



## Panchayati Raj Institution (PRI)

*When the panchayat raj is established, public opinion will do what violence can never do. — Mahatma Gandhi*

### Context

- Panchayati Raj Institution (PRI) is a system of **rural local self-government** in India.
- Local Self Government is the management of local affairs by such local bodies who have been **elected by the local people**.
- PRI was constitutionalized through the **73<sup>rd</sup> Constitutional Amendment Act, 1992** to build democracy at the grass roots level and was entrusted with the task of rural development in the country.
- In its present form and structure **PRI has completed 26 years of existence**. However, a lot remains to be done in order to further decentralization and strengthen democracy at the grass root level.

### Evolution of Panchayati Raj in India

The history of Panchayat Raj in India can be divided into the following periods from the analytical point of view:

- **Vedic Era:** In the old Sanskrit scriptures, word 'Panchayatan' has been mentioned which means a group of five persons, including a spiritual man.
- Gradually the concept of the inclusion of a spiritual man in such groups vanished.
- In the Rigveda, there is a mention of **Sabha, Samiti and Vidatha as local self-units**.
  - These were the democratic bodies at the local level. The king used to get the approval of these bodies regarding certain functions and decisions.
- **Epic Era** indicates the two great epic periods of India, that is, the Ramayana and the Mahabharata.
- The study of Ramayana indicates that the administration was divided into two parts - Pur and Janpad or city and village.
  - In the whole of the state, there was also a Caste Panchayat and one person elected by the Caste Panchayat was a member of the king's Council of Ministers.
- Self-government of a village finds ample expression in the 'Shanti Parva' of the Mahabharata; in the Manu Smriti as well as in Kautilya's Arthashastra.
- As per the Mahabharata, over and above the village, there were units of 10, 20, 100, and 1,000 village groups.
  - '**Gramik**' was the chief official of the village, '**Dashap**' was the chief of ten villages, '**Vinshya Adhipati, Shat Gram Adhyaksha** and '**Shat Gram Pati** were the chiefs of 20, 100, and 1,000 villages, respectively.
  - They collected the local taxes and were responsible for the defense of their villages.
- **Ancient Period:** There is a mention of village panchayats in Kautilya's Arthashastra.
  - The town was referred to as Pur and its chief was the Nagarik.

- Local bodies were free from any royal interference.
- **During the Mauryan and Post-Mauryan periods too, the headman, assisted by a council of elders, continued to play a prominent role in the village life.**
- The system **continued through the Gupta period**, though there were certain changes in the nomenclature, as the **district official was known as the vishya pati** and the **village headman was referred to as the grampati.**
- Thus, in ancient India, there existed a well established system of local government which was run on a set pattern of traditions and customs.
- However, it is significant to note that there is **no reference of women heading the panchayat** or even participating as a member in the panchayat.
- **Medieval Period:** During the Sultanate period, the Sultans of Delhi divided their kingdom into **provinces called 'Vilayat'**.
  - For the governance of a village, there were three important officials - **Mukkaddam for administration, Patwari for collection of revenues, and Choudhrie for settling disputes with the help of the Panch.**
  - The villages had sufficient powers as regards self governance in their territory.
  - Casteism and feudalistic system of governance under the Mughal rule in the medieval period slowly eroded the self-government in villages.
  - It is again noteworthy to note that even in the medieval period there is no mention of women participation in the local village administration.
- **British Period:** Under the British regime, **village panchayats lost their autonomy** and became weak.
  - It is only from the year 1870 that India saw the dawn of representative local institutions.
  - The famous **Mayo's resolution of 1870 gave impetus to the development of local institutions** by enlarging their powers and responsibilities.
  - The year 1870, introduced the concept of elected representatives, in urban municipalities.
  - The revolt of 1857 had put the imperial finances under considerable strain and it was found necessary to finance local service out of local taxation. Therefore it was out of fiscal compulsion that Lord Mayo's resolution on decentralization came to be adopted.
  - Following the footsteps of Mayo, **Lord Rippon in 1882 provided the much needed democratic framework to these institutions.**
    - All boards (then existing) were mandated to have a two-thirds majority of non-officials who had to be elected and the chairman of these bodies had to be from among the elected non-officials.
    - This is considered to be the **Magna Carta of local democracy in India.**
  - Local self-government institutions received a boost with the appointment of the **Royal Commission on centralisation in 1907 under the Chairmanship of C.E.H. Hobhouse.**
    - The commission recognized the importance of panchayats at the village level.
  - It is in this backdrop that the **Montagu Chelmsford reforms of 1919** transferred the subject of local government to the domain of the provinces.
    - The reform also recommended that as far as possible there should be a complete control in local bodies and complete possible independence for them from external control.
    - These panchayats covered only a limited number of villages with limited functions and due to **organisational and fiscal constraints** they did not become democratic and vibrant institutions of local self government at the village level.
  - However, by 1925, eight provinces had passed the Panchayat Acts and by 1926, six native States had also passed panchayat laws. Local bodies were given more powers and functions to impose taxes were reduced. But, the position of the local self-government institutions remained unaffected.
  - **Post-Independence Period:** After the Constitution came into force, **Article 40** made a mention of panchayats and **Article 246** empowers the state legislature to legislate with respect to any subject relating to local self-government.
  - However, this inclusion of panchayats into the Constitution was not unanimously agreed upon by the then decision-makers, with the major opposition having come from the framer of the Constitution himself i.e. B.R.Ambedkar.

