CHAPTER-II

ORIGIN, GROWTH AND IMPORTANCE
OF PANCHAYAT RAJ IN INDIA
2.1. INTRODUCTION

Panchayats have been the backbone of the Indian villages since the beginning of recorded history. Gandhiji, the father of the nation, in 1946 aptly remarked that the Indian Independence must begin at the bottom and every village ought to be a Republic or Panchayat having powers. Gandhiji’s dream has been translated into reality with the introduction of the three-tier Panchayat Raj system to ensure people’s participation in rural reconstruction.

Self-governing village communities characterised by agrarian economies existed in India during the Rig-Vedic period. Not only it is evidenced in the Rig Veda, which dates from approximately 1200 BC, but there is also definite evidence available of the existence of village sabhas and gramins until 600 BC. These local bodies were the points of contact with higher authorities on matters affecting the villages and residents. Later, such village bodies metamorphosed into panchayats, which looked after the affairs of the village. Prevalent customs and religion elevated the panchayats to a sacred position of authority, which bestowed on them executive and judicial powers.

The rural society also witnessed emergence of other panchayats, like the jati panchayats and nyaya panchayats, for ensuring that the people belonging to a particular caste adhered to its code of social conduct and ethics. These panchayats still exist in rural India today. In all fairness, such local bodies were the pivot of administration, the centre of social life, and a focus of social solidarity. However, changing times and influence of foreign rule curtailed the scope and role of panchayats. With the advent of British rule, the panchayats were replaced by formally constituted institutions of village administration. Although British rule usurped the administrative and judicial powers of the panchayats, it willingly refrain from interfering in the functioning of the jati/nyaya panchayats for reasons well known.
The most significant experiment in reforming governance in India from a participatory democratic decentralisation point of view has been the introduction of the constitutionally mandated Panchayat system through the 73rd Constitutional Amendment in the early 1990s. It was expected that the newly created Panchayat system, drawing strength from the Constitutional provisions, would emerge as effective tool of local self-governance and would strongly further the primary objectives of economic growth and social justice.

India has a chequered history of Panchayat raj starting from a self-sufficient and self-governing village communities that survived the rise and fall of empires in the past to the modern legalized institutions of governance at the third tier provided with Constitutional support.

2.2. EVOLUTION OF RURAL LOCAL BODIES

In ancient times, the rural local body constituted the primary territorial unit of administration. Manu Sasthra distinguished three kinds of administrative divisions namely, Village (Gram), Town (Pura) and City (Nagar) and that the rural areas and rural local bodies were considered to be the important fundamental units of the administration.

From the Vedic period, the village administration was looked after by the village headman, called Gramani. He was the leader of the village and he was a nominee of the king. Gramani was the head of the town or village and its representative at the coronation ceremony.

In early Vedic times, the villagers themselves managed the simple affairs of the village, but the States being small, there was hardly any distinction between the Central and the local Government. In course of time, however, it was found necessary to have a separate organization for the management of local affairs, as the State grew larger and larger in size and the distinction between the two kinds of Governmental activities became more and more marked. People's institutions, having various names, existed all over the country even in Vedic names.

Gramik, Gopa, Sabha, Samiti, Panchayat, to which repeated references occur in the Vedas, the Ramayana, the Mahabharatha and other Hindu scriptures, point to
the existence of a collective life in the villages which was more or less independent of central influence. This state of affairs continued during the regions of Hindu Rajas and Maharajas. The village organizations thus functioned in ancient times as a center of community life and used to discharge even such functions as those related to internal defence and security, independently of the State which followed a policy of non-interference so long as it received its share of land revenue.

The Cholas developed the local government system to an advanced level. The Panchayats were functioning as effective instrument of local government during the tenth and the eleventh centuries. All aspects of the village and community life were controlled by the Panchayats. There was an assembly constituted by adult males for each village. The members of the village assembly were elected by kudaolai, a form of secret ballot. The different types of assemblies which functioned in those days were named Urusabha, Nadu and Nagarams. Legal status and sovereignty where bestowed on them by the people. They functioned as independent as well as interdependent units of local government.

2.2.1. During British rule

The panchayat had never been the priority of the British rulers. The rulers were interested in the creation of 'controlled' local bodies, which could help them in their trading interests by collecting taxes for them. When the colonial administration came under severe financial pressure after the 1857 uprising, the remedy sought was decentralisation in terms of transferring responsibility for road and public works to local bodies. However, the thrust of this 'compelled' decentralisation was with respect to municipal administration.

