belonged to the VFC, to be spent on the development of jointly managed forests. This was indeed a very generous financial plan which the local communities found difficult to resist. The blueprint ensured that not only the forest area was well looked after, but there was more than adequate resources for the local communities to meet some of their other developmental needs.

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[2] Including a contribution of $ 7.87 million by the Government and $ 4.2 million by the beneficiaries (roughly equal to the service of forest 'watch' provided by them).

However, this conceptualisation of the JFM program had left a lot to be desired as history was overlooked. The two key players in the formulation of the JFM program were the FD and the World Bank. Under the Van Panchayat Act, it was the RD that was responsible for the VPs. As the FD did not have any experience in community forestry in Uttarakhand, the emphasis suggested by them was understandable - introduction of 'joint' management in a phased manner, institutional change, and changing the role of the FD. This ignored the rich experience that the region had of VPs. The only acknowledgement of this institution was that the project document suggested that the VFC could alternatively be called VPs in the hills. It was the RD that has nurtured the institution of VPs here with varying degree of success during a large part of the last century. It should be remembered that the hill peasants had waged a struggle against the intrusive and alienating FD and had managed to keep the village forests with the help of the RD. The acknowledgement of the rights of the hill peasants to forest produce was a major concession which was not given to any other forest users in the country. The RD protected the rights of the hill peasants under the VPs and formalised some of their customary practices in relation to the regulation, use and protection of the natural resources.

The JFM program that was introduced in the hills assumed that the forest community as well as the FD had to be taught the principles of community forestry and participatory management. It is true that community forestry as a concept was new for the FD and that they had to be trained for it. The forest users on the other hand had with them time tested customary practices for natural resource management which had been acknowledged by the state and VPs worked effectively with little or no support from the government. However, what is surprising is that once trained with the controversial PRA techniques in a few weeks, the FD became the nodal agency to target, plan, implement and monitor the 'joint' program and the village community automatically become the subordinate partner. An unequal 'partnership' emerged. In the policy document there is a lot of emphasis in institutional development and participation

where the focus is on changing the character of the FD and training officers and NGOs to conduct and popularise 'participatory' methods without the actual devolution of control and management to the village itself. The JFM arrangement does not go significantly beyond the VP framework as far as the village level autonomy for forest management goes in spite of the emphasis on decentralisation and good governance.

The entire participatory exercise was top heavy with the FD drawing out the program, identifying the villages that 'need' JFM, and then asking villagers if they would like to participate under the already laid down blueprint with its huge financial package. It is a participatory exercise that suits the FD as they not only manage to get back a part (perhaps eventually all) of the civil-soyam forest land it had 'lost' to the RD in 1931. The joint program also helps in the public relations of foresters which has taken an enormous beating with the Chipko movement for its exclusionist policies which were aimed at maximizing the extraction of timber and other forest produce.

There has been little attempt on the part of the FD to learn from the experience of the RD regarding VPs and community forestry. Two key lessons drawn from the van panchayat experience and ignored by the JFM program are: (i) to disregard the possibility of successful collective action in villages with existing conflicts, and (ii) to undermine all the drawbacks of the van panchayat model with the help of the huge financial benefit that is promised to the 'participating' villages. The experience and limitations of the institution of van panchayats in the hills has been discussed elsewhere along with suggestions to the changes that can be brought about for the strengthening of the village institution for even better management of village natural resources (Singh 1999, Saxena 1995, Somanathan 1991, Ghildiyal & Banerjee 1998, Agrawal 1994, 1996).

With reference to the criteria of selecting villages, it needs to be mentioned that nearly all JFM money was targeted to already existing and functioning village forest committees, be

they in the form of van/lath panchayat or village bodies merely regulating the natural resources effectively through their customary practices. The infusion of this huge amount of money did not result in any significant changes in forest relations, apart from making the FD responsible for community forestry in place of the RD.

As the JFM package was implemented in only a thousand villages in Uttarakahand, this package also resulted in inter-village rivalry as the program is discriminatory. Many villages could not opt for the program. In most parts of India it may be advisable to have a gradual implementation of a participatory program, however, in a region where customary practices for sustainable natural resource management exist, and where the livelihood of the people is intrinsically linked to the forests, it is surprising that the program was not being implemented in the entire hill region. Hence, an institutional shift from the RD to the FD as the nodal agency for only a thousand villages ensured that the other VPs were neglected.

Recentralisation and Local Capacity

The state today is not just a major provider of social services but it also determines how social development will evolve. Instead of centralisation of power, the state needs to ease power in favour of local institutions, fostering a regime of shared power that encourages local initiatives and efforts. It should direct its energies at creating an environment where local initiative is encouraged and should restrict its efforts at providing local communities with resources and skills as and when they demand it. Instead of this, the FD is following a process which can be called centralised decentralisation leading to a process that can be called recentralisation. This is an exercise in participation without devolution of power. This can lead to be frustration for the local communities. Even the power that rightfully belonged to the community in the 1930s and was taken away from them in 1976 is not being restored with this new wave of decentralisation. Through the process of the so-called decentralisation, the state is attempting to extend its reach to areas that it had not been able to do so earlier. In the light

of the failure of the state in effectively managing the forest resources, and its inability to find fiscal resources to implement centralisation policies of the old times, the FD has found a convenient tool of centralisation in the name of participation and community management of forests. With the creation of these new institutions and offer of fiscal initiatives the FD may manage to reign in the collective efforts of the hill villages under its ambit.

JFM simply perpetuates the old 'top-down' approach to social development. Unlike in the past the FD does not any longer impose its programs and services on a passive population, but does take note of peoples' expectations. The current state sponsorship of community partnership stifles initiative and weakens local self-reliance in forestry as is evident from the customary practice and numerous local institutions that flourish under the broad rubric of the 'lath' panchayat. The JFM program and other attempts at imposing a uniform institutional arrangement for state-society sharing of forest management responsibility undermine local knowledge and institutions that have evolved through community solidarity. This form of community participation in forestry weakens the community's capacity to deal with its own problems through its own initiative and effort. The JFM program in the hills is an attempt to regain control over forest land that is currently being administered by the RD. The experience of JFM from other states also points out that even where the FD has conducted the JFM program in forest land under its control, these forest lands are either waste or degraded and there is little devolutionary effect (Jeffery et al 2002, Jeffery & Sundar 1999, Sundar 2000, 2001, Lele 1998, Lele & Menon 2014, Arora & Khare 1994, Balooni & Inoue 2009).

It is essential that the state move away from enacting, monitoring and controlling, and adopt an approach that emphasises learning, devolving power, and monitoring concerns of equity which the community may be ill-equipped to handle. The need is for reversing control and accountability from centralise agencies to community and local government groups.

Instead of the imposition of a uniform package, the existence of diversity needs to be appreciated and there should be a flexibility of contracts.

