5. DECENTRALISED PLANNING IN TAMIL NADU
DECENTRALISED PLANNING IN TAMIL NADU

Introduction

Decentralization or regionalization of planning is a logical step for a democracy. This is a movement, which permits wider involvement of people in planning process and implementation, and reduces the discrepancies between national and sub-national plans, which arise from regional, or area characteristics that differ from national assumptions.

Democratic Decentralisation is a pivotal institutional mechanism that seeks active participation of community at various levels of governance. Decentralisation transfers authority, responsibility, and accountability in administrative, financial and political aspects to the lower or more local governing unit. The founding fathers of the Indian Constitution contemplated the tremendous diversity of people and communities within the country and even within provinces and incorporated this requirement while framing the Constitution.

Inclusive growth can be brought about only if governance is inclusive by ensuring the active and effective participation of all sections of society at every level of government to enhance social capital for public good. The empowering and strengthening of urban and rural local governments is an important part of inclusive governance. This is essential for deepening of democracy, ensuring efficient implementation of development programmes and delivery of basic services.

Decentralised Planning in Tamil Nadu

Prior to the 73rd and 74th Amendments to the Constitution, attempts have been made by State Government in Decentralised Planning. Tamil Nadu recognised the importance of decentralising the planning process as early as in 1971, when the first
A major systematic effort was taken up to prepare district plans for all the districts in the State. The Planning Commission, Government of India issued detailed guidelines for district planning in 1969, which marked a milestone in the evolution of decentralized planning.

Tamil Nadu set up the State Planning Commission in 1971 and it was entrusted with the responsibility of preparing a Perspective Plan for the State covering 1972-84. The State Planning Commission included “Decentralised planning, development and resource mobilisation” as one of the main objectives of the State Perspective Plan. During 1993-94, Tamil Nadu launched “Decentralised District Planning” in all the districts except Chennai by providing some untied funds to the districts.

### Panchayat Raj Institutions

The 73rd Constitution amendment added a new dimension to the existence of local self-governance and provided scope for Grama Sabha in villages, constitution of three tier system of Panchayats. The Government of Tamil Nadu legislated Tamil Nadu Panchayats Act, 1994, which came into force on 22.4.1994. The Act brought in a number of changes in the Tamil Nadu Panchayat Raj structure:

- Three Tier Panchayat Raj System came into existence in Tamil Nadu
- Members of three tiers of rural Local Bodies and Village Panchayat Presidents were directly elected whereas the Chairpersons of Panchayat Union Councils and District Panchayats were elected from among the elected ward members.
- All three tiers of Panchayats are independent of each other and the Village Panchayat Presidents are not members in the Panchayat Union Council.

- Reservation of seats and offices for SCs/STs in proportion to their population has been made and 1/3rd of the total number of seats and offices is reserved for women.
- The rotation of offices in all three tiers will be once in 10 years.
- Election shall be conducted within 6 months from the date of occurrence of any vacancy and the tenure is fixed as 5 years for all the members and Chairpersons.
- Tamil Nadu State Election Commission was constituted.
- State Finance Commission is to be constituted quinquennially

Districtwise details about the local bodies are given in Annexure 5.1.

#### Table 5.1: Details of Local Bodies

<table>
<thead>
<tr>
<th>Classification of Local Bodies</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rural</strong></td>
<td></td>
</tr>
<tr>
<td>Village Panchayats</td>
<td>12524</td>
</tr>
<tr>
<td>Block Panchayats</td>
<td>385</td>
</tr>
<tr>
<td>District Panchayats</td>
<td>31</td>
</tr>
<tr>
<td><strong>Urban</strong></td>
<td></td>
</tr>
<tr>
<td>Town Panchayats</td>
<td>529</td>
</tr>
<tr>
<td>Municipalities</td>
<td>125</td>
</tr>
<tr>
<td>Corporations</td>
<td>10</td>
</tr>
</tbody>
</table>

*Source: Dept. of Rural Development & Panchayat Raj, GoTN.*

### Devolution of Funds, Functionaries and Functions

The status of devolution of Funds, Functionaries and Functions to the three tiers of local bodies in Tamil Nadu is given below.
Box 5.1: Devolution of Funds, Functionaries and Functions

| Funds | The funds pertaining to functions devolved to PRIs are being released. In order to ensure adequate funds to weaker Village Panchayats, State Government has allocated a minimum grant of ₹3.00 lakh to each Village Panchayat.

