Chapter 2

PANCHAYATI RAJ SYSTEM IN INDIA

2.1 Evolution of Local Self Government

Ancient Period

India has a long history of local self government. In Rigveta (1500bc-1000bc) there are references to the well developed, democratic panchayat system existed in ancient India. Indian and Western scholars have continually nourished and nurtured the misconception that local self government is a gift by the British to India. But, in reality, local self government was “far more wide spread, more real and more successful than in the days of the British or even at present.” Despite several political, social and religious vicissitudes which over took India during the course of its long history, the integrity, independence and individuality of the unique culture was preserved because of its elaborate system of local self government. This was because of the Hindu concept of polity which clearly demarcates the role and function of state on the one hand, and the society on the other- a demarcation which the western scholars accept as fundamental to the survival and growth of democracy, a demarcation which distinguishes democracy from autocracy and tyranny. In the west, the local self-government is the creation of federal governments and owe their existence to a process of the decentralization and devolution of

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power by national legislatures. State, starting as an agent of the society, has become the master subverting all the social activities in its fold. In contrast, local self govt, in India had "an independent origin and growth out of the fluid and inchoate conditions of tribal life and organisation". King was the head of the state but not of society. State was not accepted as all pervading. Its role and authority was restricted to matters of national importance, the varied interests of community life such as administration, judicial, civic, commercial, industrial etc. were the responsibility of independent autonomous local bodies.

Rigveta, Manusamhita, Darmasatras, Upanishads, Jatakas, Satbavan Brahman etc. stood extensively for autonomous local administration. Village was the basic unit of government. Village administration was in the hands of gramins (the village head men). The village head man's rights and duties included assessment and collection of revenue on behalf of the state, maintenance of law and order, adjudication of disputes, administration of justice, management of commercial land etc. Other duties included construction and maintenance of roads, irrigation works, gardens and other works of public utility, supervision of endowments for religious, medical and other charitable purposes.

The panchayati raj is an ancient concept and the system has been existing in India since the ancient vedic periods. The Mauryan and Gupta administration provided a systematic base to the panchayati raj system. During the Mughal administration, panchayats used to perform works relating to administrative, social and economic development.

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In the 10th century book "Nectisara" details of a village Panchayat have been given (Thankappan 2000). The Panchayats had large powers, both executive and judicial and the members of these enjoyed a high status among the officials of the king. The main duty was to distribute land to landless and to collect taxes from the villagers. The system was a part of the social and economic life of the people and its main weakness was caste dominance. The institutions stood mainly for the benefit of the upper class of the society.

"The village Panchayats of the past were rarely representative of the village as a whole: they might be drawn from the members of the founding families or from the Brahmins and the superior cultivators. The menials and the landless had almost no say in its affairs, except perhaps in south India" (H. Tinker 1954).

2.2 The British Period

The Panchayats survived all the changes of history and they existed as "little republics" as Metcalf has pointed out, till the end of the 18th century. With the advent of the colonial rule, the ancient Panchayat system began to deteriorate. The self government institutions were at their lowest ebb during the mid-nineteenth century. They lost their age old vitality due to the centralizing forces of alien system of the British Government. The influence of both revenue and judicial administration was to destroy village solidarity and emphasise the individual in society.

The main reasons for the decline of the ancient system were

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(i) Exploitation of wealth by the British

(ii) Foreign intervention in the internal matters of the country

(iii) Administrative reforms introduced to establish the British rule

(iv) Provincial governments, established on the lines of British model

The Macaulay system of education and the sudden spread of communication and transport which led to production for the market and the growth of competitive culture, completely destroyed the solidarity, independence and self-sufficiency of the village.

In 1687 Madras Municipal Corporation was established with the authority to collect taxes for the construction of a hall and school. Payment of salaries of a school teacher and municipal staff was met from the fund. In 1725 Municipal Corporations were established in Bombay and Calcutta with the approval of the East India Company. However, the administration was bureaucratic.