Recentralisation to Devolution: The Forest Rights Act

The JFM project in Uttarakhand left a lot to be desired. It imposed a uniform program and established a new set of institutions, rules and regulations that are inflexible and require a chain command from the top. In many aspects this goes against the existing institutions of VPs and the literature asking for greater devolution and reforms in the regulatory structure. Even though the JFM program was implemented after the enactment of the Panchayati Raj Act, it was not in line with its spirit and could have facilitated the efforts of local governments and communities to modify, change, and replace rules for sustainable management of natural resources. It was left to the PESA Act, 1996 and Forest Rights Act, 2006 to set right the centralisation trend and the tone for greater devolution. In this context the continuation of JFM becomes untenable, even though it continues to give greater leverage to the FD. The National Forest Rights Act Committee (NFRAC) in January 2011 recommended that wherever community forest rights are recognised, JFM should be abolished. It also recommended that the powers and resources of the JFM committees be transferred to the gram sabha committees established under the Forests Rights Act of 2006. The National Advisory Committee (NAC)also recommended that in all forest villages, the gram sabha should be the focal institution with the FD as a facilitator (not administrator).Even the Green India Mission, set up to combat climate change suggested amendments in the Indian Forests Act to give JFM committees powers of a Forest Officer. Only these recommendations would result in effective devolution for forest management.

It is clear that in order to scale up community led initiatives the best institutional arrangement was to make forest committee a sub-committee of the gram panchayat or the gram sabha. This would provide these committees statutory power, make them a part of the local

government structure and also make them a direct beneficiary of the fiscal provisions emanating from the Panchayati Raj Act. This would also ensure that any further functional reallocation that takes place in the forestry sector, the gram panchayat would be the focal institution at the village level. This institutional platform also enables for greater convergence across sectors, especially close integration with agriculture, water and livelihood programs. Importantly, the capacity development that takes place for the establishment of these committees is within the local government framework and hence there are great benefits across all sectors as some villagers will be in more than one committee. Importantly, this arrangement will ensure that the line departments like the FD do not consider the forest committee as an extension of their department, rather they deal with it as a local government authority in a manner that will ensure that it is accountable to them for the functions that it needs to carry out to promote community conservation. It is this logic of a local government structure that line departments such as forests and water do not like, hence would like to perpetuate a continuation of specific committees that are answerable to them.

Given the pressure for greater devolution, in 2010, the Ministry of Environment sent out letters directing that the state panchayat laws and JFM guidelines be amended to ensure that these committees are recognised as institutions of the gram sabha. However, as expected, state governments have been lukewarm to the implementation of this constitutional mandate given the resistance of the FDs. It would take a concerted collective action and careful institutional design to ensure that this transition takes place for in this is the institutional pivot to ensure a sustainable partnership with communities in conservation.

We have seen that institutional changes aimed at decentralisation over the last century, including the JFM program in Uttarakhand, are shaped not as per the normative rules of subsidiarity but as per the existing distribution of power in society. Of late, decentralisation of forest management only expands the authority and control of the FD. The existing institutional

reforms protects the interests of the bureaucratic elites of the FD as participation is not accompanied with redistribution of political power. Yet properly implemented institutional change has the potential to alter both the distribution of power and the efficiency of resource use within the society. The agencies of the state, like the RD and the FD, have to decide whether they wish to be one of the groups contesting for more power through the process of institutional change, or take on the role of facilitating a change towards greater devolution.

It is seen that decentralisation models are keen contested by the existing power relations in society. It underlines that institutional theories and studies on decentralisation cannot be normative and prescriptive, but have to adapt to the existing local institutional structures as well as the changing power relations. The contest is between the forest dwellers and the state, as well as among different state agencies. It is also between national and state governments. Of late, it has been seen that the national government has been more receptive to the demands of decentralisation for forest management, both in the enactments of laws and in providing policy advocacy to the state governments for greater devolution. However, the state governments and the line departments like the FD have either stalled these efforts or interpreted them in the manner to increase their centralizing powers in the name of decentralisation. State government agencies like the FD have also managed to give a new purpose to social action groups and non-governmental organizations that have hitherto worked with the forest dwellers and against the state in demanding justifiable rights for the forest dwellers. In their new avatar these groups are reshaped as line agencies of the FD and devoured of all their political content. Yet, one is optimist that the agency of the emerging local governments, forest communities and their collective action would continue to play an important role in defining and shaping their rights and the architecture of decentralisation policies and programs.

Decentralizing Rural Water Supply:

The intent of the decentralized reforms in the rural drinking water sector that began in 1999, the implementation of institutional reforms and their actual outcomes is the study in this chapter. It analyses the political economy of designing decentralized institutions for reforms in Indian states. The empirical evidence demonstrates that the rural water supply (RWS) reforms program in India, based on a common national level institutional template, leads to diverse institutional arrangements and outcomes as different state governments create institutional designs to suit local circumstances and interest groups. Based on a study of select states in India, three popular pathways of decentralization in the RWS sector is analysed. Such evidence invites a study of the interplay of macro and micro institutions to understand these differences, especially the role of citizens in decentralized local governance. As one moves from policy to implementation of decentralization initiatives, the pivotal role of local institutional design has not been given adequate attention. Hence, because the erstwhile beneficiaries of a centralized system are still the designers of decentralized institutions, we find that decentralization programs fall short of their expected governance outcomes.

It is well-established that a centralized public sector investment has produced a structure of accountability that is responsive to the state and central governments, rather than to citizens and local government. It is important to continue to question the outcome of public sector investment in drinking water in order to design pro-poor institutions and other safeguards. As against public sector-driven service delivery, civil society and local government initiatives in the rural drinking water sector discussed earlier have focused on several issues: appropriate technology, equitable distribution of developmental benefits and prioritized targeting of the poor, greater gender equality, and sustainable use of resources. People's participation is seen as key for these developmental outcomes. Democratic and devolutionary decentralization giving local levels responsibility for distribution and development of public goods like water

may be the starting point for addressing pressing concerns of poverty reduction (GOI 1999, Turnquist & Mahana 1995, UNDP-WSP 1998).

Drinking water and sanitation services to rural areas have traditionally been delivered by state agencies, e.g., state level Public Health and Engineering Departments (PHED) or Water Boards, funded through fiscal transfers from the centre and state governments. This is a public sector model of delivery where the incentives are so structured that the state level public agency is responsive to the central bureaucracy, rather than to beneficiaries within the state. In India, the accountability lines are structured to disburse capital funds rather than focus on sustainability, outputs, and outcomes of investment. This is a supply driven mechanism where technology is chosen on the basis of incentives to the professional managers, rather than to the rural poor. The existing incentives have led to an overemphasis on the technological superstructure rather than the ecological, economic, and social substructure through which people relate to, use, and manage water.