The District Panchayat and Panchayat Union Council can sanction and execute works up to ₹20 lakh and ₹10 lakh respectively from their general funds without any external approvals. However, for Centrally Sponsored and State Schemes, prior administrative approval of District Collector is necessary. Finance Commission grants are also being released to PRIs as per guidelines and Assigned revenues are released by the State Government proportionately. |

| Functionaries | At Village Panchayat level, part-time clerks can be appointed by the Panchayat President.

District Panchayats and Block Panchayats have no control over line department staff. |

| Functions | As per the Tamil Nadu Panchayats Act (1994) there is no unequivocal mandate contained in the state PR Act regarding functional devolution. The act only enables the State Govt. to do so by official notification. The Government had issued orders for devolution of functions pertaining to all 29 matters, but these are largely restricted to planning and promotional responsibilities. |

Source: Dept. of Rural Development & Panchayat Raj, GoTN.

Activity Mapping

Article 243G read with Eleventh Schedule stipulates that States may, by law, endow the Panchayats with such powers and authority as may be required to enable them to function as institutions of self-government. Such laws may also endow powers and responsibilities upon Panchayats for the preparation and implementation of plans for economic development and social justice including in relation to the 29 matters listed in the Eleventh Schedule.

Clarity on the role and responsibilities of the Panchayats of different tiers is provided by the Activity Mapping which, thus, becomes an important step in the devolution of functions to the Panchayats.

Further, the 2\textsuperscript{nd} Administrative Reforms Committee (ARC) in its sixth report relating to the Local Governance, has recommended that there should be a clear cut delineation of functions for each level of the local governance. This is not one time exercise and has to be done continuously while working out locally relevant socio economic programmes, restructuring organizations and framing subject matter laws.

District Planning Committee (DPC)

In consonance with the 73\textsuperscript{rd} Amendment of the Constitution, the Section 241 of the Tamil Nadu Panchayats Act 1994 provides for the constitution of a District Planning Committee in each District. The main function of the District Planning Committee is to consolidate the plans prepared by the
District Panchayat, Panchayat Unions, Village Panchayats, Town Panchayats, Municipal councils and Municipal Corporations in the District and to prepare a draft development plan for the district as a whole.

The District Planning Committee comprises of (a) The Chairman of the District Panchayat who is the Chairman of the Committee; (b) The District Collector - Vice-Chairman of the Committee; (c) The Mayor of the City / Municipal Corporation in the District; (d) Such number of persons, not less than four fifth of the total number of members of the Committee as may be specified by the Government elected from among the members of the District Panchayats, Town Panchayats and Councilors of the Municipal Corporations and the Municipal councils in the District in proportion to the ratio between the population of the rural areas and of the urban areas in the District.

In addition the following are permanent special invitees of the Committee, (a) Members of Parliament (both Lok Sabha and Rajya Sabha) (b) Members of Legislative Assembly (c) Chairman of all Panchayat Union Councils in the District (d) Chairman of all Municipal Councils; and (e) Chairman of all Town Panchayats in the District.

District Planning Committee meetings are conducted once in three months to discuss various developmental issues relating to the district such as Water supply, Rural electrification, Education, Irrigation, etc. In order to assist the District Planning Committee, the Government has created a District Planning Cell in each district with District Panchayat Secretary as the District Planning Officer with support staff.

The State Planning Commission issued detailed guidelines for the preparation of plans by the Panchayats. The State Planning Commission has also been issued.

Eleventh Plan Performance

Enhancing Administrative Powers of three tiers: The administrative sanction limit for the works undertaken in the Local Bodies from the General fund has been enhanced.

1 Village Panchayats have been empowered to give administrative sanction and execute individual works upto ₹2 lakh from ₹1 lakh.
2 The Panchayat Union Council’s power to give administrative sanction for individual works has been revised from ₹5 lakh to ₹10 lakh.
3 The District Panchayat council can now give administrative sanction for individual works upto ₹20 lakh (Previously, it was ₹10 lakh).