The panchayat was destroyed by the East India Company when it was granted the office of Diwan in 1765 by the Mughal Emperor as part of reparation after his defeat at Buxar. As Diwan the Company took two decisions. The first was that it abolished the village land record office and created a company official called Patwari. The Patwari became the official record keeper for a number of villages. The second was the creation of the office of magistrate and the abolition of village police. The magistrate carried out policing functions through the Darogha who had always been a state functionary under the Faujdar. The primary purpose of these
measures was the collection of land revenue by fiat. The depredations of the Patwari and the Darogha are part of our folklore and it led to the worst famine in Bengal. The effects of the famine lingered right to the end of the 18th century. These two measures completely disempowered the village community and destroyed the panchayat. After 1857 the British tried to restore the panchayat by giving it powers to try minor offences and to resolve village disputes. But these measures never restored the lost powers of the village community.

From 1870 the Viceroy Lord Mayo's Resolution (for decentralisation of power to bring about administrative efficiency in meeting people's demand and to add to the finances of colonial regime) gave the needed impetus to the development of local institutions. It was a landmark in the evolution of colonial policy towards local government. The real benchmarking of the government policy on decentralisation can, however, be attributed to Lord Ripon who, in his famous resolution on local self-government on May 18, 1882, recognised the twin considerations of local government: (i) administrative efficiency and (ii) political education. The Ripon Resolution, which focused on towns, provided for local bodies consisting of a large majority of elected non-official members and presided over by a non-official chairperson. This resolution met with resistance from colonial administrators. The progress of local self-government was tardy with only half-hearted steps taken in setting up municipal bodies. Rural decentralisation remained a neglected area of administrative reform.

The Royal Commission on Decentralisation (1907) under the chairmanship of C.E.H. Hobhouse recognised the importance of panchayats at the village level. The commission recommended that "it is most desirable, alike in the interests of decentralisation and in order to associate the people with the local tasks of administration, that an attempt should be made to constitute and develop village panchayats for the administration of local village affairs."

2.2.1.1. The Montague-Chemford reforms (1919)

The Montague-Chemford reforms (1919) brought local self-government as a provincial transferred subject under the domain of Indian ministers in the provinces. Due to organisational and fiscal constraints, the reform was unable to
make panchayat institutions truly democratic and vibrant. However, the most significant development of this period was the establishment of village panchayats in a number of provinces, that were no longer mere ad hoc judicial tribunal, but representative institutions symbolising the corporate character of the village and having a wide jurisdiction in respect of civic matters\(^1\). By 1925, eight provinces had passed panchayat acts and by 1926, six native states had also passed panchayat laws.

2.2.1.2. The Government of India Act, 1935

The provincial autonomy under the Government of India Act, 1935, marked the evolution of panchayats in India. Popularly elected governments in provinces enacted legislations to further democratise institutions of local self-government. But the system of responsible government at the grassroots level was least responsible. D.P. Mishra, the then minister for local self-government under the Government of India Act of 1935 in Central Provinces was of the view that 'the working of our local bodies... in our province and perhaps in the whole country presents a tragic picture... 'Inefficiency' and 'local body' have become synonymous terms\(^2\).

In spite of various committees such as the Royal Commission on Decentralization (1907), the report of Montague and Chemsford on constitutional reform (1919), the Government of India Resolution (1918), etc., a hierarchical administrative structure based on supervision and control evolved. The administrator became the focal point of rural governance. The British were not concerned with decentralised democracy but were aiming for colonial objectives.

The Indian National Congress from the 1920s to 1947, emphasized the issue of all-India Swaraj, and organized movements for Independence under the leadership of Mahatma Gandhi. The task of preparing any sort of blueprint for the local level was neglected as a result. There was no consensus among the top leaders regarding the status and role to be assigned to the institution of rural local self-government; rather there were divergent views on the subject. On the one end Gandhi favoured Village Swaraj and strengthening the village panchayat to the fullest extent and on the other end, Dr. B.R. Ambedkar opposed this idea. He believed that the village represented regressive India, a source of oppression. The model state hence had to build safeguards against such social oppression and the
only way it could be done was through the adoption of the parliamentary model of politics. During the drafting of the Constitution of India, Panchayat Raj Institutions were placed in the non-justiciable part of the Constitution, the Directive Principles of State Policy, as Article 40. The Article read "the State shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government". However, no worthwhile legislation was enacted either at the national or state level to implement it.

2.2.2. Post-independence period

Panchayat raj had to go through various stages. The First Five Year Plan failed to bring about active participation and involvement of the people in the Plan processes, which included Plan formulation implementation and monitoring. The Second Five Year Plan attempted to cover the entire countryside with National Extensive Service Blocks through the institutions of Block Development Officers, Assistant Development Officers, Village Level Workers, in addition to nominated representatives of village panchayats of that area and some other popular organisations like co-operative societies. But the plan failed to satisfactorily accomplish decentralisation. Hence, committees were constituted by various authorities to advise the Centre on different aspects of decentralisation.