The first attempt made by the British Government to establish local self-government was in 1800, when a district local fund was created. The true spirit of local government can be traced back to Lord Mayo’s resolution of 1870 which proposed a sharing of revenue with the provinces. In 1816 in the presidencies of Bombay and Madras Nyaya Panchayats were constituted and presidents were appointed to settle local issues (Pushparajan 2002)

Lord Ripon’s resolution of 1882, for the first time stressed the educative aspects of administration. Ripon resolutions in 1882, asserted a number of

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principles of local self government. He was to make use of the “intelligent class of public spirited men whom it is not only bad policy but sheer waste of power to fail to utilize”6. Ripon proposed rural boards to be set up. Between 1887 and 1900 district boards and taluk boards with nominated members and officials were set up all over India. The aim of 1882 resolutions was to develop these local self governing bodies, which included Panchayats, in order to provide opportunities for training the people in the art of self government. The system became an officially operated adjunct to the district administration. Most of the sub district boards fell into disuse or were abolished.

In the second half of the 19th century the British tried to experiment with local self-government; but here too the villagers were completely neglected. During this time there was a sprout of liberal ideas in England and this forced the colonial rulers in India too to try to decentralize the administration for their convenience. The system of local administration was improved step by step by virtue of the statutes introduceed in 1907, 1919 and 1935. It was only by the year 1920 that they turned their attention to the resuscitation of Panchayats. But by that time “the village community was practically broken up and conditions became unfavourable for the successful working of the Panchayats”7.

In 1907, a Royal Commission for decentralization was appointed. It examined the affairs of the local bodies, and put the blame on paucity of financial resources, absence of sincere election system, multiplicity of

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6 Kusum Lata Kedia, (1986), Local Finance in an Indian state, Upal Publishing House, New Delhi, p.68.
government control etc. The Royal commission on Decentralization\(^8\) in India in 1909 urged that the sub district boards should be again established everywhere as the principal agencies of local government in order to ensure a return to local knowledge and local interest. The recommendations of the commission led to the resolution of 1915 of the Government of India.

The Montague-Chelmsford Act, 1919 vested in the panchayats wider powers and responsibilities and made them financially viable units to certain extent, as well as more democratic in nature. The portfolio of local self government was entrusted to responsible ministers. In 1920 the Madras village panchayat Act was passed. It provided for the entrenchment of all men over 25 years of age, for the collection of all the members of the panchayat and for the creation of Registrar General of Panchayats to supervise the panchayats.

Following the passing of the Government of India Act 1919, rural self government was transferred to Indian ministers who were anxious to make the pattern of local government more effective. The composition of the boards was restructured to be fully representative, and the chairmanship became a non official one. As regards the efficiency of their operation, the most serious handicap was that no proper local government service was established, no executive officers were there to guide the working of the bodies, the responsibilities of senior district officers were undefined, the chairman had to assume the role of executive officers and the funds available was meagre.\(^9\)

There was also the effect of Swaraj Movement. In many cases during the twenties the municipal boards in particular were used as media for

\(^8\) Op.cit, p.43.
supporting the national movement. Councils refused to vote or collect taxes. Appointed officers because of their participation in the movement generally tried to bring about a break down in local government and thus aid the movement by handicapping the British administration.

A landmark piece of legislation was the Bombay village Panchayat Act, 1920 under which the Panchayats were constituted as elected body. The members were elected by adult male villagers. The district local boards were vested with the power to supervise and control Panchayats. The Hatch committee appointed in 1925 recommended the enfranchisement of women, handing over the control of bazaars and slaughter houses etc. The Bombay Village Panchayat Act 1930 empowered the village Panchayats to take up various activities including some socio-economic functions and gave them power to levy various taxes and duties to increase their income.

Government of India Act 1935 introduced provincial autonomy and this accelerated the democratic process. Legislations were framed to extend local autonomy.

2.3 Since Independence

The state of local bodies at the time of independence was a confused one. In the state of Uttar Pradesh the district boards were strong. In Madras and Bengal the groupings of villages, in which sub-district board or sub district unions had some achievements to record, provided a significant framework for future operations. Bombay state, the home of modern local government in India (District local Fund Committees had been established under Bombay Act III, 1869) had a quite developed system of district local boards, district school
boards (both largely elected), taluk committees, district building committees and district rural development boards. In parts of Madya Pradesh there were local boards and district councils, where members were mostly elected. No district boards existed in Assam or Kerala, while in the former princely states the pattern varied even more widely. But in most cases local institutions had not been favoured.