Devolution of Funds to Rural Local Bodies

(i) State Finance Commission (SFC)

Financial devolution to the Local Bodies is made on the basis of recommendations of the State Finance Commission (SFC). State Finance Commission recommended a higher share of State’s own tax revenues for the rural Local Bodies. The ratio between the shares of rural and urban Local Bodies is fixed as 58:42. Since Village Panchayats are entrusted with most of the basic functions such as maintenance of village roads and streets, Provision of drinking water supply, street lights, etc., the allocation is shared in the ratio 60:32:8 among Village Panchayats, Panchayat Unions and District Panchayat.

(ii) Central Finance Commission (CFC)

The Government of India have allotted a sum of ₹2016.30 crore under 13th Central Finance Commission basic grant for the 5
year period from 2010-11 to 2014-15. The grants are allotted to the Village Panchayats to perform the basic functions such as operation & maintenance of water supply, street lights and sanitation, Payment of electricity charges for water supply and street lights.

(iii) Pooled Assigned Revenue (PAR)- In order to strengthen the financial position of the local bodies Local Cess, Local Cess Surcharge, Stamp duty and Entertainment tax receipts that were previously adjusted to the rural local bodies concerned at district level by the District Collectors, are now pooled at the State level and apportioned to the rural local bodies.

The yearwise release of funds under SFC, CFC and Pooled Assigned Revenue assigned revenue during the Eleventh Five Year Plan period is given in the Table 5.2.

**Table 5.2: Devolution of Grants**

<table>
<thead>
<tr>
<th>Year</th>
<th>SFC Grants (` crore)</th>
<th>CFC grants (` crore)</th>
<th>Pooled Assigned Revenue (` crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>1583.58</td>
<td>174.00</td>
<td>270.00</td>
</tr>
<tr>
<td>2008-09</td>
<td>1716.44</td>
<td>174.00</td>
<td>541.77</td>
</tr>
<tr>
<td>2009-10</td>
<td>1926.57</td>
<td>174.00</td>
<td>359.49</td>
</tr>
<tr>
<td>2010-11</td>
<td>2814.88</td>
<td>287.10</td>
<td>236.38</td>
</tr>
<tr>
<td>2011-12</td>
<td>3332.47</td>
<td>352.62</td>
<td>532.42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11373.94</strong></td>
<td><strong>1161.72</strong></td>
<td><strong>1940.06</strong></td>
</tr>
</tbody>
</table>

*Source: Dept. of Rural Development & Panchayat Raj, GoTN*

**Twelfth Five Year Plan**

**Habitation based Planning through THAI scheme**

Equitable distribution of resources to all the habitations alone shall mark ‘just & impartial development’ of the habitations and allay the disparities in development. Habitation based planning is a paradigm shift in the development process of rural areas. The database created on the basic infrastructure for the habitations provide better inputs for planning process. Further, the various parameters that are covered in the Census and the Socio-Economic Census data would provide high potential inputs for the planning process.

To achieve this, the State Government has launched a special scheme called Tamil Nadu Village Habitation Improvement Scheme (THAI). As part of the programme, mapping of all existing assets in each habitation is being collected by a team and the details are computerised, and hosted in the public domain. A model of such toposketch is given in Fig. 5.1. Further details about the scheme are given in the Rural Development Chapter of this plan document.

*The sketch depicts Sirukalathur habitation of Silavattam Panchayat of Kanchipuram District*

**Decentralised Planning through MGNREGS**

Panchayats at district, block and village levels are the principal authorities for planning and implementation of MGNREGS under Section 13 of the Act. The main responsibilities of PRIs are outlined in Sections 13 to 17. It is notable that (i) at least 50 percent of MGNREGS funds are to be spent directly by the Village Panchayats, (ii) Grama Sabhas are to recommend specific projects to the Village Panchayats and conduct social audit of MGNREGS works.
The challenges / problems in rural areas such as improving agricultural productivity, sustaining drinking water sources, tackling drought, flood, salinity, alkalinity, improving sanitation, etc. calls for massive planning of works at the local level not only under MGNREGS but also under other schemes.

These features of MGNREGS offer a unique opportunity to strengthen and enable PRIs, particularly the Village Panchayats and Grama Sabhas. The rejuvenated and enabled PRIs, in turn, can become powerful instruments in making MGNREGS a much better success.