2.3. THE BALWANT RAI MEHTA COMMITTEE (1957)

The Panchayat raj movement in India picked up momentum in 1957 with the constitution of the Balwant Rai Mehta Committee to suggest an institutional set up to secure participation of Community Development and National Extension Service programmes.

The Balwant Rai Mehta Committee recommended setting up of a three-tier structure of the PRIs for effective decentralisation. According to the committee, it was imperative to give power and responsibility to the community for the successful continuation of the process of development. Consequently, statutory elective local bodies with adequate resources, power and authority were recommended. On the basis of these recommendations the Panchayat Raj institutions were established for
people's participation and the effective implementation of Community Development Projects. The structure envisaged directly elected Panchayats for a village or a group of villages, an executive body called Panchayat Samiti for a block with directly elected and co-opted members and an advisory body, Zilla Parishad, with an ex-officio member from the lower tier and the District Collector as the Chairman. Rajasthan became the first State to implement the recommendations of the Balwant Rai Mehta Committee at Nagaur in 1959. Pandit Jawahar Lal Nehru hailed the system as "the most revolutionary and historical step in the context of new India".

2.3.1. The Balwant Rai Committee's Recommendations

- Constitution of statutory elected local bodies with the necessary resources, power and authority.
- Decentralised administrative system working under the control of statutory bodies.
- Basic unit of democratic decentralisation should be located at the block / samiti level.
- Envisaged elected bodies 'panchayats' for a village or group of villages
- An executive body called Panchayat Samiti for a block, with directly elected and co-opted members.
- An advisory body called Zilla Parishad at the district level Chairman as the district chief, elected through ex-officio members from the lower tier and others.

S.K. Dey, Minister for Community Development in Nehru's Cabinet, became the chief architect of Panchayat raj in the post-Independence period.

As a result of conferring power on people's representatives, there was improvement in the attendance of teachers in primary schools, block administration became more responsive, panchayats emerged as an effective grievance redressal system for the rural masses, etc. Besides, they were successful in curbing petty corruption among the subordinate staff and newly elected leaders.
With the passage of time, a variety of weaknesses in the Panchayat raj system surfaced. The resources were meagre for the gram sabha and the major drawback of the system was hijack of the gram panchayats by economically and social elites. Further, local administration resisted devolution of functions and powers to panchayats. As a consequence, regular elections were not held, and traditional rivalries emerged in rural society. Even the Government of India bypassed the panchayats and zilla parishads and launched programmes like the Intensive Agricultural District Programme, Small Farmers Development Agency, Drought Prone Area Programme, Intensive Tribal Development Programme, etc. This ultimately resulted in the downgrading of the Ministry of Community Development into a Department under the Ministry of Food and Agriculture, marking an end of both the 'community' and 'panchayats' as agents of change and agencies of rural development.

2.4. **THE ASHOK MEHTA COMMITTEE (1978)**

The panchayat movement in India reached a turning point in 1977 with the constitution of the Ashok Mehta Committee. This Committee was set up to inquire into the working of the Panchayat raj institutions, and to suggest measures to strengthen them so as to enable a decentralised system of planning and development to be effective. The Ashok Mehta Committee Report (1978) paved way to make panchayats an integral part of Indian democracy and formed the foundations for second-generation panchayats.

2.4.1. **The Ashok Mehta Committee's Recommendations**

- Favoured two-tier model for Panchayat raj - zilla parishad & mandal panchayat.
- Direct elections to these bodies, reservation of constituencies for SC/STs and women. State governments should notcede the PRIs all development
- Functions should be put under the zilla parishad.
- Preparation of exhaustive list of functions based on location-specific programmes.
- PRIs should be allowed to mobilise resources by granting them powers of taxation.
Improved interface between PRls, voluntary agencies, cooperatives and local Government institutions, for capacity building and human resource development.

The Ashok Mehta Committee's recommendations on the two-tier model at district and mandal level covering a population of 15,000 to 20,000 and abolition of the block as an administrative unit were subsequently rejected at the Chief Ministers' Conference in 1979, which favoured the continuation of three-tier system.

2.5. THE G.V.K. RAO COMMITTEE (1985)

The G.V.K. Rao Committee was formed in 1985 to examine the aspects relating to Panchayat Raj Institutions. The Committee felt that the time had come to view rural development in totality. It was of the view that Panchayat Raj Institutions have to be activated and given all the support needed so that they can become effective organization for handling people's aspirations. Elections to these bodies should be held regularly. It recommended that Block Developed office should be sheet anchor of the entire rural development process. But the Zilla Parishad should become the principal body for the management of all development programmes, which can be handled at that level. The committee recommended that significant restructuring of planning and implementation machinery at the district level should also be effected.

