Decentralized Planning and Budgeting Process in Odisha : Key Opportunities

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The process of decentralized planning got its momentum after the 73rd Amendment of Indian Constitution during 1992. The village level Panchayats were the units of local governance and administration during the British regime. Under the First Government of India Act, 1919, Madhusudan Das was appointed Minister of Local self-government in the new Government of Bihar and Odisha, but was forced to resign. He had moved a resolution for the formation of a separate Odisha Province in the plenary session of the Indian National Congress in 1903. However, the first evidence of the idea of a three tier Panchayati Raj System comes from Mr. D.P. Mishra, the then Minister for local self-government in Central Provinces and Berar under the Govt. of India Act (II) of 1935. He suggested a three-tier structure of local government with district as the nodal point. Since then it has been observed that the degree of devolution of power in Indian States has gradually increased, thus giving the common Indian villager a hope and optimism that the Gandhian ideal of a system of governance from below will be achieved at some point of time.

Evolution of Decentralized planning in Odisha

Pre-independence period

Odisha as a province was formed on 1st April 1936. The election for the first Provincial Assembly took place in January, 1937 which included 56 seats meant for elected representatives including 41 general rural seats, 6 for scheduled castes, 2 for women, 2 for landlords, 4 for the Mohammedans and 1 for the Christian community. In pre-Independence period there was no uniform pattern of local governance in Odisha. It was governed by different local acts like Bihar and Odisha Local Self-Government Act, 1985; Bihar- Odisha Village Administration Act, 1922; Madras Local Boards Act, 1920. Besides, Sambalpur Local Self-Government Act, 1939 was also in force, which was inherited from the local administrative system of the former Central Provinces and Berar.

Post-Independence period

In the post Independence period, the Odisha Gram Panchayat Act of 1948 was passed in the new Assembly with its developmental, civil and judicial functions. In 1956 Shri Nabakrishna Choudhury, the then Chief Minister of Odisha introduced Anchal Sasan in continuation to Gram Sasan as mentioned in the Odisha Gram Panchayat Act of 1948.The Odisha Anchal Sasan Act that came into force after the abolition of Zamindaris in 1952 aimed at establishing administrative decentralization. Following the recommendations of Balwantray Mehta Committee, Odisha passed the Panchayat Samiti and Zilla Parishad Act of 1959. These acts provided for the establishment of Samitis at the intermediate level and Zilla Parishad at the district level. Thus a three-tier system evolved with establishment of Panchayat Samitis and Zilla Parishads on January 26, 1961, along with the already existing Gram Panchayats. During the year 1964, a comprehensive Odisha Gram Panchayat Act, 1964 was passed replacing the 1948 enactment. The functioning of the 3-tier system continued till 1968 when the government abolished the Zilla Parishads on 1st November 1968 by amending the Odisha Panchayat Samiti and Zilla Parishad Act, 1959. In an attempt to revitalise the PR bodies the Odisha Government in 1991 passed three important Acts - the Odisha Gram Panchayat (Amendment) Act, the Odisha Panchayat Samiti (Amendment) Act, and the Odisha Zilla Parishad Act. Through these acts the Odisha Government ushered in rapid changes in the powers and functions of Panchayat Raj bodies with a view to enabling them to bring out rural development through people's participation. All the above Acts were further amended to bring them in conformity with the Constitution's 73rd Amendment Act of 1992. The State Assembly passed the required conformity Acts in 1994, 1995, and 1997 to set in place the present form of the 3-tier system of Panchayati Raj. The First Amended State Act came into force from April 24th 1994.The three-tier PRIs as per the 73rd Amendment Act came into operation mode after the elections were held during the year 1997.

Decentralization of Planning Process in Odisha

The Amendments during 1992 in India's Constitution sought to institutionalize the concept of decentralized planning keeping in view the 150 recommendations of the 7 Round Tables Conferences of Ministers in charge of Panchayati Raj, organized by Ministry of Panchayati Raj, Government of India. The seven Round Table Conferences were held from July to December-2004, at Kolkota, Mysore, Raipur, Chandigarh, Srinagar, Guwahati and Raipur. A Compendium of 150 Resolutions of the Seven Round Tables was assimilated in the form of a Road Map to ensure devolution to PRI's in Odisha.