The constitution of India does recognize the statutory position of local government as an integral part of the national government but does not confer any specific power and responsibility to them. Local government is enumerated in the state list of the seventh schedule of the constitution. Thus, the local bodies are the creation of state legislatures and derive their financial powers, functions and jurisdiction and authority from them.

The constitutional provision regarding the Panchayati raj system is covered by Article 40 of the constitution of India which says "the state should take steps to organize village Panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government". This has been generally implemented in state legislation, ranging from the Bihar Act of 1947 to the Acts as late as 1960 which amended existing legislation in the states of Kerala and Madhya Pradesh. Article 246 lists local government legislation as being reserved to the state which empowers the state legislature to legislate with respect to any subject relating to local government. It can also confer such powers as it itself possesses, up on

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a local authority, including the power of taxation (with in the limits of list 2) for the purposes of local self-government

The only constitutional provision, which can be invoked by the union government if it wishes to intervene regarding local government is the presidential veto over state legislation, which has been referred by the state governor. The intervention is considered only if there is drastic conflict with the principles of democratic decentralization as to justify such a major intervention. Constitutionally each state has full powers to legislate as it pleases, provided that they are not in conflict with the constitution or other basic laws.

The constitution has three lists: the union list, the state list and the concurrent list. Local bodies do not find any separate place in them. State Government may allocate any of its taxes to them. In the absence of any clear-cut demarcations between state and local sources of taxation, there had been an encroachment by the state government in the legitimate domain of local taxes. Gandhiji had dreams of democracy commencing from the villages. He believed that democratic freedoms have to be founded in institutions of self-government in every village of India.

When the draft constitution of 1948 made no reference to Panchayats, Gandhiji said that “it was an omission for immediate attention”. But the national leaders including Jawaharlal Nehru and Ambedkar had a different view on Panchayati raj, Ambedkar held the view that village was a sink of localism, a den of ignorance, narrow mindedness and communalism and it

could not constitute a unit of government. He feared that if the panchayati raj as concerned by Gandhiji materialized, the upper castes and landlords would get prominence in the local governments and they would use their vast powers to oppress the depressed and the downtrodden. In the entire Constitution of India the reference to local governments was restricted its appearance at two or three places only (Article 40, list II of seventh schedule and article 171).

Jawaharlal Nehru preferred the term panchayati raj to democratic decentralization because it conveyed the essential message to the people of rural areas. Progress would come only through the efforts of the people themselves through institutions directly elected to carry out their will.

The Local Finance Enquiry Committee which was set up in 1949 by the Central government to examine the condition of Local Finance in the country and make suitable recommendations to impose their functioning advocated to reserve certain taxes exclusively for local bodies.

The Taxation Enquiry Commission (1952) endorsed the suggestions of the Local Finance Enquiry Committee regarding reservation and utilization of certain taxes for the local bodies. It suggested a new tax for this purpose—the duty on transfer of property to be levied along with the stamp duty collected by state government.

2.4 Community Development Approach

The Nehruvian planning for economic development was launched with the induction of Community Development and National Extension Service. Community Development Programme was launched on 2nd October 1952 in 55 pilot projects and eventually it was to cover the whole country. The Sarvodaya
school of Shantiniketan, Bengal (1921), the Marthandom experiment in old Tranvancore-Cochin state (1921), the experiment at Guragaon Punjab (1927), the experiment in Baroda state (1932), the Firka Development scheme in Maharashtra (1948), and the Etawah Project in Uttar Pradesh (1948) had taught many lessons and that accumulated experience helped in formulating the strategy of the programme.\footnote{12 Biju, M.R. (1998), Dynamics of New Panchayati Raj System, Kanishka Publishers, New Delhi, P. 38}

National Extension Service (NES) blocks were formed all over the rural India and funds flowed from the center to the blocks. The schemes did not bring substantial results because government’s control was far more than people’s participation which ultimately ended in bureaucratic control and corruption.

