

Power Decentralization in Rural and Regional Development of Sri Lanka

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Poverty is a major common problem in the rural areas of many developing countries. It seems as an unchangeable challenge. The developing countries have, therefore, an essential role in rural development. Rural development is, in fact, a strategy to enable a specific group of people, poor rural women and men, to gain for themselves and their children more on what they want. It involves helping the poorest among those who seek a livelihood in rural areas and an ability to control more of the benefits in rural development (Singh, 1986). To attain this aspiration particularly to eradicate poverty in rural communities, various public policies, projects and programs have been adapted for past five decades. In the post world war period, concern over the high level of rural poverty led donor agencies to develop specific interventions aimed at rural areas. In the 1960s, the green revolution was introduced to increase agricultural production. Most of the people in the Third World countries live in rural areas and the majority is poor. Most of them are engaged in agriculture. Hence giving agriculture high priority in development, the green revolution was initiated through improving land augmenting and cost reducing technology for agricultural production (Griffin, 1989). Recently, the integrated rural development model has been introduced through area development projects. In addition, the World Bank (WB) attempted to target the rural poor by providing a detailed, multi-sectoral package for rural based development from 1980s (Parker, 1996). In the mean time, relevant governments of most developing countries introduced and implemented different types of fiscal, monetary and trade policies to accelerate the development process. The strategies under these policies are partial or sector specific favoring such as foreign trade or agriculture. These trade and fiscal policies have, however, often discriminated against the rural agricultural sector (Rondinelli et al., 1984). High levels of taxation and other macro-economic policies have also adversely affected performance in the agricultural sector. Public allocations for agriculture have often been inadequate and frequently misdirected. The allocation of resources between urban and rural areas has been unfair.

Many intellectuals and policy makers have different reasons in relation to backward

development and its unequal distribution. They believe market imperfections, even in the rural context, justify continuing central control and intervention. This is not simply an economic debate. There are powerful political arguments regarding central control and intervention. On the other hand, some believe that centralized economic planning and intervention works from a national development view and in more urban bias. The attention to the rural sector is not successful. Participatory bottom-up methodologies are considered to be merely invalid. Even the best-designed policies for rural development and the balanced development are likely to fail and continue macro economic imbalances. A centralized government system has never been a perfect strategy to this imbalance. Therefore, the recent initiative put forward for an efficient and balanced development with an equal distribution in a country is that of the decentralized mechanism.

CHANGING APPROACH OF DEVELOPMENT STRATEGIES

Since the early 1950s, control over development activities in most third world countries has been centralized in national government ministries and agencies. Central control was compatible with the major theories of economic development that emerged in the late 1940s. During the 1950s and 1960s, economic development theorists advocated capital-incentive industrialization policies that were aimed at maximizing gains in gross national product. Under these policies, industrialization strategies in practice tend to place much stress on raising the level of capital formation, on introducing technology and, by extension, on promoting the growth of a country (Griffin, 1989). The policy makers, accordingly, emphasized the government role of the industrialization. This required strong intervention in investment and production processes by national governments and called for centrally conceived, comprehensive plans for national development.

Central planning was introduced in many developing countries in the 1950s as a means of providing rational and coherent policies for using scarce resources effectively to promote rapid

growth in industrial output. Central planning was prescribed by international assistance agencies, such as the World Bank, as a way of promoting "modernization", accelerating social and political change, generating employment, and mobilizing capital for massive investment (Rondinelli and Cheema, 1983). Central planning and administration were considered necessary to guide and control the economy and to integrate and unify nations that were emerging from long periods of colonial rule. Moreover, central control was implicit in the requirements of the international assistance agencies that were providing large amounts of capital during the 1950s and 1960s. They insisted the borrowers to have comprehensive and long-term plans for the investment of external capital.