2.6. THE SINGHVI COMMITTEE (1987)

The 7th Five-year Plan recommended strengthening of PRIs through devolution of resources and greater autonomy of local bodies. It suggested radical changes in the planning process for village and block level activities. Subsequently, the Singhvi Committee was formed in 1987 for reviewing the functioning of PRIs. It recommended reorganisation of villages for creating viable Gram Panchayats. The Singhvi Committee strongly recommended availability of greater financial resources to PRIs. However, the Sarkari a Commission on Centre-State relationships did not favour the PRIs, because local self-governing bodies were not working efficiently due to irregular elections and the suspension and super cession of local bodies on flimsy grounds.
2.7. THE THUNGON COMMITTEE (1988)

The Thungon Committee (1988) made recommendations for strengthening the Panchayat raj system by way of Constitutional recognition. As a result of which, the Ministry of Rural Development drafted the Constitution (64th Amendment) Bill, modeled on the bill appended to the Ashok Mehta Committee Report (drafted by L.M. Singhvi). The 64th Amendment was placed before Parliament on 15th May 1989. The Bill suggested setting up of panchayats in every State at the village level, intermediate level and district level. The intermediate level was not obligatory in States with a population of less than 20 lakh. This bill was passed in the Lok Sabha in 1989, but could not be passed by the Rajya Sabha. The main reason for opposition was serious political overtones, namely the bill overlooked the States and was seen as an instrument of the Centre to deal directly with the PRIs and imposing a uniform pattern throughout, instead of permitting individual States to legislate.

2.8. 73rd AMENDMENT - ESTABLISHMENT OF PANCHAYAT RAJ IN INDIA

Institutionalizing the Panchayat raj system in India is essentially the result of recommendations and proposals of various committees and sub-committees. Thus, all such efforts culminated in the form of the 73rd Constitutional Amendment, thereby providing Constitutional status to the Panchayat raj institutions.

The explanation for the easy passage of the 73rd Amendment Bill and the acceptance of radical restructuring of the administrative structure with far reaching political consequences goes way beyond the committee reports and proposals. In this regard, Jain (1994), Mathews (1995), Bandopadhaya (2001), Behar and Kumar (2002), among others, have highlighted the dynamics of social and political change in the context of the Amendments. They view that several decades of centralised planning and a top-down model of development had paid dividends in terms of economic growth and industrialisation, but failed to result in the trickle-down effect...
that would have involved the poor and the marginalised in the process of development. Consequently a distorted and lopsided development process emerged, where the resources and authority became further concentrated in a few hands. The fruits of development were neither shared, nor did the poor and marginalised have access to it.

It became evident by the 1980s that for more egalitarian and balanced development to be achieved, a more participative, democratic and decentralised bottom-up model of development was needed. The collapse of the Soviet State in the late 1980s had led to a crisis and consequently various development paradigms were being discredited or put under strict scrutiny. Simultaneously, in the liberal democratic countries, new frameworks of development and governance were emerging. Many of these discourses propounded that for achieving the objectives of democratic States, the governance systems needed substantial changes, making the structure more participative and decentralised. The paradigmatic shift was evident in the attempts to transform governance to enhance accountability and projects to reinvent government and the bureaucracy, etc. The dictum that “lesser governance is better governance” was used to restrict governments and enhance their efficacy through moves towards decentralization.

2.8.1. 73rd Constitutional Amendment: Basic Features

- Constitutional status to the panchayats and ensuring it uniformity by making the three-tier system a permanent feature.

- Panchayats to be constituted in every State at the village, intermediate and district level, except States with a population not exceeding 20 lakh.

- Establishing a Gram Sabha in each village, exercising powers and performing functions at the village level, as the State may provide by law.

- Members of panchayats at all levels will be elected through direct elections. The election of the chairperson at the intermediate and district level will be through indirect elections.
- Seats are reserved for SCs and STs at all levels according to their population. Not less than one-third of seats are reserved for women.

- The office of Chairperson will also be subject to this provision.

- A uniform five-year term has been granted to the panchayats. In case of dissolution, elections should be held within six months of the date of dissolution.

- Panchayats are entrusted with (i) preparing plans and implementing schemes for social justice and economic development; (ii) in regard to matters listed in the 11th Schedule.

- State legislature authorises the panchayats to levy, collect and appropriate suitable local taxes. The Government can make grant-in aid to the panchayats from the Consolidated Fund of the concerned State.

- Review of the financial position of the panchayats will be undertaken by a finance commission, which shall be constituted every five years.

