Chapter - III

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Historically, every village in the country had a panchayat which was responsible for finding the solutions to the local problems within the village itself. Panchayats or the village councils are as old as India’s history and have been a part of its tradition. In *Discovery of India*, Pandit Nehru has provided a fairly exhaustive idea about the working of the Village Panchayats in ancient India. Panchayats had extensive powers, both executive and judicial. Its members were treated with great respect by the king’s courtiers and the public. Land was allotted by the panchayats. They also collected taxes out of agricultural produce and paid the share of the village to the kings. Over the Village Panchayats / Village Councils, there was a big panchayat to supervise and intervene, if necessary (Joshi R.P. and Narwani, 2002: 20, 21).

Vedic and post-Vedic sources show the Indian village as a self-sufficient and autonomous miniature republic. Kingdoms and empires rose and fell but the village has survived. Village social organization can be clearly understood by centering the discussion on the panchayat, an effective agency of social control for ages. The autonomous village is best described by Metcalfe:

“The village communities are little republics, having nearly everything they can want within themselves... Dynasty after Dynasty tumbles down, revolution succeeds revolution ... but the village community remains the same ... This union of the village communities, each one forming a separate little state in itself, has ... contributed more than any other cause to the preservation of the people of India ... and the enjoyment of ... freedom and independence” (as quoted by Mario D Zamora, 1990:13).
Vedic Age:

"Panch - Ayat" means a group of five persons selected by the villagers. Indirectly, it denotes the system through which rural people are governed. It indicates that there was some method of self-government. In the old Sanskrit scriptures, there is a word ‘Panchayatan’, which means a group of five persons, including some spiritual man. But, gradually, the concept of the inclusion of a spiritual man in such groups vanished. In the Rigveda, there is a mention of ‘Sabha’, ‘Samiti’ and ‘Vidath’ as local self-units. Subsequently, the panchayat became a group of any five selected persons of the village to decide village disputes. The concept of ‘Panch Parmeshwar’ or ‘Panch – the God’ existed in the ancient age. ‘Yagna’ or sacrifice, to be successful, must be done by five devoted persons as per the Vedic saying. It indicates the pious conscience of Panchas. There is a description of ‘Sabha’ and ‘Samiti’, which were the democratic bodies at the local level. The king used to get the approval of the ‘Sabha’ or ‘Samiti’ regarding certain functions and decisions (Joshi R.P. and Narwani G.S., 2002: 21).

Epic Era:

The study of the Ramayana indicates that administration was divided into two parts- ‘Pur’ and ‘Janpad’ or city and village. Villages were ‘Janpad’ and village people were called the ‘Janpada’. ‘Gram’, ‘Maha Gram’ and ‘Ghosh’ (village, big village and group of villages) are mentioned in the Ramayana. ‘Pattan’ were towns near villages and served as ‘Mandi’ or market for the villagers. ‘Shreni and Nigam’ were there as local bodies but no description regarding their constitution is available in the Ramayana.

Self – government of a village finds ample expression in ‘Shanti Parva’ of Mahabharata, Manu Smriti and in Kautilya’s Arthashastra. ‘Sabha’ and ‘Samiti’ played a part in controlling the decisions of the king. ‘Sabha Parva’ of the Mahabharata mentions the Gram Panchayats but it is not clear whether the panchas were elected by the people or nominated by the kings.
*Manu Smriti* stresses on organized system of local self-government. It has highlighted the importance of the decentralisation of the functions of the state. The king was advised to keep responsible ministers for advice. Manu has mentioned 'village' as the smallest unit of governance. ‘Rakshak’ (saviour) was responsible for the village. His function was to maintain law and order. Lower Rakshak owed responsibility to the higher Rakshak (Joshi R.P. and Narwani G.S., 2002: 22).

**Ancient Period:**

Kautilya, in his *Arthashastra* advised the king to constitute units of villages having 100-500 families. There would be centres of 10 villages, 200 villages, 400 villages and 800 villages. These centres would be respectively known as ‘Sangrahan’, ‘Karvatik’, ‘Drona Mukh’ and ‘Sthaneeya’. Town was termed as ‘Pur’. Its chief was ‘Nagrik’. Local bodies were free from any interference from the king’s side.