- It was after much discussion among the supporters and opponents of the village panchayat that the panchayats finally got a place for themselves in the Constitution as **Article 40 of the Directive Principles of State Policy**.
- Since the Directive Principles are not binding principles, the result was the absence of a uniform structure of these bodies throughout the country.
- After independence, as a development initiative, India had implemented the Community Development Programmes (CDP) on the eve of Gandhi Jayanti, the 2nd October, 1952 under the major influence of the **Etawah Project** undertaken by the American expert, Albert Mayer.
  - It encompassed almost all activities of rural development which were to be implemented with the help of village panchayats along with the participation of people.
  - In 1953, the **National Extension Service** was also introduced as a prologue to CDP. But the programme did not yield much result.
- There were various reasons for the failure of CDP like bureaucracy and **excessive politics, lack of people participation, lack of trained and qualified staff, and lack of local bodies interest in implementing the CDP** especially the village panchayats.
- In 1957, the National Development Council constituted a **committee headed by Balwant Rai Mehta** to look into the working of community development programme.
  - The team observed that the major reason for the failure of the CDP was the **lack of people's participation**.
  - The committee suggested a three-tier PRIs, namely, Grama Panchayats (GPs) at the village level, Panchayat Samiti (PSs) at the block level, and Zilla Parishad (ZPs) at the district level.
- **As a result of this scheme of democratic decentralization was launched in Rajasthan on October 2, 1959.**
- In Andhra Pradesh, the scheme was introduced on 1st November, 1959. The necessary legislation had also been passed and implemented in Assam, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Orissa, and Punjab etc.
- The appointment of the **Ashok Mehta Committee in 1977** did bring new thinking in the concepts and practice of the Panchayat Raj.
  - The committee **recommended a two-tier Panchayat Raj institutional** structure consisting of **Zilla Parishad and Mandal Panchayat**.
- In order to use planning expertise and to secure administrative support, the district was suggested as the first point of decentralization below the state level.
- Based on its recommendation, some of the states like Karnataka incorporated them effectively.
- In subsequent years in order to revive and give a new lease of life to the panchayats, the Government of India had appointed various committees.
- The most important among them are the **Hanumantha Rao Committee (1983), G.V.K. Rao Committee (1985), L.M.Singhvi Committee (1986) and the Sarkaria Commission on Centre-State relations (1988), P.K. Thungan Committee (1989) and Harlal Singh Kharra Committee (1990).**
- The **G.V.K. Rao Committee (1985)** recommended making the **“district” as the basic unit of planning** and also holding regular elections while the **L.M.Singhvi committee** recommended **providing more financial resources and constitutional status to the panchayats** to strengthen them.
- The Amendment phase began with the 64th Amendment Bill (1989) which was introduced by Rajiv Gandhi seeking to strengthen the PRIs but the Bill was not passed in the Rajya Sabha.
- The Constitution (74th Amendment) Bill (a combined bill for the PRIs and municipalities) was introduced in 1990, but was never taken up for discussion.
- It was during the Prime Ministership of P.V.Narasimha Rao that a comprehensive amendment was introduced in the form of the Constitution 72nd Amendment Bill in September 1991.
- **73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments were passed by Parliament in December, 1992. Through these amendments local self-governance was introduced in rural and urban India.**
- The Acts came into force as the Constitution (73<sup>rd</sup> Amendment) Act, 1992 on April 24, 1993 and the Constitution (74<sup>th</sup> Amendment) Act, 1992 on June 1, 1993.