- State Election Commission shall be constituted to ensure free and fair elections to the panchayats.
### Table 2.1

State-wise Conformity Acts with the 73rd Amendment Act

<table>
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<tr>
<th>S. No.</th>
<th>State/UT</th>
<th>Year</th>
<th>Name of the Act</th>
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<tbody>
<tr>
<td>5.</td>
<td>Karnataka</td>
<td>1993</td>
<td>The Karnataka Panchayat Raj Act, 1993</td>
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<td>9.</td>
<td>North-East</td>
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<td></td>
<td>a) Assam</td>
<td>1994</td>
<td>The Assam Panchayat Act, 1994</td>
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<td></td>
<td>b) Tripura</td>
<td>1993</td>
<td>The Tripura Panchayat Act, 1993</td>
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<td></td>
<td>c) Manipur</td>
<td>1994</td>
<td>The Manipur Panchayat Raj Act, 1994</td>
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<tr>
<td>15.</td>
<td>West Bengal</td>
<td>1994</td>
<td>The West Bengal Panchayat (Amendment) Act, 1994</td>
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</table>

Source: Task Force Status Report, 2000
The 73rd Amendment was inserted in Part IX of the Constitution. The local government is an exclusive domain of the State, therefore the Union just provides the outline of the panchayat system. The States must implement by making laws or amending their existing laws to bring them in conformity with the provisions of the 73rd Amendment. But it was made binding on the States that the implementing legislation should be undertaken within a year of the commencement of the 73rd Amendment Act.

All the State governments have passed their State panchayat Acts to establish panchayats at village, intermediate and district levels. Some States like Tamil Nadu, Andhra Pradesh, Karnataka, Orissa and Madhya Pradesh, even after passing respective Conformity Acts, have adopted amendments to further strengthen their panchayat Acts. There are also some instances of amendments for tightening the hold of the state government on PRIs. Many State governments have retained both regulatory, supervisory and more importantly, powers of dissolution.

2.9. PANCHAYAT RAJ - CONSTITUTIONAL AND LEGAL FRAMEWORK

In the post 73rd Amendment phase, different States have responded with varying degrees of enthusiasm. A few States have responded with innovativeness and remarkable commitment to make the system sustainable and successful. Others are still exercising significant controls. The efforts to institutionalise the Panchayat raj system are evident in the number of amendments that have been made to the respective State Panchayat Acts as a dynamic response to the problems at the ground level. However, for the PRIs to function as institutions of self-government, the essential pre-requisites are-

- Clearly demarcated areas of jurisdiction;
- Adequate power and authority commensurate with responsibilities;
- Necessary human and financial resources to manage their affairs; and
- Functional autonomy within the federal structure.
2.9.1. Continuity

The 1992 amendment essentially aimed at fulfilling these pre-requisites. By providing fixed tenure of five years for an elected panchayat, it is aimed at providing continuity to the process of decentralisation and local self-government. In the event of premature dissolution of the panchayat, there is a provision for holding elections within six months. Besides, the 73rd Amendment has made a provision for non-interference of courts in electoral matters. Thus, continuity in panchayats has been ensured.

2.9.2. Accountability

The provision on gram sabhas attempts to build in accountability within the functioning of panchayats. All States have provided that the Chairperson of the gram panchayat must convene a gram sabha, consisting of persons registered in the electoral rolls relating to the village, at least twice a year. The following matters shall be placed before the gram sabha, namely, the annual Statement of accounts and audit report, report on the administration of the previous year, proposals for fresh taxation or for enhancement of existing taxes, and selection of schemes and beneficiaries.

2.9.3. Power and Authority

It is a noteworthy development that the 73rd Amendment provides for States to endow the panchayats with powers and authority "to enable them to function as institutions of self-government". It allowed the setting up of mechanisms for consolidating and coordinating planning and development initiatives and actions of the panchayats. Functions that by tradition are uniquely assigned to panchayats consist of the provisions and maintenance of local public goods, like street lighting, sanitation, village commons and water supply, as opposed to 'national' public goods like justice and national defence. The amendment provides for the constitution of District Planning Committees (DPCs). Such committees are a significant step in the direction of initiating a process of planning from below. The DPCs are to be responsible for the consolidation of plans prepared by the panchayats, and preparation of draft development plans.
2.9.4. Composition

The provisions also lay down that every State shall constitute panchayats at the village, intermediate and district levels with the provision that a State having a population not exceeding two million may not constitute a panchayat at the intermediate-level. The Constitution makes a specific provision for the representation of women and other disadvantaged groups on the local bodies in order to ensure participation of those sections of local communities, which had been outside of the mainstream of development. Under the Constitutional amendments, not less than one-third of the total number of seats on local bodies is to be reserved for women. Other disadvantaged groups are to be represented on a proportionate basis. Thus, the amendment not only provides for a constitutionally safeguarded third stratum of government, but it also confers uniformity in the structure.

2.9.5. Fiscal Responsibility

Appropriate expenditure and tax assignment and other revenue sharing powers for each tier of government are a crucial component in any decentralisation policy. Both theory and experience suggest that it is important to specify expenditure responsibilities as clearly as possible in order to enhance accountability, and reduce unproductive overlap, duplication of authority and legal challenge. In theory, decision-making should occur at the lowest level of government consistent with the principle of subsidiarity. The Constitutional amendment has maintained the erstwhile division of subjects between the Union (Central government) and State governments, under which, the subject of local government stands assigned to State governments. The amendments maintain that the legislature of a State will continue to have powers to endow the panchayats and municipalities with such powers and authority as it may consider necessary to enable them to function as institutions of self-government.