The rural drinking water supply reforms have to be viewed in the context of the 73rd Constitutional Amendment Act of 1993. This act is considered to be a watershed in the political and administrative structure of the country (Jain 2005, UNDP 2000), providing a concrete framework to redesign the structural legacy of centralized and representative governance that independent India received from its colonial past. Even though the basic structure of a representative democracy at the central and state level were kept intact, this act relegated control over key areas concerning social and economic developments to Panchayati Raj (local government) Institutions (PRIs, outlined below), in the hopes of better addressing rural poverty (Datta 1999). The local government structure in India has existed since the 1960s with varying success in a handful of state governments. However, the 73rd Amendment has strengthened its existing three tier structure (district, block, and *gram panchayat*), with popularly elected representatives at all three levels, as well as a citizen's body at the lowest level (*gram*

panchayat) called the *gram sabha* (village council). These in turn have sector based sub-committees, such as those relating to health, education, and water. The citizens are constitutionally empowered to hold local representatives accountable through participation at all levels of the local governance structure and through mechanisms providing transparent information on funds. While the constitutional amendment provided the policy architecture to decentralize the governance structure and democratize the control and distribution of resources at the local level to facilitate poverty alleviation, its implementation in the past two decades has been far from satisfactory (Jayal et al 2006, World Bank 2003). Yet, there is considerable conceptual agreement and empirical evidence to support the case for the benefits of water decentralization. These include improved service delivery, greater responsiveness to local constituencies, cost effectiveness, greater conservation, and improved accountability of local institutions.

Policy Reforms in Rural Water Supply

In response to the growing popularity of decentralized water systems, in 1999 the GOI introduced a national policy called the Rural Water Supply and Sanitation (RWSS) Reforms that promoted an increased role of communities and local governments in the planning, financing, and management of their own facilities. It envisaged a shift in the role of the state government from a provider to a facilitator, and saw increased cost recovery from users[3] as critical in ensuring quality and sustainable services.

The RWS reforms aimed to develop alternatives to the technology-dominated water boards and the public health and engineering departments. At the state level, the guidelines

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[3] 10 percent of the capital cost of the project is met by users, while the government contributes ninety on the condition that all of the operation and maintenance contribution or current account costs is met by the users – this was later diluted and 15 percent of the operation and maintenance contribution could be met from the capital cost (CAG 2008).

called for the creation of a State Water and Sanitation Mission (SWSM) or an equivalent institution to facilitate the reform process, provide policy guidelines salient to the state, coordinate with other departments, ensure uniform policies across pilot districts, and guarantee proper monitoring and evaluation. Under the RWSS reforms, the GOI, instead of funding the state water boards, directly funds the District Water and Sanitation Mission (DWSM). The DWSM is responsible for managing central funds, communicating the key features of the program to the entire district, forming village committees at the habitation level, and monitoring the progress of the implementation schedule. The village committees are ultimately responsible for the implementation of the rural water schemes. Their tasks include ensuring the participation of end beneficiaries, managing and organizing community contributions, ensuring that adequate arrangements are made for operation and maintenance, liaising with the DWSM, levying tariffs, procuring goods, and supervising implementation. A significant amount of capacity building and information was also to be managed at this local level, along with education and communication on health aspects related to water and sanitation, and social mobilization and safeguards for the weaker sections of society.

These principles were first articulated in the GOI 8th Five Year Plan (1992–97) and implemented under the Accelerated Rural Water Supply Programme (ARWSP) in the 9th Five Year Plan (1997–2002). Of the total ARWSP funds, 20 percent were earmarked to implement sector reforms on the basis of a demand-responsive approach across 67 pilot districts in 26 states. By August 2001, within two years of the program's start, more than Rs 1.82 billion was sanctioned to implement water sector reforms in the pilot districts. Because institutional change of this magnitude had to be supplemented with adequate capacity, a significant proportion of the national funds was earmarked for capacity building of the local government and communities. This was a unique scheme, the first in the world to pilot a reform process on this scale for rural water supply and sanitation. The nature and scale of the reform process remain

unprecedented and therefore require focused intervention for institutional reforms and capacity development to ensure that community management becomes a reality.

The GOI guidelines on sector reforms marked a shift in the institutions primarily responsible for the delivery of water supply and sanitation services. Two sets of guidelines were issued by the GOI. While the first round of guidelines issued in 1999 were framed along the Swajal model, where village committees were to be established as not-for-profit nongovernmental organizations (NGOs). The revised guidelines issued in 2000 emphasized the involvement of PRIs, where the village committee is a subcommittee of the *gram panchayat*, and the District Panchayat is the District Mission. The revised guidelines call for state water departments and NGOs that provide technical assistance to be accountable to the local government rather than the state or centre (GOI 2000).

The RWS reforms program aimed for a fundamental reallocation of decision making from the state government to local governments. This program was explicitly conceived as a policy initiative toward decentralization linked to the achievement of efficient, sustainable, and equitable rural water development to assist in poverty alleviation. This program continues to run parallel to the national and state government's decentralization policies. It attempts the difficult task of linking internally desired reforms in the rural water sector with institutional and political transformation to build devolutionary and democratic local governments. However, structural administrative and political factors have impeded this process. Let us briefly discuss these to assess the quality of institutional design for decentralization with respect to the outcomes critically dependent on them.

Lack of Convergence and Capacity in Design Of Decentralization Programs

The Ministry of Rural Development in 1999 had two units, the Department of Drinking Water Supply and Sanitation and the Department of Panchayati Raj. The lack of any coherent integration among the various units of this ministry ensured that the first set of guidelines in

1991 did not mention the involvement of PRIs in the reform process that strengthens decentralization. Local government involvement was considered essential in the revised guidelines of 2001 because of the intervention of the Parliamentary Committee for Rural Development, yet the central government could not dictate to the state governments the form and content of local government involvement.

In 2004, a separate Ministry of Panchayati Raj was carved out of the Ministry of Rural Development, and in 2012 a separate Ministry of Drinking Water Supply and Sanitation was created. These decisions were taken for political rather than administrative reasons. As there was little agreement in 1999, when these two departments were part of the same ministry, the possibility of agreement to support this decentralized reform program now is even more questionable. The Ministry of Rural Development works with the state government departments of rural development, the Ministry of Panchayati Raj liaises with the state Panchayati Raj departments, and the Ministry of Drinking Water Supply supports the state PHEDs.

The capacity to design effective local government institutions is with the Ministry of Panchayati Raj and with the state departments of Panchayati Raj, and not with the more centralized Ministry of Drinking Water Supply and the state PHEDs, consisting of core engineers. In a context where the PHEDs become comparatively irrelevant if the reform program is successful, giving these state units the brief to design decentralized reform programs is questionable. In fact, it ensures that an effective architecture facilitating decentralization is not built. Hence, the newly crafted decentralized institutions in many states are poorly planned, badly managed, and mostly implemented in a manner to discredit the community and local government management of water.