## Salient Features of the Constitution 73<sup>rd</sup> and 74<sup>th</sup> Amendments

- These amendments **added two new parts to the Constitution**, namely, added **Part IX titled “The Panchayats”** (added by 73<sup>rd</sup> Amendment) and **Part IXA titled “The Municipalities”** (added by 74<sup>th</sup> Amendment).
- Basic units of democratic system-**Gram Sabhas (villages) and Ward Committees (Municipalities)** comprising all the adult members registered as voters.
- **Three-tier system** of panchayats at village, intermediate block/taluk/mandal and district levels except in States with population is below 20 lakhs (Article 243B).
- Seats at all levels to be filled by direct elections **Article 243C (2)**.
- Seats reserved for Scheduled Castes (SCs) and Scheduled Tribes (STs) and the chairpersons of the Panchayats at all levels also shall be reserved for SCs and STs in proportion to their population.
- One-third of the total number of seats to be reserved for women.
- One third of the seats reserved for SCs and STs also reserved for women.
- One-third offices of chairpersons at all levels reserved for women (**Article 243D**).
- **Uniform five year term** and elections to constitute new bodies to be completed before the expiry of the term.
- In the event of dissolution, elections compulsorily within six months (Article 243E).
- **Independent Election Commission in each State** for superintendence, direction and control of the electoral rolls (Article 243K).
- **Panchayats to prepare plans for economic development** and social justice in respect of subjects as devolved by law to the various levels of Panchayats including the subjects as illustrated in Eleventh Schedule (Article 243G).
- 74th Amendment provides for a **District Planning Committee** to consolidate the plans prepared by Panchayats and Municipalities (Article 243ZD).
- Budgetary allocation from State Governments, share of revenue of certain taxes, collection and retention of the revenue it raises, Central Government programmes and grants, Union Finance Commission grants (Article 243H).
- Establish a **Finance Commission in each State** to determine the principles on the basis of which adequate financial resources would be ensured for panchayats and municipalities (Article 243I).
- The Eleventh Scheduled of the Constitution places as many as 29 functions within the purview of the Panchayati Raj bodies.
  
- The following areas have been exempted from the operation of the Act because of the socio-cultural and administrative considerations:
  - Scheduled **areas listed under the V Schedule** in the states of Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Madhya Pradesh, Maharashtra, Orissa and Rajasthan.
  - The states of **Nagaland, Meghalaya and Mizoram**.
  - The hill areas of district of **Darjeeling in the state of West Bengal** for which Darjeeling Gorkha Hill Council exists.
- In conformity with provisions in the Constitution Amendment Act, an Act called the **Provisions of Panchayats (Extension to the Scheduled Areas) Act, 1996** passed by the Government of India.

## Evaluating the Panchayati Raj Institutions at 26

- PRIs has witnessed simultaneously a remarkable success and a staggering failure in the journey of 26 years depending on the goalposts against which they are evaluated.
- While the PRI has **succeeded in creating another layer of government and political representation** at the grass-roots level, it has **failed to provide better governance**.
- There are about 250,000 PRIs and urban local bodies, and over three million elected local government representatives.
- The 73<sup>rd</sup> and 74<sup>th</sup> Amendments required that no less than one-third of the total seats in local bodies should be reserved for women. At 1.4 million, India has the most women in elected positions. Seats and sarpanch/pradhan positions were also reserved for SC/ST candidates.
- Research using PRIs has shown that having **female political representation in local governments** makes women more likely to come forward and report crimes.

- In districts with female sarpanchs, significantly greater investments are made in drinking water, public goods.
- Moreover, the states have also provided the **statutory safeguards for many devolution provisions**, which have considerably empowered local governments.
- Successive (central) Finance Commissions have, so substantially, **increased fund allocations for local bodies** and also the grants have been increased.
- 15th Finance Commission is also considering to further increase the allocations for local governments to match the international standards.