In 1954, a Central Council of Local Self government was instituted under the chairmanship of the Central Health Minister with the ministers for self governments in the States as its members, to function as coordinating agency between different branches of local finances and also between different states.

The fifth development commissioner’s conference in May, 1956 observed “we cannot go far from where we have arrived unless we have a wider partnership with technical department, wider partnership with people’s institutions and wider partnership with the political institutions of the country.” The development of panchayati raj can be said to be a logical outcome of the community development programme.
The panchayati raj has passed through four distinct phases viz., ascendancy (1959-64), stagnation (1964-69), decline (1969-83) and revival (1983 onwards); and finally the post 73rd amendment period.

2.5 Phase of Ascendancy (1959-64)

On 16th January 1957 the Committee on Plan Projects, a body established by National Development Council to secure "the maximum possible economy and to avoid wastage arising from delays and inefficiency," set up a team for the study of community projects, which was led by the late Balwantray G. Mehta, a member of the Lok Sabha, later chief minister of Gujarat State. Its terms of reference were, first, to study and report on the community projects, and the national extension service, with a view to economy and efficiency, with special reference to problems connected with the organic linking of village panchayats with popular organisations at a higher level and also to evolve a system of local government. The team report is an outstanding document and a model of the way in which such an enquiry should be carried out. On 12th January 1958 the National Development Council endorsed the recommendations of the Mehta Committee. The central council of the local self government at its fifth meeting held at Hyderabad in 1959 recommended, "while the broad pattern and fundamentals may be uniform there should not be any rigidity in the pattern. In fact the country is so large and panchayati raj is so complex a subject with far reaching consequences that there is the fullest scope of trying out various patterns and alternatives. What is most important is genuine transfer of power to the people. If this is ensured,

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form and pattern may necessarily vary according to the conditions prevailing in different states.\textsuperscript{14}

The team proposed that an elected self-governing institution should be set up with its jurisdiction co-extensive with the development block and that the panchayat samiti should be constituted by indirect election for the village panchayat and have co-opted members—women, Scheduled Caste, Scheduled Tribe and locally resident persons having experience in administration, public life or rural development. The functions of this new body should cover the development of Agriculture, the improvement of cattle and local industries, public health, welfare work, administration of primary schools and the collection and maintenance of statistics. The state government should give grants and aid with due regard to economically backward areas. All central and state funds to be spent in the block areas should be assigned direct to panchayat samiti.

Below the panchayat samiti would be the village panchayats which should be directly elected with special provision for representation of women, scheduled castes and tribes. The report went on to list their potential resources and then to suggest the type of duties such as the provision of water supply, sanitation, lighting, maintenance of roads, land management, collection and maintenance of records and other statistics and the welfare of backward classes.

Though there were variations in local implementation in conformity with the history and administrative situation of each state, the basic structure

\textsuperscript{14} Op.cit., p.52.
everywhere followed the design of the Mehta Report, which proved to be a fundamental document from which all subsequent actions stem.

The most important fundamentals of the proposal were

- a three-tier structure of local self-governing bodies, being organically linked up
- genuine transfer of power and responsibility to them
- adequate resources transferred to discharge responsibilities assigned to them
- developmental programmes be channelled through these local bodies
- the system evolved will facilitate further devolution and dispersal of power and responsibilities in the future.

Based on the recommendations of the Belwantray Mehta Committee, democratically elected panchayat raj institutions came into existence throughout the country. Rajasthan was the first state to adopt the new panchayati raj system and Jawaharlal Nehru inaugurated the panchayati raj at Nagaur in Rajasthan on October 2, 1959. Other states including Kerala passed panchayati raj legislations in quick succession.

Following the recommendations of the Balwantray committee, the task of strengthening the panchayati raj system was taken up seriously by the central and state governments. The centre appointed a study team on panchayati raj finance in July, 1962 under the chairmanship of K. Santhanam.\(^{15}\)

(1962). The team examined the finances of panchayati raj institutions in different states and made recommendations to strengthen their resources. The government also appointed a study group on budgeting and accounting procedure of panchayati raj institutions under the chairmanship of M. Ramakrishnayya\(^\text{16}\) (1963). This group examined the working of the budget and accounting system of panchayati raj institutions and made recommendations for simplifying their accounting system and rationalizing the budgeting procedure. These reports were made available to the state governments with the suggestion that they implement the recommendations of the study group as far as possible.