In tandem, the Constitutional amendment has maintained the prerogative of the State legislature to decide which taxes, duties, tolls and fees should be assigned to local bodies and which of them should be shared between the State and local
bodies. The Amendment has provided for the setting up of a Finance Commission in every State for the purpose of reviewing the financial position of the panchayats and making recommendations on the principles that would govern:

- Distribution between the State and panchayats of the net proceeds of the taxes, duties, tolls and fees that may be leviable by the State;
- Determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the panchayats;
- Grants-in-aid to the panchayats from the Consolidated Fund of the State; and
- Any other measure that would improve the finances of the panchayats.

These provisions in the Constitution envision a major vertical and horizontal restructuring in the State-local and Centre-local fiscal relations. It has also provided to States an opportunity to redesign the existing fiscal system so that it is coherent and flexible enough to meet the rapidly changing local needs and responsibilities.

The 73rd Amendment has ushered in an era of democratic decentralisation, incorporating specific provisions for the empowerment of local governments. This development coincides with what is happening in the other parts of the world. It has provided Constitutional recognition of local bodies, which was non-existent in the pre-amendment period. It has also simultaneously laid out a platform for initiating a wide spectrum of reforms in areas, such as local electoral systems, mechanisms for local planning and development, and State-local relations in matters concerning functional and fiscal powers and responsibility.

2.9.6. Institutions - Changing Indian Polity

It has been almost a decade since the 73rd Amendment. Since then, two fundamental changes have come about in the Indian democratic polity - namely,

a) The democratic base of the Indian polity has widened;

b) This has brought about significant changes in India's federalism.
Before the amendment, India's democratic structure through elected representatives was restricted to the Loksabha and the Rajyasabha in the Parliament, 25 State Assemblies and two Assemblies of the Union Territories. The strength of total elected representatives at the first and second strata was about 4,963. Presently, the democratic base of the Indian polity has widened considerably. Beside the erstwhile elected representatives, there are about 600 district panchayats, more than 6000 block tahasil mandal panchayats at the intermediate level and more than 2,50,000 gram panchayats in rural India. In fact, the third stratum has fully dominated the Indian polity. No country in the world can boast of such a number of elected representatives, which truly forms the foundation of Indian democracy.

Another significant change that has come about is in our federal structure. Our federal structure is pregnant with revolutionary possibilities following the widening democratic base as well as the structural change brought about by the panchayats and local bodies. India is on the move to become a multi-level federation with elected local bodies at district, talukal mandal tasil, and village levels. Undoubtedly, this may be realised only when the subjects mentioned in the 11th Schedule of the 73rd Amendment (Panchayat) and 12th Schedule of the 74th Amendment (Municipalities) are brought under Schedule VII. Only then will this assume the status equal to that of the Union and State Lists.

Although the elected bodies under the amendment have no legislative powers and de jure the Union and States constitute federal India, the qualitative change that has come about in the Indian federal structure has far reaching consequences. With changing political equations and coalition governments at the Centre, the second and third strata of governance are getting stronger. The Centre depends on the States, which are controlled by a number of regional parties. The regional parties derive their strength from the PRIs. Hence, PRIs have emerged as a pivot of governance at both State and Central levels. Thus, the Panchayat raj movement is likely to result in significant changes in India's federalism.

Beside these changes in the Indian polity, Panchayat raj has also resulted in some interesting developments, especially in terms of emergence of women's leadership and providing political space to the marginalised.
2.9.7. Reservation of Seats

Seats shall be reserved for the Scheduled Castes and the Scheduled Tribes in every Panchayat and the number of seats so served shall bear as nearly as may be, the same proportion to the total number of seats to be filled by direct election in that Panchayat as the population of the Scheduled Castes in that Panchayat area or of the Scheduled Tribes in that Panchayat area bears to the total population of that area and such seats may be allotted by rotation to different constituencies in a Panchayat.

Not less than one-third (including the number of seats reserved for women belonging to the Scheduled Castes and the Scheduled Tribes) of the total number of seats to be filled by direct election in every Panchayat shall be reserved for women and such seats may be allotted by rotation to different constituencies in a Panchayat. The offices of the Chairpersons in the Panchayat at the village or any other shall be reserved for the Scheduled Castes, Scheduled Tribes and women in such manner as the Legislature of a State may, by law provide. Provided that the number of offices of Chairpersons reserved for Scheduled Castes and the Scheduled Tribes in the Panchayats at each level in any State shall bear, as nearly as may be, the same proportion to the total number of such offices in the Panchayats at each level as the population of Scheduled Castes in the State or of the Scheduled Tribes in the State bears to the total population of the State. It has been provided further that not less than one-third of the total number of offices of Chairpersons in the Panchayats at each level shall be reserved for women. The number of offices reserved under this clause shall be allotted by rotation to different Panchayats at each level.