By the end of the 1960s it was widely recognized that central planning had not achieved these goals. Economic growth remained sluggish in most developing countries during the 1950s and 1960s; even where growth rates were high, only a small group usually benefited from increased national production. Income disparities widened between rich and poor, and among regions in many countries. The living standard of the poorest groups in the least developed nations declined, and the number of people living in what World Bank officials called "absolute poverty" was increasing. Many development planners and administrators began questioning the effectiveness of strategies based primarily on increasing industrial output and challenging theories calling for maximum economic growth regardless of the patterns of income distribution. New structures and procedures were, accordingly, needed to elicit the participation of lower income groups and communities in rural areas in promoting greater self-sufficiency in regional economies. In some Latin American countries, governments established Regional Development Corporations to stimulate local investment and greater agricultural production, and many African governments set up provincial, district, and regional planning committees (Bird, et al, 1995). In Asia, there was a rapid proliferation of frontier-region resources management agencies, regional planning and development offices, provincial development programs, integrated rural development schemes, and financial aid programs for district and village administrative

units. Much of the interest in the decentralization undoubtedly came, accordingly, during the 1970s for realization of the central control and management of the economies of the developing nations where did not ensure rapid economic growth.

CENTRALIZATION VERSUS DECENTRALIZATION

Decentralization is one of the most popular concepts in the literature regarding development planning. Sundaram (1997) states that the Decentralization is often justified as a way of managing national economic development more effectively or efficiently. It is closely related with successful resources mobilization and therefore balanced development over the country. This decentralized mechanism for rural-based development is considered to offer possibilities for building on the essential principles of integrated rural development while avoiding problems associated with an over-centralization of functions and responsibilities (Parker, 1996). On broad base, this is considered the people participation in decision-making as a useful process in effectiveness and sustainability. In public administration, decentralization means moving substantial areas of governmental power away from the center to the peripheries. These powers could either be decision-making, resources allocation, rural development planning and rural policy enforcement. Decentralization has, accordingly, been an essential strategic principle adapted for balance development in terms of equal distribution of development opportunities from the urban to rural areas since late 1970s.

During the past three decades governments in developing countries have attempted to implement a variety of decentralization policies. Some have been comprehensive in scope and designed to transfer development planning and management responsibilities to local units of governments. Others have been more narrowly conceived; they simply de-concentrated or reallocated administrative tasks among units of central government.

POST INDEPENDENT DEVELOPMENT BASED DECENTRALIZATIONAL PROGRAMS IN SRI LANKA

The British administration ended in 1948. Politically parliament/cabinet system was established and constitutional power belonged to it. But, the colonial system of administration remained largely unchanged for the next 30 years and also in that period the administrative structure tended to be further centralized. The district administration or kachcheri system

remained constant. The Government Agent (GA) was further the head of district and he was directly responsible to the Ministry of Home Affairs. He was assisted from an Assistant Government Agent (AGA) at the level of the division, and village headman (Grama Sevaka) for a cluster of villages. District Government agent was the coordinator of all activities in the district. These activities were done through two inter-departmental committees, namely the District Agricultural Committee (DAC) and the District Coordinating Committee (DCC). The DAC was, accordingly, responsible for preparation of the annual agricultural implementation program at the district level, while the DCC was expected to ensure coordination of development activities in the district, but did not involve the preparation of any development plan (Goonaratna and Jayasinghe, 1999). Both committees were under the chairmanship of the GA. But, one symptom was new under this. That was the creation of new administrative services absorbed by the committees. Another was that of the minister of local government being invested with the power to dissolve local authorities elected by the people and administered them through special commissioners appointed by him. However, The DAC and DCC are considered as initial attempts at decentralized planning and coordination.

At the same time, attempts were made in the 1960s and 1970s to give the district administration greater authority by up-grading the principal officer from assistant to full Government Agent, by creating new districts in order to extent and improve the delivery of government services. Under this district administration, direct political leadership transferred to the district administration through the appointment of a District Political Authority in early 1970s (1973 September). This was expected to create a political leadership at the district level for implementing government policies more effectively. There were, accordingly, two objectives for this system (1) to provide political leadership for the food production and (2) to provide a form of decentralization whereby the people could be associated in planning and implementation through the district political authority (Leitan, 1986).

The decentralized budgetary system was accompanied with this system and funds allocated for the district level from 1974. The decentralized budget system was supported by two other measures. First was the appointment of district ministers to provide political direction on local development activities and to coordinate the activities of all the government officials in the district. Second was the increasing emphasis placed on regional development planning with the districts serving as regional planning entities. However, this system marked a very significant change in the character and operation of Sri Lanka's administration system since it was a challenge to

the vertical organization of government departments and an attempt to introduce decentralization of planning in the district.