Fig. 5.1: Toposketch of a Habitation * indicating the assets

* The sketch depicts Sirukalathur habitation of Silavattam Panchayat of Kancheepuram District
Strengthening of Grama Sabha

Grama Sabhas are the most significant institution for participatory democracy and decentralisation. Grama Sabha provides an opportunity for direct and active participation of people in self-governance. It ensures transparency and accountability in the PRI system. The Grama Sabha meetings are organised on 26th January, 1st May, 15th August and 2nd October. Efforts would be made to strengthen the Grama Sabha so that all the programmes are implemented well but also audited through Social Audit system.

Strengthening of Local Bodies

The State proposed to strengthen the local bodies based on the recommendations of the Fourth State Finance Commission. Periodical revision of property taxes, 100 per cent collection of professional taxes, listing of all establishments engaged in D & O Trades, collection of license fee for Cell phone Towers, OFC operators, correct assessment of water users and annual revision of water charges are some of the measures to be taken by the Local Bodies to augment their income. The income sources available to rural Local Bodies in other States will be studied to augment the resources in Tamil Nadu.

Organic Linkage among local bodies

Lack of organic linkage between the three tiers of Panchayats has resulted in lack of coordination in planning and implementation of development works. Lack of information and coordination on what the other tier is doing results in duplication and wastage of resources. Fundamentally, the planning process is affected due to such inherent fallacy. Hence, to strengthen the planning process efforts would be made to bring organic linkage among the three tiers of local bodies during the Twelfth Plan.

Participation of Stakeholders in Planning exercise

A mechanism would be evolved to ensure participation of all the stakeholders such as elected representatives, line departments, SHGs, and other civil society organisations at the grassroot level at the time of preparation of shelf of projects. This would ensure better participation in the planning process and preparation of district plans.

Capacity Building for PRIs

The elected representatives of the rural Local Bodies and the officials of the RD & PR Department play a pivotal role for the socio-economic development of the rural masses through implementation of the programmes and schemes of the Government. Capacity Building of elected representatives of Panchayat Raj Institutions and officials and functionaries of RD & PR Department is essential for updating their knowledge, upgrading their skills and enriching their attitudes for delivery of quality services. The responsibility to facilitate Capacity Building is vested with State Institute of Rural Development and Regional Institute of Rural Development in the State.

The State Institute of Rural Development (SIRD), Tamil Nadu, is the apex institution for organising various training programmes for elected representatives of PRIs and functionaries of Rural Development and Panchayat Raj Department. The SIRD is organizing training programmes for elected representatives of District Panchayat Chairpersons, District Panchayat Ward Members, Panchayat Union Chairpersons, Panchayat Union Ward Members and Village Panchayat Presidents. SIRD also provides training to Officials from the cadre of Block Development Officers to Additional Directors, Assistant Engineers to Executive Engineers of Rural Development. Further, this Institute provides training to Members of SHGs, PLFs, NGOs and Bankers.

In order to ensure coverage of large number of participants and conduct quality training programmes, SIRD engages resource persons from eminent organizations. SIRD also utilises the services of best Village
Panchayat Presidents, NGOs, and retired officials for training programmes as resource persons.

The RIRD impart training to officials like Village Panchayat Assistants, Rural Welfare Officers, Assistants, Junior Assistants, Deputy Block Development Officers, Overseers, Road Inspectors, Self Help Groups and Officials from other sectoral departments. These Institutes are located at Sathya Vijaya Nagaram in Tiruvannamalai District, Krishnagiri Dam in Krishnagiri District, Pattukottai in Thanjavur District, Bhavanisagar in Erode District and T.Kallupatti in Madurai District. Each RIRD has its own jurisdictional districts attached to it for the purpose of training.

**District level Training Centres**

During the Twelfth Plan, it has been proposed to establish district level training centres in each district, as an extension centre of SIRD, in order to conduct more number of training programmes, to cover all PRIs more than one time a year. At the district level, Community Professionals have been institutionalized in the form of Community Professional Learning and Training Centres (CPLTC-MAGAMAI).