The reservation of seats of offices of Chairpersons (other than the reservation for women) shall cease to have effect on the expiration of the period specified in Article 334. The State Legislatures may make provisions for reservation of seats in any Panchayat or offices of Chairpersons in Panchayats at any level in favour of backward class of citizens22.

2.9.8. Duration of Panchayats

Every Panchayat, unless sooner dissolved under any law for the time being in force, shall continue for five years, from the date appointed for its first meeting and no longer. An election to constitute a Panchayat shall be completed before the expiry
of its duration as specified or before the expiration of a period of six months from the date of its dissolution. A Panchayat constituted upon the dissolution of a Panchayat before the expiration of its duration shall continue only for the remainder of the period for which the dissolved Panchayat would have continued had it not been so dissolved.

2.9.9. Powers, Authority and Responsibilities of Panchayats

According to Article 243 G of the constitution, the Legislature of a State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to:

a) The preparation of plans for economic development and social justice; and

b) The implementation of Schemes for economic development and social justice as may be entrusted to them including those in relations to the matters listed in the Eleventh Schedule.

2.9.10. Audit of Accounts of Panchayats

The legislature of a State may, by law make provisions with respect to the maintenance of accounts and the auditing of such accounts.

2.9.11. Election to the Panchayats

The Superintendence, direction and control of the preparation of electoral rolls for, and the conduct of, all elections to the Panchayats shall be vested in a State Election Commission consisting of State Election Commissioner to be appointed by the Governor. The State Election Commissioner shall not be removed from his office except in like manner and on the like grounds as a judge of High Court. The Governor of a State shall, when so requested by the State Election Commission, make available to the State Election Commission such staff as may be necessary for the discharge of the sections conferred on the State Election Commission.
2.10. CONSTITUTION OF FINANCE COMMISSION

The Governor of the State shall, as soon as may be within one year from the commencement of the constitution 73rd Amendment Act, 1992, and thereafter at the expiration of every fifth year, constitute a finance commission to review the financial position of the Panchayats and to make recommendations to the Governor as to Principles which should govern:

- The distribution between the State and the Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the State,
- The determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by the Panchayats;
- The grants-in-aid to the Panchayats from the consolidated fund of the State, the measures needed to improve the financial position by the governor in the interest of sound finance of the Panchayats.

The Governor shall cause every recommendation made by the commission under this article together with an explanatory memorandum as to the action taken thereon to be laid before the legislature of the State.

2.11. CONFERENCE OF STATE MINISTERS OF RURAL DEVELOPMENT AND PANCHAYAT RAJ (1998)

The Ministry convened a Conference of State Ministers of Rural Development and Panchayat Raj on May 13, 1998. This meeting was inaugurated by the Hon'ble Prime Minister. The resolutions adopted in the Conference are:

- A Task Force for studying the structure and functioning of the Panchayats should be set up;
- Provisions of 73rd Amendment Act and Central Act 40 will be complied with;
- Gram Sabhas should be convened on a single pre-determined day every quarter and
- Care should be taken to respect the autonomy and independence of each tier of PRIs and to build up capability of the village level Panchayats.
In pursuance of the resolution, a Task Force was constituted under the Chairmanship of the then Minister of State (Independent Charge), Ministry of Rural Areas & Employment to study the structure and functioning of PRIs. The State Governments have been requested to ensure that the Gram Sabha Meetings are convened once in each quarter preferably on 26th January-Republic Day 1st May-Labour Day 15th August- Independence Day and 2nd October-Gandhi Jayanti. The Government of India decided to observe the year 1999-2000 as the Year of Gram Sabha. This is in recognition that the Gram Sabha is potentially the most significant institution for participatory and decentralised democracy. On 17th March, 1999, all Chief Ministers/Administrators have been requested to initiate measures to energise Gram Sabha in tune with the Seven Point minimal package during the Year of Gram Sabha.

2.12. CONFERENCE OF MINISTERS OF STATES IN-CHARGE OF PANCHAYAT RAJ (2001)

A conference of Ministers of States in-charge of Panchayat Raj was held on 11th July, 2001 in New Delhi to discuss measures for strengthening Panchayat Raj Institutions towards implementation of the Constitution (73rd Amendment) Act, 1992. The major recommendations adopted in the Conference included: Panchayat elections should be regularly held every 5 years.

- The States would issue detailed executive instructions devolving specific and substantial executive powers in respect of the 29 Subjects listed in the 11th Schedule, upon each tier of Panchayats by 31st March, 2002.

