

A STUDY ON THE FUND FLOW FEATURES OF LOCAL SELF GOVERNMENTS IN KERALA

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Abstract

The process of decentralization in Kerala was launched during IX plan period as 'People's Plan Campaign' with a view to emphasize the concept of participatory planning that was new to the people, people's representatives and officials in local governments. Under the X Plan, decentralization programme in Kerala was restructured and named as 'Kerala Development Plan' (KDP). During the XI Plan, the entire process was revamped by giving stress to the concept 'People's Planning', focusing on the completion of the process of institutionalization of decentralization. The XII plan approach envisaged some concrete steps to strengthen the planning process with the use of information technology.

Key words: *LSGs(Local self governments), Productive, service, infrastructure.*

I. INTRODUCTION

The democratic decentralization in Kerala ushered a new development culture of genuine grass root level democracy and people's participation in economic development. Despite certain weakness such as dual control over the functionaries and lack of role clarity for the different tiers, the local governments in the state have succeeded in creating a new model of equitable economic growth. The two decades of decentralized planning and the implementation of local governance in Kerala shows a 'learning by doing' exercise. The Thirteenth Five

Year plan will be making an effort to improve the methodology of participatory planning by incorporating the lessons learnt from the last twenty years.

Significance of the Study

The process of decentralization in Kerala was launched during IX plan period as 'People's Plan Campaign' with a view to emphasize the concept of participatory planning that was new to the people, people's representatives and officials in local governments. Under the X Plan, decentralization programme in Kerala was restructured and named as 'Kerala Development Plan' (KDP). The XIII Five Year Plan emphasizes debureaucratization of the planning process so that there is enough room for greater and more meaningful participation of the people at grass root level. During the XIII plan there will be efforts to improve the quality of local government projects by ensuring participation of experts, research institutions, educational institutions etc. in the planning process

Statement of the Problem

A considerable extent of fiscal decentralisation is the most important element of Kerala's decentralization process, which has enabled the Local Governments to receive resources from the State's Plan allocation for implementing own schemes as well as transferred schemes.. The allocation of development fund to LGs is being done under three

categories - General Sector, Scheduled Caste Sub Plan (SCSP) and Tribal Sub Plan (TSP). The LGs allocate their funds mainly in three sectors viz. productive, service and infrastructure. This study makes an attempt to analyse the category wise allocation and expenditure of development funds as well as to different sectors.

Objectives of the Study

- 1) To identify the development fund allocation to Local self government in kerala.
- 2) To analyse the category wise allocation of funds-production, service and infrastructure of LSGs in kerala

II. METHODOLOGY OF THE STUDY

Only secondary data are used for the study .They are collected from the publication of government and other agencies, annual reports, and other published reports from Local Self Government, State Planning Board, Information Kerala Mission etc.

Plan allocation to Local self Governments.

At present, there are 1200 local governments in Kerala, which includes 941 Grama Panchayats, 152

Block Panchayats, 14 District Panchayats, 87 Municipalities and 6 Municipal Corporations. The allocation of development fund to LGs is being done under three categories - General Sector, Scheduled Caste Sub Plan (SCSP) and Tribal Sub Plan (TSP). The outlay for each category during 2015-16 plan period was fixed on the basis of the recommendations of the IV State Finance Commission (SFC). The Commission recommended that at least 25 per cent of the likely plan size of the state should be devolved to LGs for development purpose. The fund would be inclusive of the devolution from the XIIIth Central Finance Commission and the amount flowing to LGs from the proposed World Bank supported project namely, 'Kerala Local Government Service Delivery Project'. The plan outlay for local self governments during 2016-17 is based on incremental criteria of IV SFC as the approval of V SFC is under consideration of government. The allocation to Local Governments during the last five years is given in table below.

Award of development fund for LSGS (2012-17), in crores

Year	Budget Allocation	Percentage to total Plan Outlay
2012-13	3228	23
2013-14	4000	25
2014-15	4700	25
2015-16	4800	25
2016-17	5500	22

Source:Information Kerala mission,2015

Productive sector

The productive sector includes sub sectors such as agriculture, irrigation, industry, energy conservation, fisheries etc. The details of allocation and expenditure during 2015-16 are given in table below.