Different Pathways of RWS Decentralization

A review of the implementation of the reforms in the water sector demonstrates that, akin to the varied pathways to state decentralization, diverse rural water institutional arrangements have emerged at the state level. These in turn lead to different outcomes, some not intended by the spirit of the reform guidelines. Let us proceed to examine the institutional design for rural water reforms and the role played by different actors in the implementation of these reforms. Such design and implementation can be assessed through select fieldwork studies and drinking water and sanitation sector assessment reports prepared by 12 state governments for the central government. Lacking a proper understanding of decentralization, the overall approach of state governments toward decentralization and administrative expediency has led to different approaches by these 12 state governments. These 12 states followed three generic models of decentralized institutional designs:[4] (1) village user committees, (2) redefining deconcentration, and (3) democratic devolution. For the sake of brevity, three states are examined—Uttarakhand, Tamil Nadu, and Kerala—to assess the extent of decentralization with regard to specific functions carried out in the reform program. Table 1 below lists the states along this three-tier classification along with the key institutional and functional responsibilities across the different tiers of government in the reform model of these states.

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[4] While a close study is made of three states, the 12 states referred to are Andhra Pradesh, Arunachal, Assam, Bihar, Kerala, Madhya Pradesh, Maharashtra, Punjab, Tamil Nadu, Tripura, Uttar Pradesh, and West Bengal (Government of Madhya Pradesh 1999, Government of Arunachal Pradesh 2004, Government of Bihar 2004, Government of Kerala 2004, Government of Maharashtra 2004), Government of Rajasthan 2004), Government of Tamil Nadu 2004), Government of Tripura 2005), Government of Uttar Pradesh 2004), Government of West Bengal 2004), World Bank 2001).

Village User Committees: Uttarakhand

A *village user committee* typology ensures that while citizens have a substantive participatory role and the committees are democratically constituted, they are outside the local government structure. The independent societies in Uttarakhand's Swajal Project, and other decentralized initiatives that forced the government to initiate sector reforms, fall within this category. The management of the project is situated outside the central, state, or local government institutions. This model is designed to work outside the structure of the state departments, such as water boards, even when a bureaucrat-led project management unit (PMU) aims at efficient delivery unencumbered by governmental procurement and political interference. The village user communities are under the direct control of state bureaucrats and exist outside local government institutions of political control, local representation, and accountability. The village committees can seek both engineering and social support from professional NGOs under the direction of the state PMU. Under a VWSC, the management of the project is situated outside the central, state or local government institutions. This model is designed to work outside the structure of the state departments such as water boards. A bureaucrat led PMU was aimed at efficient delivery unencumbered by governmental procurement and political interference. The user communities in the form of the VWSCs were under the direct control of bureaucrats and outside institutions of political control, local representation and accountability. The VWSC sought both engineering and social support from professional NGOs for rural water supply under the direction of the state PMU.

TABLE 1. Key Functional Allocations for Decentralizing Rural Water Service Delivery in Select States

State	State Level Institution	District Office Responsible	Selection of Beneficiaries	Implementation	O & M	Accountability	Procurement
Democratic Decentralization							
Kerala	Water supply, KWA, Local Government, Planning, Finance, Legal, District Panchayat	District Panchayat president hires professionals on contract and government officers on deputation.	Self-selection by village committees on the basis of poverty level and coverage figures of villages	*Gram panchayat* and village committees supported by engineer at village level. Technology choice with village committee.	Village committee fixes and collects tariffs (cross-subsidy by *panchayat* for needy).	Financial and management decisions at village committee level; village committee officials elected; village committee sub-committee of *gram panchayat*	Village committee and *gram panchayat;* technical guidance from District Panchayat
Village User Committees							
Present Uttarakhand (erstwhile Uttar Pradesh)	Multi-dept. Committee with PHED Member Secretary	DPMU as agent of DWSM accountable to Secretary, Rural Development	DPMU on the basis of application by village committee	DPMU with Village Water and Sanitation Committee (VWSC) and NGO partner. Technology choice with village committee	Village committee fixes and collects tariffs (tariff nominal as gravity schemes).	Village committee accountable to stakeholders, DPMU to state. Village committee officials elected; village committee sub-committee of *gram panchayat*	State level committee
Redefining Deconcentration							
Tamil Nadu	Water Board, collector	Collector and Water Board	Water Board decides on selected beneficiaries on the basis of their ability to pay O & M costs.	Water Board plans, constructs, and transfers project to village committee. Technology choice with Water Board.	Water board suggests tariff; village committee collects (differential tariff for piped water supply and stand-posts).	Water Board to state village committee, nominated by Water Board	Water Board

SOURCE: By author.

In the GOI reform project, state governments have worked within the framework of the water boards and have got professional and technical assistance internally at the cost of experimenting with alternative technologies and designs which was an essential purpose of community led reforms. The VWSC at the local level was a stakeholder group that became a sub-committee of the Gram Panchayat. The key distinguishing feature of this typology is that even though the water boards are within the institutional framework, this model actually incorporates a lot of the participatory techniques of the Swajal model. It also draws upon key reform components that attempt to integrate water and sanitation, and give preference to hygiene education to trigger behavioural change in a demand driven manner. This is in contrast to the supply driven mechanism that emphasizes on the hardware component of the project and completely neglects the software element of rural water and sanitation. Andhra Pradesh and Uttar Pradesh fall into this category. Uttar Pradesh adapted its own Swajal model, while Andhra Pradesh drew upon the professional and technical capacity of the Swajal project to design its reform program. This institutional model is designed to be an alternative, efficient, executive led, fast delivery vehicle for the supply of rural water.

Although this model is a positive development in comparison to the RWS of the PHEDs and other water boards, there are a few issues associated with this institutional design related to how funds flow directly to community and user groups and bypass state and local governments. First, drinking water technologies that require economies of scale beyond the boundaries of user groups or village committees, and which are therefore more economically efficient and affordable, cannot be addressed by this model. As a result, most rural communities are left with small gravity systems or tube wells rather than piped water systems that may be recommended for areas with water quality problems. It needs to be emphasized that if not contextualized, excessive decentralization can be as problematic as over-centralization. Second, in order to effectively deal with issues of equity, sustainability, and reducing the

vulnerability of the poor due to economic and natural uncertainties, a local fiscal base is required that is broader than the limited revenue base of village user committees. And finally, there is the issue of scaling up the best practices of decentralized management. Many of the community-based systems are individual driven and context specific, difficult to replicate across a district or in this case across state and nation. The local government structure provides a constitutional and institutional base to scale up what are identified as local, decentralized, and community initiatives in resource and water management. The rational option seems to be an alignment with the local government system in a way that the community interface can be strengthened. The community models are important pointers to how better alternatives to the government systems can be created; however, in order to scale up these isolated best practices, they need to be nurtured within a robust policy and institutional framework.