**Preparation of District Plans**

The District Planning Committees assisted by the District Planning Cells at the district level would be strengthened. Preparation of District Plans would be taken up during the Twelfth Five Year plan. The Planning exercise at the district, block and village level would be taken in a participatory manner involving all the stakeholders. In order to improve and strengthen the Planning process, the District Planning Cells which were henceforth functioning under Rural Development and Panchayat Raj Department have been brought back to the State Planning Commission. This initiative would not only facilitate better coordination and interaction among the stakeholders in the plan preparation but also ensure sustained efforts in achieving planned development.

Overcoming the integrating issues of village, block and district plans, a web based planning tool (PlanPlus) would be used to facilitate participative planning process by converging the flow of funds through different sources. Attempts would be made to prepare District Plans using PlanPlus Software.

**(i) Spatial Information System for Decentralised Planning**

Spatial Information System for Decentralised Planning (SIS-DF) aims at generating GIS based database on natural resources and physical resources. This information would be disseminated to the people at grassroots level through web enabled information system, digital CD/DVD ROMs, Site specific interactive Decision Support System (DSS) and analytical tools. This spatial depiction of information and making them available freely to the end user would be useful for local area planning and rural development.

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**Box 5.2: Thrust areas in Training**

Centrally and State sponsored schemes

- Panchayat Raj administration-Accounts and Audit
- Computer application & e-governance
- Disaster Management
- Engineering Practices for Technical Staff
- Right to Information Act
- Decentralized Planning
- Rain Water Harvesting
- Solar Energy
- BRGF training programmes for elected representatives
- Training programmes for Bharat Nirman Volunteers
(ii) Using ICT to ensure transparency

Steps will be taken to provide ICT and Broadband to every Panchayat for operationalising e-Panchayat to ensure efficiency, transparency and accountability of the Panchayats and efficient delivery of State/Central programmes and services to the citizens.

**Decentralised Planning in Agriculture**

The Decentralised Planning in Agriculture is aimed at improvement of agriculture, thus making it a viable livelihood opportunity for the population depending on it. In this process, Agriculture Planning Units are proposed to be formed at Panchayat level, Block level, District level (VAPU, BAPU & DAPU) and at State level. The agriculture plan of the village is prepared through participatory approach involving stakeholders in the planning process for their own development. The Block level plans are prepared by consolidation of village plans and the District plan by consolidating block plans. The State Agricultural plan would be prepared by consolidating district agriculture plan. The Technical Support Institutions help the planning units in the preparation of agricultural plans. The Technical Support Institutions act as a facilitator in the process of preparing Panchayat Agriculture Plan, Block plan and District plan. The Technical Support Institution is also responsible for the capacity building of the stakeholders. The PRIs will not only participate in the preparation of village agriculture plans at grass root level but also in the implementation of the plans.

**Decentralised Planning and Human Development**

Human Development concept is based on ensuring better living standards, service delivery, freedom to participate, participation in decision making in collective affairs etc.

A Human Development Report analyses the status of living standards of people in terms of their attainments in health, education, income and access to basic services like water supply, sanitation, healthcare, education. The Report also addresses specific human development challenges, highlighting the regional, social and gender disparities in attainments. It promotes partnerships for influencing change and above all it serves as a tool for policy analysis. The preparation of Human Development Report at a district level would become a basis for analyzing local issues through the human development prism.

Decentralised Planning thus helps for improving human development status, and preparation of district human development reports would enable better planning. The State has so far prepared District Human Development Reports for 8 districts. In the Twelfth Plan period, Human Development Reports would be prepared for all the 31 districts and also for the State.

Similar to the District Human Development Reports, the HDRs for municipal corporations analyse human development
attainments and critical gaps for focused attention and follow up action. In Tamil Nadu, HDRs for five Municipal Corporations viz., Coimbatore, Salem, Tiruchirapalli, Madurai and Tirunelveli have been initiated by the Commissionerate of Municipal Administration.

**Urban Decentralization in Tamil Nadu: Progress and Challenges**

The population structure of Tamil Nadu has witnessed a greater shift towards urbanisation in the recent years. The rural-urban divide is narrowing rapidly during the last decade.