In Chandragupta Maurya’s regime, the policy of decentralisation of power was adopted. The village was the smallest unit of governance. A person elected by the people of the village was the ‘Gramik’ (head of village). Megasthenes has described how Pataliputra town was administered by six committees consisting of five members each. In the Gupta period also the ‘Gramik’ was the village head and a village was the smallest unit of governance. The records of the Gupta period mention ‘Gram Sabha’, ‘Gram Janpad’ and ‘Panch Mandli’. *Neeti Shastra* of Shukracharya also mentions village governance during this period. In South India the ‘Sathavahan’ kingdom existed in the 1st century B.C. There were local bodies for governance in the cities as well as the villages. The ‘Chola’ rulers also developed self-governance in the villages. ‘Nadu Parishads’ were representative bodies which were solely responsible for the maintenance of the villages.

In the northeastern India, there were small republics which were quite independent in integral matters. The Village Panchayats were vested with sufficient administrative powers and the king interfered the least (Joshi R.P. and Narwani G.S., 2002: 22, 23).
**Medieval Period:**

There are three important officials to rule the village. They are Mukkadam for administration, Patwari for collection of revenues and Choudhrie for decision on disputes with the help of the Panch. A village was the smallest unit where the management was looked after by Lambardar, Patwari and Chowkidar. Villages had sufficient powers as regards self-governance in their territory. Panchayats were prevalent in villages in the medieval period. Agricultural produce from villages was the main source of the revenue of the state (Joshi R.P. and Narwani G.S., 2002: 21-23).

**British Period:**

The British administration in India was essentially a revenue and law and order administration. The British were indifferent to the way in which their own local councils were managed in England, and the same apathy was reflected in their experiments in local administration in India and many times the progress of local government in India became a mere personal equation (Bhargava B.S., 1994:2).

Self-governance was not the objective of the British government. Their main objective was the protection of imperial interests. It was only with such an object that the powers were given at the local level. More attention was paid to urban administration rather than rural areas.

According to S.R. Maheshwari, the beginning of local government can be presumed from 1687, when the Madras City Corporation was established. The subsequent history can be detailed as follows:

Broadly, it may be divided into the following five periods, each period characterized by a definite aim and purpose.

1. 1687 – 1881: Local government was established to share the burden of resources of the central and provincial governments.
2. 1882 – 1919: Local government was seen as self-government.

3. 1920 – 1937: Local government was established in the provinces and people’s representatives were controlling the provincial administration also.

4. 1938-1949: Local government was in the state of repair (Rejuvenation) and Reconstruction.

5. 1950: Present day Local government has been keyed to the requirements of the Constitution.

Period I – 1687-1881:

In 1687, the Madras City Corporation was made responsible for the public services. Besides collection of taxes, civil and criminal matters were also dealt with by it. In 1726, the Municipal Corporation was replaced by a mayor’s court, which was more a judicial body than an administrative one. The Charter Act of 1793 established municipal administration in the three presidency towns of Madras, Calcutta and Bombay by authorizing the governor general of India to appoint Justices of the peace in these three towns (Maheshwari S.R., 1984: 13, 14). In 1773, under the Regulating Act, Justice of Peace was appointed in presidency towns. They supervised health and sanitation in these cities (Joshi R.P. and Narwani G.S., 2002: 25).

The year 1870 marks a further stage in the evolution of local government. In that year Lord Mayo’s famous resolution which advocated a measure of decentralization from the centre of the provinces, emphasized the desirability of associating Indians in administration, and indicated the municipal government as the most promising field for this purpose (Maheshwari S.R., 1984: 15). He suggested the strengthening of the municipal bodies and making them more powerful. Representation based on election was implemented only in Madhya Pradesh. The 1880 Famine Commission also indicated the necessity of the local bodies at the village level for famine relief work.
Period II – 1882 – 1919:

Lord Rippon was appointed as the Viceroy in 1880. The Local Self Government Resolution, 1882 was the most important act of his tenure (Joshi R.P, Narwani G.S., 2002:25). Lord Ripon’s resolution enunciated the following principles which were hence forth to inform and guide local government in India:

1) Local bodies should have mostly elected non-governmental members and chairman.

2) The state control over local bodies should be indirect rather than direct. These bodies must be endowed with adequate financial resources to carry out their functions. To this end, certain sources of local revenue should be made available to the local bodies which should also receive suitable grants from the provincial budget.

3) Local government personnel should operate under the administrative control of the local bodies. The government personnel who are deputed to the local government must be treated as employees of the local government and subject to this control.

4) The resolution of 1882 should be interpreted by the provincial governments according to the local conditions prevalent in the provinces (Maheshwari S.R., 1984:17, 18).