The Divisional Development councils (DVDCs or DDCs) were also introduced for the development activities in 1971 and those worked at the same time with the decentralized budgetary system. The DVDCs considers as first attempt towards decentralized planning and implementation at sub-district level and it was to be primarily a planning agency at the level of AGA division. DVDCs were constituted for each village councils and town council area. These were composed of (a) the chairman of village level institutions in the area viz. the local authority, the multi-purpose cooperative society, cultivation committee (b) government officials functioning at the level of the AGA division and (c) MPs of the area. The DVDCs were entrusted with the task of identification of suitable projects, preparation of plans and their implementations, coordination and coordination of the services of government, regular review of planning and implementation and recommendation of corrective action wherever necessary (Leitan, 1986). The projects that identified by the DVDCs were submitted to the planning ministry through the government agent and funds were channeled through him for implementation. The DVDC program provided an opportunity to organize government development efforts in rural areas through local participation. It was, however, discontinued in 1978. In addition, there are other form of development societies has formed in early 1940s. These are called as Rural Development Societies and Women Societies (Kantha Samithi). The purposes of these societies were promoting village development and coordination of government development efforts at village level. However, these societies also disappeared with the abolition of Department of Rural Development in 1997.

There are another type of local authorities is involving in local administration and development works such as Municipal, Urban, Town and Village Councils since 1930s and 1940s to date. To these bodies, voters elected members in that particular areas and they have limited number of functions under the supervision of Ministry/Department of Local Government. These are working independently each other under the relevant ordinance and control of Ministry/Department of Local Government. From this local Governments, Urban and Municipal Councils still work in urbanized areas. The town and village councils were abolished with establishment of development councils in 1980s. The responsibility of currently working councils has, however, broadened than previous situation especially major functions

belonged to them are maintenance, lighting of streets, public health and public utilities so on in accordance with their finance. Recently those are formed again within a different structure due to constitutional recognition of 13th Amendment of 1987.

Under the 13th Amendment, there are another type of local authority has established. It is called Pradeshiya Sabhas, works in rural areas. The voters of the respective areas elect all these local authorities. Under the devolved structure, these local authorities especially the Pradeshiya Sabhas are expected to be the development arm of the Regional Governments (Provincial Councils). In addition, Integrated Rural Development programs (IRDPs) were started in 1987 as a strategy for integrated district development in areas where the districts have not benefited from major national projects. This is considered as another type of decentralized activities in relation to development and currently about 15 IRDPs have been implementing different districts in the country.

In 1981 the management of each district was transferred into a District Development Council (DDC) by establishing District Development Councils under the act No. 35 of 1980. This also represented the members who directly elected to it plus the members of parliament of that district. The number of district electees to the district development council was set at one less than the number of MPs in the district. The election was held on the basis of the list system of proportional representation and the candidate whose name appears first on the list obtaining a majority of votes is declared chairman of the development council. Central control over the DDCs was, however, under the operational control over the budget of DDC. The DDCs had a wide range of development functions such as agriculture, fisheries, agrarian services, minor irrigation, rural development etc. The development Councils are successors to the Town and Village Councils, which were abolished, and as such, they were vested with the functions, which belonged to these councils. These functions relate to public thoroughfares, public health and public utility services, which they may undertake according to their financial position. There were, in addition to these, fourteen subjects enumerated under the Development Council Act.

- * Agrarian Services
- * Agriculture
- * Animal Husbandry
- * Co-operative Development
- * Cultural Affairs
- * Education
- * Employment
- * Health Services

- * Food
- * Housing
- * Irrigation Works
- * Land Use and Land Settlement
- * Rural Development
- * Small and Medium Scale Industries

The executive committee of the DDC was required to consider draft proposals prepared by the ministers dealing with those subjects, to formulate other proposals in consultations with the appropriate ministers and to prepare an annual development plan incorporating all or any such proposals. Furthermore, Development Councils had following duties in relation to area development:

- a. The approval of the annual development plan submitted to it by the Executive Committee.
- b. The implementation of such plan through the Executive Committee.
- c. The making of by-laws.
- d. The investment of the revenue of the Council for development purposes.
- e. The formulation of a development scheme in respect of any subject not included in the first schedule to this Act and the submission of such schemes to the appropriate Minister for approval with the concurrence of the Minister.