Redefining Deconcentration: Tamil Nadu

Most of the states reviewed here fall within the *redefining deconcentration* framework. Under this model, the traditional centralized water board delivery mechanism is modified to constitute more decentralized agents such as the SWSM, DWSM, and village committees, while limiting the reallocation of functional responsibilities to the local government. It is seen that all three bodies are controlled by the state department. The primary responsibilities for planning, design, procurement, contracting, and implementation for water supply remain with the state department, while operation and maintenance are handed over to a village body. It therefore remains a centralized delivery system *with little institutional development at the state level* that facilitates a transition toward decentralization by integrating the capacity of other departments such as the *panchayat raj.* There is notional participation at the district and habitation level to facilitate only the decentralization of everyday maintenance of the water system. This represents a bureaucratic response to the reform process that is characterized by

a lack of capacity and imagination to initiate a decentralized decision-making structure for the rural water supply.

Tamil Nadu is a classic case of redefining deconcentration: the Water Board corners the resources of the sector reform program but does not implement the spirit of the reforms. It seems that there is little purpose in undertaking these reforms if the objective is only to hand over the daily maintenance to the *gram panchayat,* especially when the example of Swajal and Olavanna point out that there are considerable savings and efficiency to be achieved through decentralization. With the chief executive officer (CEO) of the district as executive secretary, the district collector as president, and the executive engineer as member secretary, there is little representation of the local government or room for participation. These three offices now control the reform program in a supply driven manner. This has been made possible through the constitution of dual committees at the district level—the upper committee meets infrequently and has the district *panchayat* president as the head. The real powers are with the executive committee chaired by the district collector. A critical departure from the Tamil Nadu Water Supply and Drainage Board (TWAD) model is that both operation and management and responsibility for the scheme's sustainability are transferred to the village committees.[5] This is done without a corresponding transfer of functionaries or the building of capacity to deal with issues related to fiscal and resource sustainability. The village level committees are created to

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[5] Other states under this typology have also established dual committees at the district level, the DWSM and the District Water and Sanitation Committee (DWSC). The DWSM usually meets once or twice a year to review the annual report, while the everyday functioning is left to the DWSC under the district collector with the executive engineer as the member secretary. Even though the DWSM has the district *panchayat* president as its head, he has no executive functions. In any case, the DWSC is not integrated with the local government institutional structure, and the district *panchayat* president is in no way accountable to the local government structure for his limited role in the DWSM.

procure the nominal capital cost contribution that the reform advocates, along with full operation and management cost recovery. Other aspects of participation are absent.

The TWAD board engineers who are members of the DWSM choose the village and use the technology. They prepare and approve the design and invite bids.[6] The TWAD awards the work to a contractor and supervises the work. On completion, it audits the accounts and, after it is finalized, hands over the project to the village committees. This precludes the possibility of any significant role for the village committees in planning, implementation, or oversight to control rent-seeking that is central to the reform process.

The lack of institutional capacities, low levels of information and knowledge on technology options, costs and maintenance implications underline that the community is not fully empowered to make a judicious choice. The fund flow route has changed from the earlier state government – TWAD route to a direct flow of funds to the district. However, the institutional design ensures that the control and decisions on fund flow are still fully with the TWAD Board, owing to its position in the DWSC. The apprehension about devolving funds to VWSCs for a transparent procurement of materials that is scrutinized by the community even after the GOI issued Finance Manual is a clear indication that the TWAD board wishes to maintain its old procurement systems and control the rents that are derived from the reform process.

Further, there is also no role for NGO participation in Tamil Nadu for the TWAD board has taken on that role itself – even though it has no expertise in social mobilization, community

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[6] Given that the sector assessment document notes that a high number of village committees are not formed even after the projects are completed, a critical aspect of the reform process is not adhered to by the state. Informal discussions point out that the 10% capital cost contribution that is supposed to be made by the communities is actually made by the contractor selected by the TWAD board (Government of Tamil Nadu 2004).

participation, sanitation and hygiene education. The dominant role played by the TWAD Board vitiates the reform process aimed at institutionalizing community ownership. There is no clear picture for the future emerging in the absence of the reforms being linked to the PRI structures. Well-established practices like community mobilization, community contracting, transfer of functionaries is the only way to provide a sustainable framework for the reforms.

Initiating decentralization programs is a difficult task. It is assured of failure if implemented by engineers rather than institutional and local government experts as has been done in seven of the twelve states reviewed. It can be construed that this decentralized reform program has been sabotaged as the designers and implementers of reforms are the erstwhile beneficiaries of the system and the emerging beneficiaries (the PRI institutions and the NGOs who are to provide technical and social capacity) are kept away from key aspects of drawing up the reform design. It is simply the unwillingness among the engineers to let go their control over the sector that has vitiated the reform process.

The district institution that has been created in Tamil Nadu is a poor substitute for a *panchayat raj* institutional structure. This institution is not democratically accountable to the people, nor to concerned departments: the reform process is managed by societies at the state and district level. While the TWAD board ostensibly works with the village committees, it is not accountable to the *gram panchayat*. This system of unclear accountability undermines the role of PRI institutions as structures of self-governance for water and sanitation. Instead, the new deconcentrated system uses PRI institutions as agencies of the state. The separation of policy making and implementation, central to the reform guidelines, has not been undertaken.

Democratic Devolution: Kerala

The *democratic devolution* model attempts to ensure that the institutional arrangements related to water reform are within the constitutional framework of local government. There are deliberate attempts to ensure a substantive rather than a representative participation of the

citizens in the management of rural water supply. This approach institutionalizes the village user committee model within the local government structure for better governance.

The government of Kerala has adopted democratic devolution for its rural water reforms. The reform guidelines have been integrated into the ongoing state decentralization program. Kerala has functioning democratic local government institutions that are largely respected by the communities they serve. At the state level, there has been a convergence across departments in the form of a steering committee chaired by the secretary of irrigation and water supply and including representatives from related departments like Planning, Rural Development, the Kerala Water Authority (KWA), the Kerala Rural Water Supply Agency, and the respective district *panchayat* presidents, secretaries, and district collectors. The steering committee functions as a SWSM. A policy support unit (PSU), located within the district *panchayat*, takes on the role of the DWSM. The secretary of the district unit reports to the district *panchayat* president. The PSU also includes a multi-disciplinary team consisting of engineers (on deputation from the Water Authority) and other professionals specializing in finance, human resources, community development, and monitoring and evaluation. In addition, the integration of the departments at the state level ensures that a similar integration at the district level provides access to expertise and resources. The funds are received by the district *panchayat* and are sent on to the village committees that have their own procurement system, evolved following the financial manual issued by the national government (Water and Sanitation Program—South Asia 2000).