**Table 5.3: Basic indicators: Tamil Nadu and India**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Tamil Nadu</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of Urbanization (%)</td>
<td>48.45</td>
<td>31.16</td>
</tr>
<tr>
<td>Decadal Growth Rate of Urban Population (2001-2011) (%)</td>
<td>27.16</td>
<td>31.8</td>
</tr>
<tr>
<td>Urban Literacy (%)</td>
<td>87.24</td>
<td>84.98</td>
</tr>
<tr>
<td>Urban Sex Ratio (females per thousand males)</td>
<td>998</td>
<td>926</td>
</tr>
</tbody>
</table>

*Source: Census of India, 2011 (Provisional)*

At a rate of urbanization of 48 per cent as against the national average of 31 per cent, Tamil Nadu is at the 3rd position in terms urbanization at the national level. This is evident even in the narrowing divide between urban to rural population share, which has diminished from approximately 35 per cent in 1981 to merely 2 per cent, according to the recent 2011 Census projections is shown in Table 5.3.

Tamil Nadu is in the forefront in terms of economic reforms and growth, and it needs to take definitive measures towards greater decentralization in urban governance and greater participation of stakeholders including local communities such that schemes are designed to suit local demands and goals. The increasing urbanization demands higher investments in civic infrastructure.

The Twelfth Plan would address infrastructure needs and the corresponding investment requirements of the urban areas for improving urban infrastructure and development. Such development and investment plans can be further strengthened only by undertaking concerted initiatives that will improve the overall governance structure and decentralization efforts in the urban areas.

**Committee for Metropolitan Planning**

The 74th Constitutional Amendment Act (CAA), apart from giving constitutional recognition to Urban Local Bodies lays down that every State government should constitute two planning committees, a District Planning Committee (DPC) at a district level as under Article 243ZD and a Metropolitan Planning Committee in every metropolitan area as under Article 243ZE.

Metropolitan Planning Committee has been constituted to prepare a draft development plan for the Metropolitan area as a whole, which will comprise of Members not less than two-thirds of the elected members of the Municipalities and Chairpersons of the Panchayats in the
Decentralised Planning in Tamil Nadu

Metropolitan area in proportion to the ratio between the population of the Municipalities and of the Panchayats in that area. The Chairperson of every Metropolitan Planning Committee shall forward the development plan, as recommended by such Committee, to the State Government.

**District Planning Committees and Metropolitan Planning Committees**

An important role of the DPC is to facilitate an interaction between municipalities and panchayats such that meaningful planning is undertaken for the district as a whole, integrating the needs and demands of the urban and rural areas. In this context, it is necessary to improve the organic linkages between the different tiers of government so that coordinated planning for the district as a whole happens.

Article 243Q of the Constitution of India mandates the delineation of a “transitional area” taking into account population densities of the area, local revenues generated, percentage of non-agricultural employment, etc. Analysis of this nature will serve as critical inputs into planning for infrastructure development and investments, especially in sub-urban areas surrounding mega-cities.

The growing economic development and spatial planning requirements of urban areas as well as the multiplicity of stakeholders underscore the importance of fostering a holistic planning process, which draws upon the principles underlying integrated, participative district and metropolitan level planning. The State must imbibe the spirit of participative district planning, as envisioned by the Centre, and ensure that they percolate to lower levels of governance, which are entrusted with the responsibility of drawing up city development plans and district plans.

In addition to empowering the Urban Local Bodies (ULB) with roles and functions, the state must simultaneously undertake measures to build the necessary technical and planning capacities within the ULBs, both of the administrative staff as well as elected representatives. Currently, the planning and administrative staff involved in the planning process is equipped to handle routine exercises such as issuance of permits etc, but are technically ill-equipped to handle planning itself. This is especially true in smaller ULBs which typically seek out consultants to carry out their planning exercises for them.

**Approach to Urban Decentralised Planning**

**Urban Planning and Development**

Urban Development has become a priority area for the government given the unprecedented urbanization and the consequent need for investments, reforms and renewals in urban areas. The 74th Constitutional Amendment Act was a milestone initiative to strengthen Urban decentralization, which aims to empower Urban Local Bodies with more powers and functions and to function as independent levels of government. The decentralization initiatives proposed under this act not only allow for greater devolution of functions and resources to the Urban Local Bodies from the Centre and State, but place a significant thrust towards participatory planning process, citizen-centric accountability of the government, and democratic control over public resources. The amendment attempts to strengthen governance at the local level by providing a basis for the State Governments in the assignment of various roles and responsibilities to Urban Local Bodies.