2.6 Phase of Stagnation (1965-69)

After the initial tempo, there was a period of stagnation (1965-69) for the panchayati raj system and during this period the land holding rich took control of the system, turning the rural masses away from the new set up. Further, the bureaucracy, which retained its colonial tradition was reluctant to wither its stronghold over the administrative machinery.

In Maharashtra and in Gujarat it had been relatively more successful. The stagnation was the result of different factors. The new national and state level leadership which emerged around 1966 had much thinner links with the ideals of Mahatma Gandhi and thus much weaker ideological commitment to panchayati raj. Further the trend of Indian political system has been marked by centralization of powers during this period. The technology discovered at this
time served only to reinforce the already powerful centralized powers, in the process, relegating panchayati raj to a lower, even unimportant status.

2.7 Phase of Decline (1969-83)

The period of stagnation was followed by a phase of decline (1969-77). In the political side, this phase witnessed a change of the congress ministry at the centre. After the emergency (1977) there was an attempt to revive the panchayati raj and accordingly the Asok Mehta\textsuperscript{17} committee was appointed. The committee submitted its report in 1978 with the major recommendations:

- There should be a two-tier set up, a district level zilla parishad and a mandal panchayat covering a population of 15000 to 20000.

- Also suggested the ultimate abolition of the block as a unit of development administration.

- All development functions relating to a district should be placed under zilla parishad.

- The term of panchayati raj institutions should be four years. Direct elections should be held simultaneously and political parties could participate.

- Elections to panchayati raj institutions should be conducted by the chief electoral officers in consultation with the election commission.

- Nyaya panchayat should be kept separate from the development panchayats. A qualified judge should preside over them and elected representatives should act as members of benches of Nyaya panchayats.

\textsuperscript{17} Ibid., p.47.
• Representations of scheduled castes and scheduled tribes in all panchayat bodies should be on the basis of their population.

• There should be a complete transfer of land revenue collections to panchayati raj institutions over a period of five years.

There have been criticism from certain quarters that panchayati raj has failed to deliver the goods. These have been refuted by the Asok Mehta committee. “Politically speaking, it became a process of democratic seed drilling in the Indian soil, making an average citizen more conscious of his rights than before. Administratively speaking, it bridged the gulf between the bureaucratic elite and the people. Socio-culturally speaking, it generated a new leadership which was not merely relatively young in age, but also modernistic and pro-social change in outlook. Finally, looked at from the developmental angle it helped rural people cultivate a developmental psyche.”

Following the Asok Mehta committee report, the states like West Bengal, Kerala, Karnataka and Andhra Pradesh attempted their own models of panchayati raj system. Emphasis was given to regular elections and devolution of more powers and funds. The Kerala District Administration Act was enacted in this period. However, the District Councils envisaged in this Act was constituted and elections were held only in 1991.

The chief ministers’ conference held in 1979 did not accept the concept of mandal panchayats and favoured continuance of existing three-tier system. The conference was also against the idea of political parties taking part in

panchayat elections. They did not consider the constitutional amendment necessary.

2.8 Phase of Revival (1983 onwards)

In the 1980’s a number of antipoverty programmes were introduced. District Rural Development Agencies and other related organisations were created. The concept of decentralized planning at district level and below was conceived. Various aspects of decentralized planning were examined by two expert groups, viz, the working group on block level planning headed by M.L. Dantwala (1977) and the working group on district planning headed by C.H. Hanumantha Rao (1983). The groups recommended that the basic decentralized planning function has to be done at the district level. The working group detailed the various arrangements necessary for rendering the district planning process effective including the various prerequisite that should be met, the institutional arrangements that should be devised and the essentials of planning methodology that should be followed. The recommendations provided a solid basis for reverting and revamping Panchayati raj institutions.