- A task Force comprising senior officers from the Ministry of Rural Development and the State Governments would be set up suggesting how to operationalise administrative decentralization of powers and submit its report by 31st August, 2001.

- District Planning Committees would be set up by the remaining States/UTs by December, 2001.

- The State Acts would be amended (by 31st March, 2002) to bring them in conformity with the provisions of Panchayats (Extensions to the Schedules Areas) Act, 1996.

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The scope of State Governments intervention and control over the PRIs should be minimized and if there is any specific complaint against any Panchayat, it should be referred to a body similar to the Ombudsman in Kerala.

The parallel bodies, if any, set by the States, should work under the supervision of Panchayats and the Gram Sabha.

It was resolved that the following Four-point strategy for strengthening of Gram Sabhas will be implemented by the States:

- Awareness through print and electronic media, street plays and training to the elected Panchayat representatives.
- Participation of the community in the preparation of need-based action plans, their execution and monitoring.
- Transparency by displaying all relevant information on a bill board regarding estimates, availability of funds and expenditure on the works taken up by the Panchayats, making available relevant records for inspection by the public, and providing photocopies of documents, on demand, on payment of nominal charges.
- Social Audit should have binding legal outcome so as to curb corruption and misutilisation of funds.

2.13. **ALL INDIA PANCHAYAT ADHYAKSHAS SAMELAN (2002)**

An All India Panchayat Adhyakshas Sammelan was held on 5th and 6th April 2002 in New Delhi with a view to getting a feed back from the Adhyakshas and revitalizing and strengthening the Panchayat Raj Institutions in the country in a time bound manner. The discussions in the Sammelan focused on the topics namely.

i) Devolution of Powers & Functions to Panchayats,

ii) Functioning of the Gram Sabha,

iii) Planning for Development at the Grass-root Level,
iv) Social Audit,
v) Resource Mobilisation by the Panchayats and
vi) Awareness Generation for the Rural Development Programmes and Capacity Building.

Besides the Panchayat Adhyakshas, Union Ministers, State Ministers incharge of Panchayats, Central and State Officials and representatives of NGOs and International Organisation attended this Sammelan, which was inaugurated by the Prime Minister and also addressed by the Leader of Opposition. The National 6 Declaration adopted by the Sammelan indicate, inter-alia that the States and Union Territories would initiate, by the end of December, 2002, the necessary measures:-

➢ To hold regular and timely Panchayat elections,
➢ To devolve funds, functions and functionaries to Panchayats,
➢ To constitute District Planning Committees and make them functional,
➢ To set up Ombudsman (to be headed by a retired Judge) to look into the complaints against the Panchayats,
➢ To ensure Parallel Bodies function under the guidance of the Panchayats,
➢ To amend the State Legislations to provide Panchayats adequate control over natural resources like, land, water, minor forest produce and minerals.
➢ To make legal provisions for accountability and transparency in the functioning of Panchayats in accordance with the 4-Point strategy. Awareness, Participation, Transparency and Social Audit and
➢ To strengthen the Gram Sabhas and Gram Panchayats.
➢ To devise an appropriate mechanism to provide significant non-budgetary resources in the form of loans with adequate maturities to PRIs, specifically to be used for such developmental projects as are planned and executed by PRIs themselves.
➢ To put in place an appropriate structure of incentives to recognise and encourage the Panchayats for outstanding performance, especially in respect of improvements effected in accepted Social Development Indicators.
To discuss the need for an appropriate new Amendment to the Constitution to bring about speedy and effective devolution of financial and administrative powers to PRIs and to quickly initiate the process of bringing in the much needed new Constitution Amendment. The Sammelan also urges all the Political Parties and Members of Parliament to pass the Amendment and thus usher in the era of Second Generation of Panchayat Raj Reforms.

The Ministry of Rural Development is currently considering ways of securing mandatory devolution of atleast some of the administrative and financial powers to Panchayat Raj Institutions by the State Governments.

2.14. SUMMING UP

The Constitution visualises panchayats as institutions of self-governance. However, giving due consideration to the federal structure of our polity, most of the financial powers and authorities to be endowed on panchayats have been left at the discretion of concerned state legislatures. Consequently, the powers and functions vested in PRIs vary from state to state. These provisions combine representative and direct democracy into a synergy and are expected to result in an extension and deepening of democracy in India. The 73rd constitutional amendment act has undoubtedly transformed the functioning of PRIs. However, a lot more needs to be done to ensure that panchayat raj institutions become effective instruments of weak governance and to materialize the spirit of democratic decentralization in true sense. The devolution of 3FS (Funds, Functions and Functionaries) would certainly strengthen the panchayat raj institutions, the realization of which depends to a great extent on the political and commitment will of leaders.
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