**Urban planning process**

Tamil Nadu has achieved considerable progress in the implementation of infrastructure projects. Currently, the planning and enforcement authorities for urban areas include – the Department of Town and Country Planning, Metropolitan Development Authority, ULBs and Local Planning Authorities, Directorate of
Municipal Administration, Directorate of Town Panchayats, and parastatal agencies such as Tamil Nadu Water Supply and Drainage Board, Tamil Nadu Housing Board, Tamil Nadu Slum Clearance Board etc. The various acts that govern the planning process include the Tamil Nadu Town & Country Planning Act, 1971, the Tamil Nadu District Municipalities Act, 1920, the Tamil Nadu Panchayats Act, 1994.

The Tamil Nadu Town & Country Planning Act governs the planning process and guides planning areas, planning authorities and the plans. The Town and Country Planning authorities include the regional planning authority, local planning authority and the new town development authority. The regional planning authorities carry out surveys and prepare land use maps which serve as inputs for developing a regional plan. The local planning authorities prepare land use maps for the local planning area and prepare detailed development plans. Every new town development authority is responsible for preparing a town development plan for its area. Likewise, Municipalities and Town Panchayats are required to prepare annual development plans and submit them to the District Planning Committee constituted under section 241 of the Tamil Nadu Panchayats Act.

**Urban Finance**

In accordance with Article 243 Y of the Indian Constitution, the Finance Commission constituted under Article 243-I shall also review the financial position of the Municipalities and make recommendations towards:

- the distribution between the State and the Municipalities of the net proceeds of taxes, duties, tolls and fees leviable by the State which may be divided between them and the allocation between the Municipalities at all levels of their respective shares of such proceeds.
- the determination of taxes, duties, tolls and fees which may be assigned to, or appropriated by the Municipalities
- the grants-in-aid to the Municipalities from the consolidated Fund of the State
- the measures needed to improve the financial position of the Municipalities; and
- any other matter referred to the Finance Commission in the interests of sound finance of the Municipalities.

The recommendations of the Third State Finance Commission have covered the period 2007-2012. Based on the recommendations of the Third State Finance Commission, the vertical sharing ratio of the funds from State Owned Tax Revenue (SOTR) between rural and urban local bodies has been fixed based on population ratio i.e., 58:42. Further, out of 42% share of urban local bodies in the devolution grant, horizontal sharing between the Municipal Corporations, Municipalities and Town Panchayats are done based on the population in the ratio of 30:41:29 respectively.

As per the recommendations of the 13th Central Finance Commission the Union Government has sanctioned grants to all urban local bodies for the period from 2010-11 to 2014-15. The General basic grant of ₹1550.97 crore and general performance of ₹820.25 crore has been devolved to the urban local bodies.

The percentage of devolution from State’s Own Tax Revenue (SOTR) to Corporation and Municipalities from the years 2007-2008 to 2011-2012 is shown in Table 5.4.
Table 5.4: Devolution of State Own Tax Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Devolution Percentage (%)</th>
<th>Amount (` crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>9.0</td>
<td>775.91</td>
</tr>
<tr>
<td>2008-2009</td>
<td>9.0</td>
<td>838.95</td>
</tr>
<tr>
<td>2009-2010</td>
<td>9.5</td>
<td>937.42</td>
</tr>
<tr>
<td>2010-2011</td>
<td>10.0</td>
<td>1374.87</td>
</tr>
<tr>
<td>2011-2012</td>
<td>10.0</td>
<td>1627.68</td>
</tr>
</tbody>
</table>

Source: State Budget Documents

The principal sources of revenue of the Town Panchayats are property tax, professional tax, fees, lease, rents and user charges. Surcharge on stamp duty apportionment of entertainment tax, State and Central Finance Commission devolution grants are the other important sources of revenue of the Town Panchayats.

The fourth State Finance Commission, which is responsible for making recommendations on the manner and quantum of assistance and devolution due to local bodies, has submitted its report and the same is under consideration of the Government. Pending its acceptance, the Government has adopted the previous year’s pattern in deciding on the method of devolution.

State level Property Tax Board

The Urban Local bodies have not been able to fully tap their potential for raising their own revenue from property tax. To correct this lacuna, and in accordance with Thirteenth Finance Commission’s recommendations, this Government will constitute a State Level Property Tax Board. This Board will review the present property tax system and will make suggestions for proper valuation of properties and due assessment.