Panchayati Raj institutions existed in almost all states and union territories with marginal variations in structures. Three-tier system existed in Bihar, Gujarat, Himachal Pradesh, West Bengal, Arunachal Pradesh, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh. Two-tier system existed in Assam, Haryana, Punjab, Orissa, Tamil Nadu, Manipur, Delhi and Pondichery. Mandal system existed in Andhra Pradesh and Karnataka. Though Sikkim has zilla parishad, only panchayats were reported to be in effective existence.
Jammu and Kashmir, Kerala, Tripura, Goa, the Andaman & Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, and Daman and Dieu had single-tier Grama Panchayats. Meghalaya, Nagaland, Lakshadweep and Mizoram had no panchayati raj system.

When Rajiv Gandhi became prime minister, the government set up a committee under the chairmanship of GVK Rao\(^\text{19}\) to review the administrative arrangements for rural development and poverty alleviation. This committee favoured the zilla parishad as the principal body for the management of all development programmes. The Government constituted another committee under the chairmanship of L.M. Singhvi and it came out with a concept paper envisaging reorganization of villages for viable village panchayats, more financial resources for them and setting up of judicial tribunals in each state to resolve controversies relating to the functioning of panchayati raj. The Singvi committee made a clear recommendation favouring constitutional sanction for Panchayati raj institutions.\(^\text{20}\). This committee recommended to the Rajiv Gandhi constitutionalisation of panchayats by adding a separate chapter in the Constitution so as to make the identity and integrity of the panchayati raj institutions reasonably and substantially inviolate.

The Sarkaria Commission\(^\text{21}\) on center-state relations and a parliamentary consultative committee also went in to the issue of strengthening the Panchayati raj institutions.

\(^\text{20}\) Ibid., p.54.
2.9 Panchayat Sammelan (Conference)

Rajiv Gandhi held five consultations with district Magistrates and collectors on “Responsive Administration.” (Bhopal on December 10, 1987, Hyderabad on February 13, 1988; Imphal April 12, 1988., Jaiur April 30 1988., and Coimbatore June 8, 1988). Out of these consultations, a consensus emerged that a democratic framework at the local level was a sine qua non for responsible and responsive administration. The challenge was to work out suitable institutional structures and operational principles to turn these institutions into vibrant instruments for planning and development.

The recommendations were placed before the panchayati raj sammelan in New Delhi and the views of thousands of panchayat representatives were elicited. The Sammelan recommended an all India pattern and elections in every five years to panchayats under the supervision of Election Commission. It also suggested constitutional amendment to safeguard the status and authority of panchayati raj bodies. The Bill on Panchayati Raj emerged finally and was introduced in the Lok Sabha on May 15, 1989.

A sub committee of the Parliamentary Consultative committee was set up in 1988 under the chairmanship of P.K. Thungon\(^{22}\) to consider the type of political and administrative structure in the district for district planning. The major recommendations were:

- Panchayati raj bodies should be constitutionally recognized

A three-tier structure for panchayati raj should be adopted. Law Commission report on decentralization of Administration of Justice favoured

\(^{22}\) Op.cit., p.56.
the establishment of Nyaya panchayats at the village level for adjudication of disputes. National conference on panchayati raj and scheduled castes (1989) was held at New Delhi on February 24, 1989. It was indicated to make constitutional provisions for the reservation of seats for Scheduled Castes and Scheduled Tribes Panchayati raj institutions on the basis of their population. In the conference on panchayati raj and women (1989), the Prime Minister pointed out that 30% of reservation in all Panchayati raj institutions will be given to women.

The chief ministers’ conference was held on 5th May 1989 at New Delhi and this was the culmination of marathon discussions, sammelans, workshops, confabulations and seminars on the panchayat raj institutions. It is in this background that the Constitution 64th Amendment Bill 1989 was introduced in the Lok Sabha on May 16, 1989. The amendment proposed to insert Article 243 in the Constitution of India. This is to be the sole provision in a newly added Part IX, the panchayats. The bill was passed by the Lok Sabha but fell in the upper house in which the congress did not command majority. It was criticized that the proposed changes in the bill affect the basic federal fabric of the nation. The provisions in the bill would tighten the central control by way of direct flow of central grants and audit through the Comptroller and Auditor General. On September 7, 1990 a revised Constitution Amendment Bill was introduced in the Lok Sabha. This bill was not taken up for consideration and lapsed with the dissolution of the Lok sabha.