During 1883 – 1885, the local self-government acts were passed in many provinces. Local boards could be superseded in case of abuse of powers. The British bureaucracy did not think of Indians as Mature and experienced enough for local self – government. Hence, Lord Curzon subsequently opposed such liberalism and increased government control over such local bodies (Joshi R.P, Narwani G.S, 2002: 26).
Another significant stage in the history of local government was the publication in 1909 of the report of Royal Commission upon Decentralisation, set up in 1906 (Maheshwari S.R., 1984: 18). In 1907 the British Government set up the Royal Commission on Decentralization to examine administrative and financial relations between the central government and provincial governments and recommend any needed changes. The Commission also inquired into the structure and working of local self-government in India. The Commission made certain recommendations about re-organisation and reinvigoration of the local self-government. As regards rural local self-government in particular, it recommended revamping of sub-district and district boards and also setting up of a network of village panchayats with informally elected members and with village headman as its chairperson. The Panchayat was to be empowered not only to provide elementary civic service but also to perform minor judicial functions. The Commission thus recommended a three-tier rural bodies system by addition of village panchayats to the sub-district and district boards already in existence in most of the rural areas in provinces.

However, actually in various provinces (except Madras) revamping of local boards and establishment of panchayats did not make very substantial progress. This was partly on account of innate conservatism and partly due to administrative slowdown during World War I period (Khanna B.S., 1999: 9, 10).

In 1918 the Montague-Chelmsford Report suggested that the local boards be made representative bodies. State intervention should be minimum. They should learn from their mistakes. The suggestions of the Royal Commission were incorporated in 1918 with the proposed scheme of dyarchy. The Municipalities were vested with more powers to impose taxes. The Village Panchayat Act was also passed and panchayats became a legal body (Joshi R.P., Narwani G.S., 2002: 26, 27).

Meanwhile the national movement for constitutional reforms demanding grant of self-government to India was gathering increased momentum in response to this national demand the British Government ultimately decided to introduce substantial
constitutional reforms in the country. Government of India Act, 1919 was passed by the British Parliament for this purpose (Khanna B.S, 1999:10). This was made local self – government a transferred subject and hence a responsibility of the popular ministry (Naseem Ahmad, 2005: 219).

Period III – 1920 – 1937

With the outbreak of the first Great War (1914-1918) the British Government felt it necessary to gain support and cooperation from the people in India. The Government of India Act 1919 was enforced in 1920 to lead the country towards this goal. A beginning in responsible government was made in the provinces by introducing a dyarchical system of government. Certain functions which were of developmental nature like local self government, co-operation, agriculture, etc., were transferred to the control of the popularly elected ministers who were responsible to the legislature and elected on a wider franchise. The franchise was further democratized: the local bodies were freed from many restrictions in respect of preparation of budget; and finally, the executive direction passed into the hands of the elected members of the public.

The local government was thus set to move in the direction of democracy. Corruption increased; favoritism and nepotism became rather rampant, and the local civil service came under the influence of the local politicians and even started working for them and, as a consequence jobbery in Municipal appointments increased. Jawaharlal Nehru was Chairman of the Allahabad municipal board in 1924 and 1925 (Maheshwari S.R, 1984: 19, 20).

In 1930, evaluation of the implementation of self –government was done by the Simon Commission. It reported that except Uttar Pradesh, Bengal and Madras they did not find any progress in the rural areas. The condition of the local bodies deteriorated between 1919 and 1930. Hence, it was suggested by the Simon Commission to increase the control of the state over these local bodies (Joshi R.P., and Narwani G.S., 2002: 27).
Period IV: 1937 – 1949:

The Government of India Act, 1935 gave powers to the provincial governments. Popular elected governments in the provinces got provincial autonomy and they were duty bound to enact legislation for further democratization of the local self-government institutions, including the Village Panchayats. Popular governments could arrange more finances. Separation between provincial taxes and local taxes was ended. In almost all the provinces, local bodies were given more functions. Powers to impose taxes were reduced. Thus, the local bodies were organized properly during the British period, through during the Second World War in 1939, the popular government vacated the office. But the position of the local self-government institutions remained unchanged till August 1947, when the country attained independence.

Thus, the spirit of democratic decentralization at the village level was existent right since the ancient period. It became more and more organized and took proper shape by the time India became independent in 1947 (Joshi.R.P., Narwani G.S., 2000: 27, 28).