The Decentralized Budget operated under this system and therefore "District Budget" which were allocated funds for local level development. A noteworthy feature, however, is that the districts receive funds from the district budget on the basis of an equitable allocations for each MP. The Development Councils had power to establish a development fund for its general financial purposes. The fund built up by all taxes, duties, fees, all fines sale transactions, any revenue from property transaction, all grants, all loans raised by the council, any donations and other charges levied by the council by virtue of this Act or of any other written law (Development Council Act, Part V). All moneys received by the Development Council and payable into the Fund was lodged with an approved bank and was credited to an account entitled "the development fund".

The Development Council had power too, in relation to any development plan, to levy by a by-law, such taxes, rates or other charges as may be determined by the Council and approved by the Minister with the concurrence of the Minister in charge of the subject of finance and such by-law, in accordance with section 70, have effect upon confirmation by Parliament and notification of such confirmation published in the Gazette (Act, Part VI). In addition, Development Council had power to borrow money from the Central Government or any Bank or other institution such sums as might be required for any of the purposes of the Council (Act, Part VII).

REORGANIZING OF POWER DEVOLUTION UNDER THE PROVINCIAL COUNCIL SYSTEM IN SRI LANKA

Provincial Councils (PCs) were established under an amendment to the Constitution. The 13th Amendment to the constitution of Sri Lanka and the Provincial Councils Act No.42 of 1987 has devolved some authority and responsibility to the sub-national level to the province. This was an urgent need of broad-based administrative authority since few major reasons. The development councils proved inadequate to bring about meaningful decentralization. It further failed to accommodate the demand for regional equity and local autonomy amongst the Tamils in the north and the east. It is, therefore, necessitated a more substantive system changing in the direction of devolution. Regional autonomy through provincial councils sought to contain the alienation of Tamils and their exit from the unitary system (*Gunawardana, 1991*). The functions and tasks of the PCs are clearly spelt out in the Act. Further, this system is supported by larger sums of financial resources and politico-administrative arrangements with greater autonomy. The voters of each province elect PCs under a system of proportional representation. The area and population of the province determine the number of elected members of PC.

The Province is the unit of devolution represents an upward shift from the local and district to a regional level for locating government powers. It permits a more comprehensive focus in devolution with greater functional autonomy. As already set out, the scope of devolution covers both legislative and executive powers confined to the Province. The structural framework for transfer of powers comprises institutional arrangements for the exercise of legislative and executive powers. Legislative powers are vested in a provincial council while executive powers have been vested in the governor. Procedural arrangements for the exercise of devolved powers are set out in the provincial council Act No. 42 of 1987.

PC established in every province becomes the very hub of devolution, to which law-making powers of the State have been transferred in respect of specified subjects and functions¹. It is safeguarded in its actions and deliberations by providing immunity to its members and other persons in regard to matters arising out of their participation in the business of the council. The council functions as a self-regulating body, making its own rules for regulating its procedure and the conduct of its business. Procedure in the conduct of the business of a provincial

council should not be called into question in court. PC has its own secretarial staff provided under statute passed by the council. The powers of the centre and of the PC are contained in the 9th schedule to the 13th Amendment to the Constitution, as follows:²

Subjects and functions assigned to PCs comprise mainly matters of regional concern and focus a bearing directly on the daily life of people. Ensuring responsibilities make the PC the provider of basic services to the community. These can be classified as follows:

1. Public order, administration and provincial affairs: Police and public order; local government; vital registration; naming of villages and towns; festivals and exhibitions.
2. Provincial Planning: Planning and implementation of provincial economic plans; progress control and monitoring, evaluation, data and information.
3. Finance: Taxes as set out; fees in respect of subjects assigned; borrowing to the extent permitted by parliament; provincial debt.
4. Economic and social services: Agriculture and agrarian services; land development; animal husbandry; fisheries; industries; health; education; social services and rehabilitation.
5. Institutional, human resources and rural development: Rural development; co-operatives; market fairs; employment; employment and planning and manpower development.
6. Infrastructure, urban development and environment: Irrigation; high ways; housing and construction; transport; electricity; rest houses and bungalows; survey and environment.
7. Trade, commerce and food distribution: Food supply within the province; trade and commerce; provincial enterprises; tourism; price control and protection.
8. Cultural and sports: Archeological sites; libraries and museums; arts; media and sports.
9. Regulation of provincial activities: Corporate and unincorporated activities; mines and mineral development to the extent permitted by parliament; charities and religious institutes; gaming; drugs and poisons; excise and infectious and contagious diseases.
10. Miscellaneous: Pawnbrokers; burials and burial grounds.