Kerala, like other states, decided to learn from the Swajal experience and with the assistance of a series of learning trips and training modules, not only adopted all of the participatory techniques developed in the Swajal project, but also introduced a system of self-selection through which villages with a large number of poor having the least access to water

and sanitation were automatically chosen as beneficiaries.[7] These systems were institutionalized within the local government framework and it is significant to point out that this has ensured that the capacity built for water and sanitation under the sector reforms program can also be easily used across sectors to ensure focused local government led development.

Given that powerful resistance to decentralization comes from state and district level bureaucrats and politicians, the state government did not change the institutional arrangements at these higher levels. Instead, it decided to build the capacity of the lowest level, the *gram panchayat*s, leaving alone the slighter higher *taluka* (block) and district *panchayat*s. Under the GOI guidelines, district units must create enabling environments for decentralization. Control over creating such environments became an occasion for political contest at the institutional design stage in 2001. While the KWA as well as the district collector wanted to be the district level facilitator, the role was given to the district *panchayat,* and the role's capacity was built through a multi-disciplinary group of experts. In spite of the state's established policy on decentralization, the state government laid down an exhaustive elaboration of institutions, rules, and regulations detailing the reform plan with elaborate safeguards, including objective selection criteria, capacity building mechanisms, and an outline of a monitoring and evaluation system that would highlight best practices.

Practical experience over the past decade from Kerala has demonstrated that it is easiest to achieve political consensus on developmental issues at the ward level and below.[8] Issues

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[7] This was borrowed from The World Bank, Kerala Rural Water Supply Project (Government of Kerala, 2000).

[8] In Kerala, a *gram panchayat'*s population ranges from 15,000 to 20,000. Hence, the electoral ward is an ideal unit for participation. *Gram panchayat*s have established ward level committees for effective downward linkages.

related to poverty and social development appear best handled at this level because marginal and poor groups can represent themselves more directly to responsible agencies. There is a greater opportunity to establish accountability to the people rather than to the state. Simple measures like debating technology, costs, and contracts can be done in an open meeting to establish democratic accountability. It is also possible to establish objective criteria for resource distribution that are transparent and have evolved through long discussions and consensus building.

Lessons

There are key lessons from these decentralization models. Table 2 attempts to measure the quality of outputs from the three institutional typologies analyzed under four parameters—autonomy, sustainability, equity, and efficiency. A democratic and devolutionary decentralization process improves allocative efficiency by delivering public goods and services that fit local preferences better than centralized allocation does. This derives from an effective local planning mechanism that is based on project prioritization, technological choice based on a menu of options, and safeguards to prevent central and local actors from dominating or unfairly distorting the expression of local preferences. Such safeguards ensure adequate representation to decision making bodies, a veto of decisions by 50% of the women in the project area (acknowledging their importance as users of water), and allocation rules that target those who do not have access to a safe water supply. The rules for local planning are laid down in statutory government orders that ensure transparency in decision making so that people's preferences are not distorted by those in office. Community contracting also reduces the dominance of contractors and engineers over communities by requiring the local supervision of projects to ensure accountability and efficiency while building local capacity.

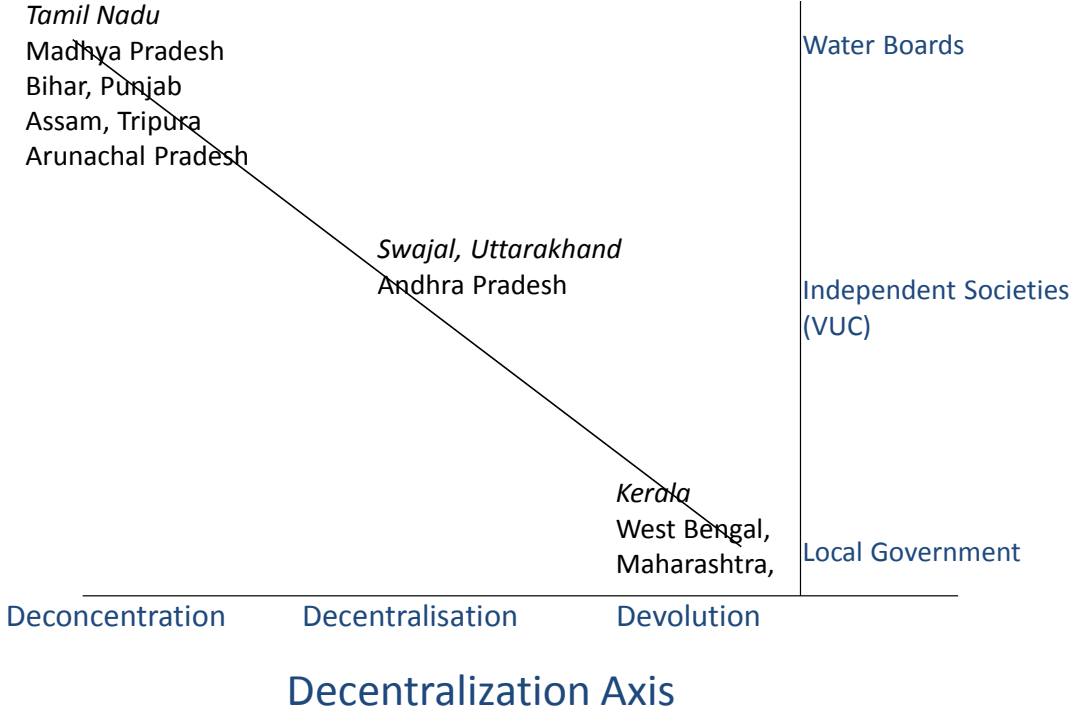TABLE 2. Outputs of Different RWS Institutional Models

	Sustainability		Autonomy		Equity		Efficiency
RWSS Scheme	Policy and regulatory framework to manage transition	Rural Water Policy Framework and incentives for reform	Control over expenditure allocation and personnel	Voice (not just participation) and choice (representing local priorities)	Substantive participation or representation	Safeguards to ensure pro-poor growth, equity, and human development	Developing capacity for local governments to be autonomous
Redefining Deconcentration							
Tamil Nadu	National level: good; state level: poor	Poor as State, not completely dependent on national funds (hence national reform policies)	With TWAD Board and District Collector; TWAD contracting	No control over technology	Representative participation	33% reservation for women; decisions by technocrats	Inadequate focus
Village User Committees							
Swajal (Phase 1), presently Uttarakhand	National level: good; state level: fair	Good	With village committee outside the local government system; community contracting	Decision making and choice of technology with village committee members	Substantive participation	33% reservation for women; democratic village committee makes decision	Adequate focus
Democratic Decentralization							
Kerala	National level: good; state level: Good	Good	With local government representatives; community contracting	Complete control by local government	Substantive participation	33% reservation for women; 50% women to ratify all decisions, including financial; self-selection of schemes designed to be pro-poor	Excellent approach