2.10 Post 73rd Amendment Period

Later in 1992, the new congress Government headed by P.V. Narasimha Rao, after consultation with all the major political parties introduced a fresh
Constitution (73rd Amendment) Bill for Panchayati raj institutions. It was given the seal of approval by the Lok Sabha on December 22, 1992. The Rajya Sabha passed the Bill the next day with near unanimity and it became operative in May 1993, when passed by fifty percent of the states.

The salient features of the constitution 73rd Amendment Act are:

**Structure**

**Reservation for Scheduled Caste / Scheduled Tribe**

**Reservation for women**

**Duration of panchayats**

**State finance commission and**

**State election commission**

**I Structure**

1. There shall be a Gram Sabha in each village consisting of all persons registered as voters in the panchayat area at the village level. The state legislature will entrust the powers and functions to the Grama Sabha.

2. There shall be a three-tier system in all states except state having population of 20 lakhs, which shall have the option not to have intermediate level.

3. There shall be direct election to fill all the seats in all three tiers.

4. Panchayats have been given option to have Sarpanch of the village panchayats to be elected either directly or from amongst the elected members.
II Reservation for Scheduled Castes/Schedule Tribes

It provides for reservation of seats for Scheduled Castes /Schedule Tribes in panchayats on the population basis. One third of the total seats are reserved for Scheduled Caste / Scheduled Tribe women.

III Reservation for Women: One-third of the seats and the offices of the chairpersons are to be reserved for women, on rotation basis.

IV Duration of panchayats: It provides for a uniform 5 years term for Panchayati raj institutions. Elections should be conducted under the supervision of state election commission who is appointed by the state governor. In the event of supersession re-election is held within 6 months.

V State Finance Commission is appointed (Article 243-I) to review the financial position of the Panchayats and make recommendations to the government.

VI State Election Commission

The Panchayati raj Act, 1992 constitutes a major milestone in the history of rural local government. It makes elections mandatory in every five years.

VII State legislature may authorize the panchayat to levy local taxes and direct the state governments to make grants in aid to the panchayats from the consolidated fund.

VIII Devolution of powers and responsibilities upon the panchayat with respect to the preparation of plans for economic development and social justice as also for the implementation of development schemes.
IX Setting up of district planning committee to prepare district plans and integrating the plans of the rural and urban local governments.

Though the constitution amendments were unanimously adopted by the parliament there was lack of enthusiasm on the part of state governments, in implementing the law which came into force on 24th April, 1993 and which were supposed to be implemented within one year. Presently in all the states new panchayati raj and municipal bodies as provided in the Constitution have been set up.

The main drawbacks of the constitution amendments are:

- They do not envisage any devolution of powers or transfer of schemes from the center to the states as to the local bodies. The local governments are not considered as the third tier of the administrative system in the country.

- The amendments do not make the devolution of powers and transfer of functions of the state government to the local governments, mandatory and constitutional obligation.

- No specific powers have been assigned to the Grama Sabha and therefore they have not attained its due importance in most of the states. The provisions regarding the formation of intermediate level of panchayats have been made mandatory even for small states like Kerala. The states should have been given freedom in this regard.

- Another drawback is the exclusion of urban areas from the district panchayats. While there are three levels of panchayats for rural areas,
there exists single tier system for urban area. Because of this discrepancy the concept of district government at the district level is not materialized.

- The constitution amendments permit the state legislation to make the Members of Parliament and Members of Legislative Assembly as members in the Local Self Government Institutions. Their inclusion will permit their interference which is not at all advisable in the interests of decentralization.

- The amendments provide for the dissolution of local governments at the discretion of the state governments, which is against the spirit of autonomy.

- No specific principles have been laid down for following the rotation of reserved seats for Scheduled Caste / Scheduled Tribes and women which has led to practical problems and ambiguity.

- The amendments are silent on the administrative powers of the local self governments over the staff under them.