## Issues

- The grey area is the **lack of adequate funds**. There is a need to enlarge the domain of panchayats to be able to raise their own funds.
- The **interference of area MPs and MLAs in the functioning of panchayats** also adversely affected their performance.
- The 73rd amendment only mandated the creation of local self-governing bodies, and left the decision to delegate powers, functions, and finances to the state legislatures, therein lies the failure of PRIs.
- The transfer of various governance functions—like the provision of education, health, sanitation, and water was not mandated. Instead the amendment listed the functions that could be transferred, and left it to the state legislature to actually devolve functions.
  - There has been very little devolution of authority and functions in the last 26 years.
- Because these functions were never devolved, state executive authorities have proliferated to carry out these functions. The most common example is the terrible state water boards.
- The major failure of the Amendment is the **lack of finances for PRIs**. Local governments can either raise their own revenue through local taxes or receive intergovernmental transfers.
- **The power to tax, even for subjects falling within the purview of PRIs, has to be specifically authorized by the state legislature.** The 73rd Amendment let this be a choice open to the state legislatures—a choice that most states have not exercised.
- A second avenue of revenue generation is **intergovernmental transfers**, where state governments devolve a certain percentage of their revenue to PRIs. The constitutional amendment created provisions for State Finance Commissions to recommend the revenue share between state and local governments. However, these are merely recommendations and the state governments are not bound by them.
- Though finance commissions, at every level, have advocated for greater devolution of funds, there has been **little action by states to devolve funds**.
- PRIs are reluctant to take on projects that require any meaningful financial outlay, and are often unable to solve even the most basic local governance needs.
- PRIs also **suffer from structural deficiencies** i.e. no secretarial support and lower levels of technical knowledge which restricted the aggregation of bottom up planning .
- There is a **presence of adhocism** i.e. lack of clear setting of agenda in gram sabha, gram samiti meetings and no proper structure.
- Though women and SC/STs has got representation in PRIs through reservation mandated by 73rd amendment but there is a **presence of Panch-Pati and Proxy representation in case of women and SC/STs representatives respectively**.
- **Accountability arrangements remain very weak** even after 26 years of PRIs constitutional arrangement.
- The issue of **ambiguity in the division of functions and funds has allowed concentration of powers with the states** and thereby restraining the elective representatives who are more aware and sensitive to the ground level issues to take control.

## Suggestions

- **Genuine fiscal federalism** i.e. fiscal autonomy accompanied by fiscal responsibility can provide a long term solution without this PRIs will only be an expensive failure.
- **6th report of 2nd ARC, 'Local Governance- An inspiring journey into the future'', had recommended that there should be a clear-cut demarcation of functions of each tier of**

### **the government.**

- States should **adopt the concept of 'activity mapping'**, wherein each state clearly delineates the responsibilities and roles for the different tiers of the government in respect to the subjects listed in the Schedule XI.
- The subjects should be divided and assigned to the different tiers on the basis of accountability to the public.
- States like Karnataka and Kerala have taken some steps in this direction but overall progress has been highly uneven.
- There is **need for bottom up planning** especially at the district level, based on grassroots inputs received from Gram Sabha.
- **Karnataka has created a separate bureaucratic cadre for Panchayats** to get away from the practice of deputation of officials who often overpowered the elected representatives.
  - Such practices need to be replicated in other states for strengthening the true character of local self governance.
- The center also needs to **financially incentivize states** to encourage effective devolution to the panchayats in functions, finances, and functionaries.
- **Training should be provided to local representatives** to develop expertise so that they contribute more in planning and implementation of policies and programmes.
- To solve the problem of proxy representation **social empowerment must precede the political empowerment.**
- Recently states like Rajasthan and Haryana have set certain minimum qualification standards for Panchayat elections. Such necessary eligibility can help in improving effectiveness of governance mechanism.
- These standards should apply for MLAs and MPs also and in this direction government should speeden up efforts for universal education.
- There should be clear mechanisms to ensure that States comply with the constitutional provisions, particularly in the appointment and implementation of the recommendations of the State Finance Commissions (SFCs).

### **Way Forward**

- The need of the hour is to bring about a holistic change in the lives of beneficiaries among the villagers by uplifting their socioeconomic and health status through effective linkages through community, governmental and other developmental agencies.
- Government should take remedial action in the interest of democracy, social inclusion and cooperative federalism.
- People's demands for the sustainable decentralisation and advocacy should focus on a decentralisation agenda. The framework needs to be evolved to accommodate the demand for decentralisation.
- It is important to have **clarity in the assignment of functions** and the local governments should have **clear and independent sources of finance.**

*If we would see our dream of Panchayat Raj, i.e., true democracy realized, we would regard the humblest and lo the ruler of India with the tallest in the land.*