In addition, PCs have some role under the concurrent list also. The concurrent list comprises subjects shared with the government. In this context, it must be noted that the subjects

and functions devolved are only what have been expressly set out in list I or list III. These subject headings are not comprehensive or all-inclusive unlike those in the reserved list where matters included have been specified without defining or restricting the ambit of the reserved subjects. Therefore, in defining the domain of PC it is necessary to compare and correlate the three lists in determining what is excluded and hence will fall in to the area reserved for the government.

ROLE OF RURAL AND REGIONAL DEVELOPMENT OF PCs

Sri Lanka has been implementing various policies and strategies on the purpose of development since independence. These strategies appeared time to time in the form of political and economic. The recent effort for balanced regional development was decentralization under the Provincial Councils. The proposal to established Provincial Councils is a step towards political, administrative, economic and social devolution of power from the Centre to the periphery. This is new definition of development stresses the importance of taking into account local consideration in the formulation of development policies and programs. The provincial level certain matters that relate to the people's welfare at the sub-national area would, accordingly, come within the authority of the Provincial Council together with the development of its resources such as man power, land, water, minerals, power forestry etc. Within the broad framework of policies as formulated by the central government and provincial governments, work out their strategies and policies for the purpose of balanced development.

Although the governments of Sri Lanka have emphasized a balanced economic development and therefore effective development policies, for last five decades most of regions in Sri Lanka are suffered from underdevelopment or backward development. The disparity in economic development in the various provinces in the country is reflected in regional pockets of poverty and the varying standards of living in the various regions. Some areas produce more but remain poor because the surpluses are siphoned off to developed centres by way of internal terms of trade, the banking system and marketing structure. As a consequence, the percentage of poor further increased and the living standard declined. The national average regarding stunting or chronic under nutrition (height for age) was, accordingly, around 35 percent. The worst affected districts were Nuwara-Eliya, Badulla, Kandy, Matale, and Batticalo. The socio-economic surveys of the Department of Census and Statistics reveal that calorie and protein consumption levels were also declined. Malnutrition and epidemics were, accordingly, quite common in rural Sri Lanka like in many Asian and African countries.

In the point of view of living standards the population could be roughly divides in to three groups, first group is urban affluent minority, mainly in the city of Colombo and its suburbs who enjoyed a high standard of living. The second group consisted of more than 75 percent of the population that lived in the rural sector, which eked out a very difficult existence. Their consumption was not only at the lowest imaginable levels, but also due to the lack of adequate interest by government and the capacity to eradicate disease, particularly in the dry zone, the impoverished peasantry was undernourished and became victims of frequent epidemics. The third group is in the plantation sector, where poverty has been more evenly spread because well to do people were virtually absent in the estates, except the executive staff. On the other hand, unemployment has grown particularly for last three decades. Income distribution is worse and big differences between rural and urban. Industries and other most of facilities concentrated around Western Province. Except some urban areas other rural areas suffer from development disparities. Implemented economic development programs since independence have brought about an imbalance in the levels of socio-economic development. Hence, devolved power for socio-economic development of the regions through regional planning and provincial industrialization was meaningful under the political decentralization and as a result of that Provincial Council system was established.

RURAL AND REGIONAL DEVELOPMENT POLICIES OF PCs

The significant feature of decentralization under the PCs was the changing development focus of economic policies from national view to regional view. Since independence, national policies in Sri Lanka, in general, were designed within the context of a macro economic policy framework. Until 1977 these policies were within the framework of a closed economy. In 1977 the economy was opened up, and market oriented strategies were introduced and the private sector was encouraged to lead the economy. Within this context, the Government expects to achieve a balanced and sustainable economic growth.