- The provisions relating to planning is quite vague. The powers of District Planning Committees are limited to the integration of the plans prepared by the urban and rural local bodies and its submission to the state government. There is no mention about the state government’s role in the preparation of plan proposals of the District Planning Committees.
The amendments should have brought out an effective and fool proof system for the audit of accounts of the local self government institutions.

The central government should come forward with clear proposals for further amendments to the constitution with a view to strengthening the local self government Institutions, from the experience so far attained.

2.11 Kerala Panchayat Raj Act 1994

There were two panchayat laws in Kerala – the Madras Village Panchayat Act, 1950 and the Travancore-Cochin Panchayat Act 1950 – applicable respectively to the Malabar District and the Travancore-Cochin regions until they were superseded by the Kerala Panchayat Act of 1960.

Consequent on the Constitution (73rd Amendment) Act, in March 1994, the state government introduced a Kerala Panchayat Raj Bill in the state legislature. Substantial changes were made in the Bill by the select committee and an improved Panchayat Raj Act was enacted and the District Administration Act 1979 was repealed.

Though the Panchayat Raj Act 1994 was progressive in nature in the new set up it required further strengthening in a spirit of democracy. The government of Kerala appointed a committee on decentralization of powers with Sathyabratha Sen as its chairman. The committee laid down clear and coherent first principles in its interim report in August 1996 and the final report on amendments to the panchayat raj and municipal enactments in 1997. Most

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of these recommendations were accepted and acts were amended in 1999. The duties and functions of the local self government Institutions have enlarged and their autonomy is protected.

Special features of the amended Kerala Panchayat Raj Act 1994 are:

1. The administrative control of the government and its functionaries over the local self government Institutions is taken away.
2. The appellate powers are vested in judicial tribunals.
3. Right to information is a novel idea incorporated into the Act to ensure transparency in administration.
4. Citizen’s charter on the lines of best values prevalent in British local bodies is introduced to strengthen the transparency provisions and to render time bound services to the public.
5. Ombudsman has been created to function as an anti corruption and public redressel forum.

The powers and functions of the Grama Sabha have been enlarged so as to empower the people to control the elected body. Grama Sabha is the general body of the electors’ forum in a ward.

1. Members of Parliament and State Legislature are prohibited from becoming the members of the local government.
2. State election commission is constituted to conduct elections to local bodies.
→ District / regional tribunals are appointed as appellate authorities to dispose of the appeals on the orders / actions of local bodies and these tribunals are drawn from the cadre of district judges.

→ The president / chairperson is made the executive head of the local body.

→ The elected members are made liable to declare their assets within three months of the election.

→ Plan preparation, publication of Administration report and timely presentation of the Budget are made mandatory duties of local bodies.

→ The provisions relating to building tax, profession tax, etc. are modified to enlarge the revenue base.

→ The building regulations are extended to the village panchayat areas.

→ Provisions relating to solid waste management and public health in the panchayat areas are strengthened.

→ The schedules relating to mandatory and developmental functions are recast, redefining the areas of each item therein and adding some new items.

2.12 People’s Planning Campaign and Kerala Development Plan

The Kerala economy has been facing constraints to growth since mid 1970s. It somehow pulled on mainly from the remittances from abroad. The divided political relations in the state further complicated the problem. At this juncture, the launching of people’s planning campaign with the devolution of
35 per cent of State Plan funds in 1996 is a landmark event in enlarging and deepening the process of decentralised governance.

The main objectives of decentralization could be summarized as follows:

1. To improve the quality of investment by affecting resources for priorities fixed by the local people.

2. To facilitate emergence of local solutions to developmental problems through improved planning, better implementation, use of traditional knowledge and appropriate technology, etc.

3. To provide the enabling environment for people to participate and to make contributions in kind and cash for development programmes.

4. To bring about a convergence of resources and services

5. To unleash public action resulting in a demand led improvement in the delivery of services.

Now after ten years, enough knowledge and experience have been acquired to outline further steps to be taken for strengthening the panchayats. The people's plan has been renamed as Kerala Development Plan and it is attempted to inspire the people so that they can involve in the new system of governance. However, a detailed discussion on people's planning is not in the agenda of this thesis.