The powers devolved by the Government of Odisha to the 3 tier PRIs were as follows:

- District level Officers, the Block Level Officers and Village Level functionaries of the 11 Departments will remain accountable to Zilla Parishad, Panchayat Samiti and Gram Panchayat respectively for implementation of subjects/schemes transferred to PRIs. But they will continue as the employees of their respective Departments.
- The District level, Block level and G.P level functionaries of different Departments will attend the meeting of Zilla Parishad, Panchayat Samiti and G.P respectively.
- They shall plan on the schemes for discussion and approval in the meeting of respective level of PRIs.
- The President, Z.P, Chairman Panchayat Samiti and the Sarpanch G.P are delegated with power to sanction the leave of Head of Office/Institution of 11 Departments working at the respective level.

Certain special provisions were considered necessary for the Panchayats of those areas where tribal population was preponderant. Certain tribal enclaves within the States other than the North-Eastern States of India are known as the 5th Schedule areas. It was provided in the 73rd Amendment that its provisions would not be directly applicable to these areas. They could be extended in the 5th Schedule areas only by a law of the Parliament. Such law could make necessary modifications of the Constitutional provisions to ensure that the Panchayats of these areas can adequately take care of the social, cultural and economic interests of the tribal communities. Consequent to the recommendations made by the Bhuria Committee headed by Dileep Singh Bhuria in June 1994, the Panchayat (Extension to the Scheduled Areas) Act (PESA Act) was passed by Parliament in 1996, to extend the provisions of the Constitutional Amendment to the fifth schedule areas of nine States. These States are required to make Amendments to their respective Panchayats Acts in terms of the Central Act.

In an attempt to assess the extent of devolution of Functions, Funds and Functionaries in Odisha, Indian Institute of Public Administration (IIPA) with the support of Ministry of Panchayati Raj had conducted a study during 2012-13. Odisha is placed eleventh in devolution index among twenty eight select states of India.

State Budgeting process of the state

Odisha has a very impressive decentralized planning mechanism where the community needs are reflected through local government institutions. The consolidated planning at different levels are realized when those are translated into budget allocations. Thus, there is a need for integration of State Budget processes into decentralized planning processes of the state. Budget making process of the state is comprised with formulation, enactment, implementation and auditing.

Under Article 202 of the Constitution of India, a statement of the estimated receipts and expenditure of the State for each financial year has to be laid before the State Legislature. This statement is known as the “Annual Financial Statement” or “Budget”. The financial business of the Odisha Legislative Assembly is governed by the Rules of Procedure and Conduct of Business in the Odisha Legislative Assembly. The Budget of the State is based on the departmental estimates submitted by the Controlling Officers and these departmental estimates are themselves mostly based on the estimates submitted by the district officers of the Departments. The controlling officers examine the budgets received from Estimating Officers to see that they are formally correct, that all details and explanations have been given and that explanations are adequate. After this formulation, the budget is presented for discussion and approval by the legislative body in the State Legislative Assembly.

Thus, looking at these two processes, there is a need for integration of planning and budgetary processes at the Panchayat as well as State level.

Opportunities ahead

Capacity Building of the Panchayat Members on State Budget and its processes

State Institute of Rural Development (SIRD) in Odisha has been undertaking series of training programmes on the role and responsibilities of the Panchayats. The training framework also addresses the capacity deficit of the Panchayat members in the village and panchayat level planning. This helps them to perform their roles and responsibilities from time to time. Along with this, there is a need for inclusion of state budget processes so that the Panchayat representatives will be well informed about the time frame and enactment procedures. This will help them to prepare plans for their Panchayats accordingly.

Budget literacy materials for the Panchayat Raj members

Newly elected Panchayat members have very little idea on the administrative procedures as well as enactment process of budgeting in the state. The budget documents presented in the Odisha Legislative Assembly are very difficult for them to understand. Thus, the budget documents should be made simple for the Panchayat members. State can also publish separate comprehensible budget documents which will be used and referred by the Panchayati Raj members.

Generation of internal revenue of Panchayats

Though the Panchayats have lots of roles and responsibilities which comprised implementation and monitoring of development programmes, their financial autonomy needs to be improved. There are lots of resources which are underutilized needs attention of the Panchayat Institutions. Proper utilization of these resources may lead to enhancement of internal revenue of Panchayat Institutions in the long run. State can provide revolving resources to Panchayati Raj institutions having well developed business model to generate resources.

Development of inventory of internal resources of Panchayats

Given the enhanced capacity of the Panchayat Raj Members, the State can help them to develop inventory of resources at Panchayat level. These resources can be made web based which can attract different Departments of the State for inclusion in their respective planning.

Over the last more than two decades, decentralization has been the major focus of the planning process. The National government from time to time has been insisting to prepare micro plans at the Panchayat level. The state government has also been instrumental in making devolution of functions to the Panchayats. Contributions of the Panchayats in the budgetary processes of the State can open up new opportunities to address lots of needs and aspirations of the people.

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