SOURCE: By Author

Kerala's democratic devolution model seems to have evolved keeping in mind the desire to bring about genuine decentralization through devolution and democratic means. The service delivery outcomes in Tamil Nadu are not very different from the other states that adopted a redefining deconcentration model, such as Bihar, Madhya Pradesh, Assam, Punjab, Arunachal Pradesh, and Tripura, apart from the fact that operation and management is managed by the communities. It needs to be stressed that there was very little reform in this model as the state government redefined its own role but did not contribute to building the capacity of local governments. The village committee model present in Uttarakhand, as in Andhra Pradesh, likewise shies away from giving the local government any significant role, thereby threatening the sustainability of the independent committees as well as the water system. In the past 10 years, state governments have allowed the institutionalization of these models, but there is little evidence to show their willingness to move toward a more democratic structure.

Illustration 1 maps the extent of decentralization in the RWS sector in the states reviewed. It is clear that the reform design in most states does not match the objectives of the program; the implementation takes a narrow focus and does not address the wider dimensions of decentralization. The politics of the respective institutional designs and decentralization models influences the outcomes of decentralized delivery. It is also seen that implementing decentralization is an occasion for political contest and politics at the state, district, and local level. Irrespective of the political context, the importance of both the horizontal and vertical linkages with government and other institutions for sustaining local government service delivery is required. Careful attention needs to be given to designing decentralized institutions and how they influence state and local politics. This will help overcome many of the shortcomings of a centralized system and make more effective the reforms aimed at decentralization.

Illustration 1: Measure of Decentralization

Tamil Nadu
Madhya Pradesh   Water Boards
Bihar, Punjab
Assam, Tripura
Arunachal Pradesh

Swajal, Uttarakhand   Independent Societies
Andhra Pradesh   (VUC)

Kerala
West Bengal,   Local Government
Maharashtra,

Deconcentration   Decentralisation   Devolution

Decentralization Axis

Sectoral RWS Reforms and the Extent of Decentralization in States

This case study of decentralization in the rural water supply sector reveals the extent to which decentralization depends on the existence of an enabling environment. The states of Kerala, West Bengal, and Maharashtra have made stronger decentralization efforts than Tamil Nadu, Bihar, Assam, Tripura, Arunachal Pradesh, and Madhya Pradesh. At the middle of the scale are Uttarakhand and Andhra Pradesh. In the case of these two states it is seen that, even in the absence of a strong decentralization framework, the water reform program helped build institutions, rules, and mechanisms to ensure good local governance. This is continuing. Similarly, in the absence of a democratic devolutionary framework, participatory techniques provide greater voice and can stimulate decentralization across other sectors. These mechanisms build a system that links capacity, planning, performance, and accountability,

which are essential for good local governance. Ultimately, institutions of accountability at the local level reduce corruption and increase the quality of delivery of public services. It is advisable that these processes be tied to local government capacity building. In the current framework of constitutional support for decentralization, these methods will be increasingly adopted and will eventually create a path for greater participation and democratization.

Challenges for Successful Decentralization

In the 10th Plan period (2002–07), India allocated Rs 10.69 billion for 19,385 schemes. However, only Rs 6.1 billion was spent on 11,046 schemes, indicating that the state water boards were not too eager to push decentralization. Yet, in the 11th Plan period (2007–12), this allocation was scaled up to include handing over the operation and maintenance of all centralized ARWSP projects to the communities (GOI 2012). Further, the long-term strategic plan (2011–22) for ensuring drinking water security to all rural households projects that 90% of households should have piped water. The strategic plan emphasizes decentralized governance without critically evaluating the three decentralization typologies (GOI 2011).

The large scale management of RWS requires enormous capacity development among local communities and local governments to ensure they can handle the varied issues involved with community management of water supply. Handing over operation and management to local communities without linking this arrangement to the fiscal and institutional capacity of local governments is fraught with risks. With few exceptions, the rural water decentralization program has been marred by weak local government institutional arrangements. Policymakers would like to conclude that the evidence does little to convince them of the local governments' capacity to effectively manage their water supply. But the institutional arrangements that have been designed suggest a lack of central and state level understanding of the role of local institutions and local politics in managing the transition toward decentralization. The ability of

the states to design local government institutions, procedures, systems, safeguards, and partnerships can help build and sustain local government capacity.

The centre is constitutionally bound to devolve to the local bodies as also by its Swajaldhara policies. The institutional framework in which rural water decentralization has been designed and implemented suffers from a number of weaknesses that hinder success. While the sectoral ministries have a say over the institutional design and capacity building of decentralized initiatives, the success of the decentralization program would ensure a gradual shrinking of their functions and power. With different sectoral initiatives in decentralization taking different decentralization paths, there is a strong case for drafting some basic rules of the game through an inter-departmental agency aimed at convergence.

An essential element of the reform process is the separation of roles of policy making, regulation, and implementation. It is seen that in most of the states where genuine local government reforms have not taken place, these roles continue to be combined together with the water boards despite sector reforms. While the centre has taken on the role of policy making, the states continue to deliver services in a supply driven manner. A clear separation of the various functions across the different tiers of the government – centre, state and local is lacking. It is seen that as the state government devolution designs are still in constant flux, with no clear separation of functions and clearly defined roles and procedures for each tier of the government.

It is not well understood that the issue of institutional design of decentralization is also a political process. The lack of effective coordination at the central and state level has ensured that the decentralization designs are prepared by those who would lose the most if the decentralized management of rural water and sanitation is successful – the engineers of the PHEDs and water boards. In the states where the design of local governments was outside the purview of the engineers for instance, Kerala and Maharashtra, an excellent model was carved out which provides enough room for further innovation and adaptation. Even in the Swajal

model, where the development of local government capacity was not the objective, very innovative participatory and transparent systems were carved out that integrated water and sanitation. Kerala learnt from these good governance procedures and integrated it with the local government institutions.

It is not just the erstwhile bureaucrats and engineers who would attempt to deliberately create flawed institutional designs. There is in fact a contest between central and state level representatives and local government representatives. The constitutional amendment envisages that local government representatives have greater control over rural and social development funds that have a critical bearing on people's livelihoods. Hence, the lukewarm response from most states on genuine devolution plans. Madhya Pradesh, e.g., had to withdraw its earlier more democratic devolution program, to appease its state representatives who provided stability to the government. This was done through a campaign condemning Panchayati Raj as being synonymous with sarpanch raj (Manor 2001, Singh 2002, Behar 2001). In Kerala, the threat of the district level local representatives becoming more powerful was managed by a direct devolution to the Gram Panchayat level without affecting the status quo of the district and the block level elected representatives. In Karnataka the MPs ensured that they were a part of the SWSM, thereby limiting the powers of the ZP President.