Empowerment of planning bodies at the local and regional level

Decentralized structures such as Area Sabha and Ward Committees in the State must be actively involved in the planning process by way of identifying ward specific issues that can be consolidated into ward-wise plans and budgets that can be integrated into the local plans.

The roles and functions mandated under the 74th CAA must be devolved at the desired levels to the ULBs and detailed activity mapping of these functions must be done across the different tiers of ULBs, Ward Committees and Area Sabhas for each of these functions to ensure that plan implementation is effectively carried out.

Capacity building of planning authorities

The municipal staff, especially in small and medium cities and districts, does not have the technical capacities to develop, monitor and implement plans. Training should be built around the needs of the staff and representatives as well as the demands of the role that they are performing. Periodic skills assessment and skills up-gradation initiatives need to be undertaken. The earlier Five Year Plans of the State have recognized these gaps and have attempted to address them. The Twelfth Plan would step up these efforts in terms of building technical capacities at all levels of the planning process – Area Sabhas, Ward Committees, ULBs, District Planning Committees and Planning authorities at the local and regional levels.

The capacity building component is intended for building up the capacity of the officials, staff and elected representatives of the Corporations and Municipalities through continued training programmes and enhancing their responsive, managerial and technical capabilities. The Institutional Development Component is implemented by the Commissioner of Municipal Administration.
During the Twelfth Plan it is planned to conduct training programmes including Orientation programmes for newly elected representatives and also to undertake exposure visits to the other cities in India.

(i) Participatory Planning

Participatory and accountability mechanisms with adequate citizen representation must be created within Area Sabhas, which serve as the link between the citizen and the Ward Committees. Further, ward committee and Area Sabha meetings must be adequately publicized to ensure maximum citizen participation. Annual budgets of ULBs should be prepared via a rational and participatory process, with adequate citizen consultation and in synchronization with the city and district development plans.

(ii) Urban-rural linkages

Identifying the needs and priorities of the various stakeholders and seeking out their inputs into the planning process is closely linked to strengthen the participatory planning process. Build knowledge on local economic activities as a necessary step towards decentralized, participatory planning and to foster strong urban-rural linkages. Given the dominance of economic activities in urban growth, it is important to monitor and plan the town for the dominant economic activities of the town such that resources are better utilized. Since urban planning hinges upon urban growth, it is imperative to invest in mechanisms and tools that gather local economic information and assimilate this knowledge into the planning process.

Urban Statistics for Human Resource and Assessments (USHA)

The aim of Urban Statistics for Human Resource and Assessment (USHA) is to understand planning, policy making, project design, formulation, implementation, monitoring and evaluation in the context of programmes relating to urban poverty and slums. A slum survey has been conducted in 34 ULBs having a population of more than 1,00,000 covering 1,963 slums and 4,13,000 slum households. In the next phase 60 ULBs with a population ranging between 40,000 to 1,00,000 will be covered this database would be used for planning purposes.

Conclusion

With commitment to Democratic Decentralization, the Government of Tamil Nadu enacted the Tamil Nadu Panchayat Act in 1994. As on October 2011, four elections have been conducted in the State. The election of women to various posts and the participation of SC / ST communities in Panchayats explain the political empowerment achieved. At the same time, the level of financial and administrative decentralisation achieved over the years is limited in the State.

Despite formal provision in the State Act to transfer responsibilities to the lower tiers of local government and legislation governing transfer of development functions to Village Panchayats the progress has been uneven or absent in most places.

The State has recently constituted a High Level Committee to recommend further devolution of powers, functions and duties and has allotted huge investment for capacity building and training programmes for elected representatives. The State has also taken steps to bring about positive changes at different levels of the Panchayats by announcing various awards and rewards. Though a lot remains to be done in order to take the Local governance to the doorsteps of the people in Tamil Nadu, the Hon’ble Chief Minister has committed to strengthen the local body and to bring vertical integration of all planning bodies that would bring the desired changes in decentralized planning.
### Annexure 5.1

**Districtwise Rural and Urban Local Bodies**

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**Total** | **12524** | **385** | **529** | **135** | **10**