In the context of this national macro economic view, regional governments are allowed to pursue regional economic policies for their development. The Governors of the Provinces present policy statements in each year, taking into account the Provincial role. The policies in relation to human resources development, Human settlements, agriculture, industry, trade, local government and other sectors are

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introduced regionally within the broader national framework. The policy on the human resources development is based on the recommendation made by the Presidential Task Force Committee set up on education, technical and vocational training and health services. The human settlement policies include housing, environment activities, rural development activities etc.

The agricultural policies focus on macro economic view, which covers the domestic and plantation agriculture. This policy statement includes agriculture promotion directions, extension services, and education for provincial purposes and agricultural services, irrigation development and agricultural research related policies. The government attempts to develop the domestic agriculture sector also through the development of agricultural infrastructure, irrigation facilities and institutions for the delivery of credit, inputs, and extension services. The government time to time intervenes directly in price setting, purchasing and marketing of agriculture products. The government is also directly involved in the importation and distribution of food items. The present agricultural strategy is to increase agricultural productivity, improve farm incomes and ensure a continued supply of food at a reasonable price to consumers in a competitive environment. The private sector is also expected to play a leading role in production, marketing and provision of inputs such as planting materials, while the state sector is expected to play a supportive role to facilitate the achievement of policy objectives. These agriculture policies and their implementation are still handled by the Ministry of Agriculture, and therefore, the regional governments do not have enough room to intervene into agricultural development.

The Regional governments also manage some of the function pertaining to industrial development. The regional governments, accordingly, have the opportunity to handle regional industrialization strategies. However, central intervention is much higher than the regional involvement in industrial development. (Lakshman et al., 1998) pointed out that industrial policy is much more national than regional with respect to decision making, coordinating and implementation. These policies on industrial development are somewhat comprehensive. The current industrial policy has seven objectives; namely (a) Expansion, diversification and upgrading of industrial base, (b) Reorganizing of productivity improvement,

(c) Efficient management of physical and manpower resources, (d) Creation of employment and income generation, (e) Encouraging exporting oriented industries, (f) Focusing on export market and relying more on the private sector and (g) Promotion of regional industrialization in order to the Ministry of Industrial development.

Comprehensive policy measures are introduced to achieve these objectives at national and regional level. The need for regional industrialization has been accepted at the policy level, according to the Ministry of Industrial Development, at least in two respects; firstly, it expects to reduce congestion in and migration to the centre (to main cities), particularly to Colombo and secondly, regional industrialization to provide opportunities for the rural economy where unemployment is widespread (Lakshman et al., 1998). Moreover, the industrial policy has recognized the private sector as the 'engine of growth' and its participation in formulation and implementation of policies relating to the industrial sector is encouraged. The direction for the regional industrialization is provided by the Regional Industrial Committees of the Provinces and they focus on infrastructure development and preparation of guidelines for the establishment of Provincial industrial estates. Furthermore, identification of potential growth centres, entrepreneur development and special incentives can also be considered as important aspects of the regional industrialization strategies.

The trade policy is another important element, which is essential for development and to strengthen economies at regional level. Sometimes trade policies are implemented together with industrialization policies, and are interdependent. The trade policies have two aspects, namely import-export trade aspect and indigenous aspects. Most trade policies stem from macro economic view and therefore there is no regional level focus in general. Even, when there are trade policies at regional level, these are generally on indigenous trade only. Therefore, the trade policy is more concerned with achievement of national objectives relate to industrialization and management of balance of payments stability than regional objectives. However, there are some gains at regional level with the development of the national trading system and export oriented trade development. According to the 13th Amendment to the Constitution, foreign trade inter-province trade and commerce are reserved for the central authority. The policies are built up within this context. Therefore, there is only an insignificant effort to trade development under the regional government and it is largely handled and managed by national policies to achieve national economic development.

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Footnotes

- 1 Functions of PC are specified in list I of the 9th schedule to the 13th Amendment and list II contains those powers, which are reserved exclusively for the central government, and list III is the concurrent list on, which both the centre and the provinces can legislate, with the centre prevailing over the provinces in cases of conflict.
- 2 A provincial council is vested with the following powers.

1. Make statutes on any matters set out in list I or II;
2. Be consulted in respect of laws presented in parliament on matters in list III;
3. Request Parliament to make law on any matter set out in list I;
4. Provide grants for services during a financial year from the provincial fund by statute.