It is seen that the GOI was not sure about the synergies between the Swajal model of village user committees and local government as per the constitutional mandate. Yet, it is pertinent to point out that such national level decentralization programs would be fraught with uncertainties given that various state governments are themselves at different phases of the decentralization process. While the Swajal model being integrated with the local government institutions was popularised by the central government through a series of regional level workshops, most state governments picked up the institutional designs outside the local government framework and also missed out on the process of empowering and enabling user

groups. States like Andhra Pradesh that were experimenting with user groups through programs such as Janmabhumi[9], found it difficult to engage with the central government on local government institutions. This was further compounded by differences in NGO capacity across states. While Maharashtra was fairly well endowed, civil society groups working on water and sanitation in states like Bihar, Assam and Tripura was virtually absent. It can also be claimed that a vibrant civil society in Kerala and Maharashtra was able to counter the claims of the PHEDs and water boards to ensure that the resources for the reform program stayed with local governments and were not trapped in new district institutions that ensured the continuity of the status quo. It needs to be accepted that uniform decentralization programs designed for dissimilar states would not lead to similar outcomes, and could indeed hinder the objectives of reforms. Given that decentralization is so entrenched in the political process, it will never be definite and will have to adapt to changes such as in Andhra Pradesh where the Janmabhumi program has since been discredited by the new government that is favourably dispensed towards local governments. If anything, the process of decentralization is long and will have to be negotiated in the local political economy. It is therefore important to understand that sectoral decentralization such as the rural water program needs to adopt mechanisms and partnerships sectorally as well as inter-sectorally that will assist them in this long journey.

These RWS decentralization programs were initially adopted by the state governments who were not prepared for it. Hence the institutional designs were developed hastily. It was only in a few cases that sufficient attention was given to consensus building among the numerous actors at all levels – national, state and the three tiers of local government - which is critical for effective decentralization design. There was a poor understanding of basic principles and appreciation of capacity required in the task of building decentralized institutions. This led

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[9] The Janmabhumi program is similar to the executive lead program that consists of user groups at the lowest level and the Chief Minister's office at the highest, bypassing the local governments.

to the adoption of weak or inappropriate enabling frameworks. While the state governments and the districts were yet to recover from the confusion, annual financial compliance requirements forced many state governments to resort to the time tested supply driven mechanism with some requirements of participation. Further, while the Constitution provides us with a decentralization framework, the task of devolving functions and funds rests with the State Finance Commissions. Many states have not taken up this task seriously for they have little incentive to decentralize, and given that the GOI has not penalized them financially for their bad institutional designs, they have little incentive to develop better decentralization plans. States like Kerala and Maharashtra, who have worked hard on their devolution plan are not in any better financial position than states that have provided a typical bureaucratic response to the reforms.

The managerial and technical capacity tends to be limited at all levels of government and there exist few models of contracting in capacity from the NGOs or the private sector to assist local governments. Even though a capacity fund is provided to the state governments there is little guidance on the process and expected outputs and outcomes. The biggest stumbling block is that state cadre officials have dual authority – to the local government and the state government. Splitting the existing state water board cadre would create a disincentive among the existing staff, yet there is a case for ensuring flexible reporting arrangements under the reform program as it is intended to be a local government driven program. Currently there are no mechanisms to define good performance of the reforms and a mechanism to reward the managerial and technical professionals for it.

Genuine local government accountability to a constituency needs to be institutionally created across states to ensure that corruption and graft by the local elite is minimised. In India, where local government councils are democratically elected, they may not possess genuine political or bureaucratic independence, and may be dominated by clientelistic local elites.

Perhaps most critically, local accountability means little if the state can override the results of local democratic processes or fails to provide them with an adequate capacity and fiscal base to continue with the provision of an essential service like drinking water. Crafting a balance between local autonomy, state authority and legitimate national goals is a difficult exercise where local governments have neither the capacity nor the authority to act autonomously in a way that is likely to realize the expected benefits of decentralization.

It needs to be appreciated that the capacity of local governments is linked to fiscal devolution and responsibilities assigned to them. Along with fiscal devolution, there is a need to carve out a capacity vehicle to support the local governments. Understandably this process would be marked by hitches, and a fairly long time of handholding would be required. The present centrally sponsored scheme that empowers local governments to manage their own water and sanitation schemes is a good entry point to build institutions and capacity in local governments. There is an urgent need to build institutions in local governments that set the right procedures for planning, decision-making and sharing of best practices to ensure a just distribution of public benefits. The key point to be noted is that while strengthening village user groups could lead to successful projects, strengthening local governments will lead to good governance outcomes. The rural water reforms need to be integrated with a wider state level decentralization plan.

The rural water sector provides lessons for wider water sector decentralization, including irrigation and watershed management. It also provides lessons for decentralization in other sectors, such as forestry and natural resource management, education, and food distribution. The presence of centralized authority as policy maker, implementer, and regulator of water has ensured that water as a resource is taken out of the hands of the people and used for political patronage. Participatory approaches to the distribution of water through water committees and collective watershed committees will assist in bringing them into the ambit of

the local government structure. This kind of approach should lead to the adoption of decentralized technologies and democratic methods of water allocation as outlined in the Dublin Rio Principles. Normative economic models of decentralization have to be strengthened with a greater understanding of the interplay of politics and power in the institutional design of decentralization reforms and their implementation at the local level.

Way forward

Unlike the normative understanding of decentralization, centralization and decentralization are not definitive concepts, but defining features. Hence, there are bound to be different pathways to decentralization. These pathways keep changing as we progress or regress on the path towards greater decentralization. These different paradigms of decentralization create different institutional architectures that are situated in the specific ideological and political construct of the time and place of its creation. With a shift in paradigm, say from one that can be classified as deconcentration to another that can be called democratic devolution there would be key changes in the institutional architecture and politics. There is also a need to consider changes in institutions with shifts in paradigms of decentralization as one moves forward on the decentralization axis for a better outcome in the alleviation of poverty.

The shift from the existing centralized and representative democracy paradigm to a model that focuses on inclusive democracy and local empowerment is critically dependent on the architecture of decentralization. There is a need for a careful design of institutions and capacity that can help manage this transition, if we want better outcomes. While reasserting the role of local governments in the management and delivery of services that have a direct impact on livelihoods and poverty alleviation, we need to further probe the existing institutional typologies of state and market, to include local governments. Hence, there is a need to focus on institutional arrangements that assert the public and not the market character of local governments. This transition towards a democratic, devolutionary and decentralized state

requires an appreciation of an understanding of local politics and local institutions, so that the tools for designing democratic institutions can be harnessed by policy makers and political scientists.

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