Productive sector-Allocation &expenditure during 2015-16, in crores

Type of LSGs	2015-16		
	Allocation	Expenditure	Percentage
Grama Panchayat	270	210	78
Block panchayat	65	50	76
District panchayat	79	41	51
Municipality	43	27	65
Corporation	33	15	45
Total	492	343	70

Service Sector

The service sector priorities of local governments enhance the quality of basic services provided to the public through welfare oriented programmes with special emphasis on education, housing, health, drinking water, nutrition and social welfare, etc.

Service sector-Allocation &expenditure during 2015-16, in crores

Type of LSGs	2015-16		
	Allocation	Expenditure	Percentage
Grama Panchayat	1622	1270	78
Block panchayat	415	371	89
District panchayat	498	359	72
Municipality	391	266	68
Corporation	353	167	48
Total	3279	32433	74

Source:Information Kerala mission,2015

Infrastructure sector

During 2015-16, the Local Governments set apart 38 per cent of the total allocation to infrastructure sector activities such as street lighting, transportation , construction activities etc.

Infrastructure sector-Allocation &expenditure during 2015-16, in crores

Type of LSGs	2015-16		
	Allocation	Expenditure	Percentage
Grama Panchayat	1107	906	82
Block panchayat	251	203	81
District panchayat	330	193	59
Municipality	321	224	70
Corporation	289	162	56
Total	2299	1691	74

Source:Information Kerala mission,2015

Statistical Analysis between three sectors

One way Anova test

	N	Mean	Standard Deviation
1	5	63.00	14.714
2	5	71.00	15.100
3	5	69.60	12.054
Total	15	67.87	13.474

The statistical significance of percentage of utilization was further analysed with the help of ANOVA test.

Here in the above table first column represent productive, service and infrastructure sectors (1,2,3)

Accordingly the average utilization of productive sector for the above period is 63%+/- 14.71. Similarly the average percentage of utilization of service and infrastructure is 71+/- 15.10 and 69.60+/- 12.05 respectively .The statistical significance was explained with the help of ANOVA.. The CVTS is

0.464 and the P value is 0.639 (p>5%), the result is not significant. This implies that there is no difference among the percentage in the utilization of funds by different sectors for the plan period discussed above

III. FINDINGS

- It is seen that during 2015-16 considerable improvement was seen in plan grant utilization, that is 10.75 per cent over the previous year.

- 83 per cent of fund was allocated for the implementation of various schemes under agriculture and allied sectors in 2015-16 while it was 79 per cent in the previous year. The LGs have given more weightage to agriculture and allied sectors compared to industries and other productive sectors.
- Service sector fund utilization during 2015-16 is comparatively better than the productive and infrastructure sectors. Block Panchayats performed well in the service sector activities by achieving about 89 per cent of expenditure during 2014-15 and 2015-16.
- During 2015-16, the Local Governments set apart 38 per cent of the total allocation to infrastructure sector activities such as street lighting, transportation, construction activities etc.
- Among the three tiers of local governments, the Grama Panchayats effectively utilized the allocation for infrastructure development, ie 82 per cent utilization.
- The expenditure during 2015-16 shows a considerable improvement, the overall infrastructure expenditure is 74 per cent.
- The average utilization of productive sector for the above period is 63%+/- 14.71.
- The average percentage of utilization of service and infrastructure is 71+/- 15.10 and 69.60+/- 12.05 respectively.
- There is no difference among the percentage in the utilization of funds by different sectors for the plan period.

IV. CONCLUSION

A considerable extent of fiscal decentralisation is the most important element of Kerala's decentralization process, which has enabled the Local Governments to receive resources from the State's Plan allocation for implementing own schemes as well as transferred schemes. From 1996 through 2016, roughly 25 per cent of the state's investible resources have been devolved to local governments. The fund provided from the State plan to Local Governments is in the form of untied plan grant for planning and implementing projects for local development. Local Governments have the freedom in formulating and implementing projects after deciding their priority subject to detailed plan guidelines.

V. REFERENCE

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