To sum, in India modern type of local rural self-government started evolving gradually since the last quarter of the nineteenth century. It expanded spatially and was increasingly democratised during the last phase of the British rule (1919 – 47). But it did not blossom sufficiently on account of various constraints: Politico – administrative and financial.

Evolution: Post – Independence Period:

During first decade in independent India the State Governments adopted certain legislative and administrative measures with a view to expand and develop rural local self government (Khanna B.S, 1999 : 11).
The plea for greater autonomy to rural local bodies received conceptual strength with the advent of Mahatma Gandhi on national scene and his enumeration of the doctrine of national development through autonomous rural organization which he desired to model on the lines of Panchayat system as it prevailed an ancient India. Mahatma Gandhi was careful to state that his concept of “Ram Rajya” of which Panchayat autonomy was an integral component was not derived from any specific historical period but it was an ideal construct based on the best features of different periods of Indian History (Iqbal Narain, et al 1970: 4).

Provisions in the Constitution:

The constitution of India includes a provision (article 40) relating to the panchayats. The draft constitution did not include any mention about panchayats (Khanna, B.S. 1999: 12). It was only under strong pressure that Article concerning panchayats could appear in the Directive Principles. On 22nd November, 1948, K.Santhanam moved the party’s official amendment which was adopted by the Assembly and thus Article 40 was included in the Constitution.

Article 40 requires the state to take steps to organize village panchayats and to confer on them necessary powers and authority to enable them to function as units of self-government. The idea underlying this constitutional provision is to introduce democracy at the grassroots. This provision does not prescribe as to what powers should be given to the panchayats or what their structure should be and that is why panchayati laws vary from one state to another.

Panchayat Raj System in India has evolved out of the Community Development Programme (CDP) introduced on October 2, 1952 intended to bring socio-economic development of rural masses in a democratic way. It was further supplemented by National Extension Service (1953). However, after a few days, it was realised that the programme had not delivered the desired results due to lack of people’s participation in the development programmes (Shamser Singh Malik, 2002: 3, 4). This drew the attention of the Second Plan which said that democratic
institutions within the district should be created where the entire community, particularly the weaker sections might get involved in developmental activities.

In 1957, January 16, The Team for the Community Projects and National Extension Service was appointed by the Committee on Plan Projects in order to study and report on the Community Projects and National Extension Service (Naseem Ahmad, 2005: 220). It was popularly known as Balwantray Mehta Committee after the name of its chairman. (Maheswari S.R, 1984: 60).

The committee in its report published in 1957, found that:

1. The community development and national extension service programme had failed to evoke popular initiative;

2. Local bodies at a level higher than the panchayat had evinced but little enthusiasm in the Community Development Programmes; and

3. Even the panchayats had not come into the field of community development in any significant way (Maheshwari, S.R, 1984 : 61).

The committee observed that the major reasons for failure of CDP was lack of enthusiasm and non-participation of the people in its implementation at local level. It also suggested that an appropriate organizational structure shall be created for eliciting people's participation. (Shamser Singh Malik, 2002: 4).

The team broadly suggested two directions for inducting people's participation in local decision making. First, administrative decentralization, and, second, bringing it under the control of elected bodies for effective implementation of development programmes. The team's recommendations envisaged a three-tier system for decentralization (Mahi Pal, 2004:6), popularly known as Panchayati Raj, at three levels viz. Village Panchayat at Village level, the Panchayat Samiti at the Block level and the Zilla Parishad at the District level (Nasem Ahmad, 2005 : 224). Of these three, however, the most effective body was visualized at the block level. The
committee had visualised the Zilla Parishad mainly as a supervisory and co-ordinating body (Naseem Ahmad, 2005: 228). The committee had visualised the Zilla Parishad mainly as a supervisory and co-ordinating body (Naseem Ahmad, 2005: 228). The committee opined that the system could be affected by devolution of powers to these bodies and handling over the entire charge of development work within its jurisdiction (Shamser Singh Malik, 2002: 4).

The recommendation about the establishment of three-tier system was discussed in the Parliament as accepted by the National Development Council in January 1958. For evoking popular appeal among the masses, the name of democratic decentralisation was changed to Panchayati Raj. The states were given option to adopt it with such modification as suited their special conditions (Sita Ram Singh, 1986:5). It, however, recommended the following basic principles for acceptance by all states:

1. There should be three-tier structure from the village to the district level, each tier linked to the other.

2. There should be adequate transfer of power and responsibilities to these bodies.

3. Keeping in view the transfer of power and responsibilities, adequate resources should be placed at their disposal.

4. All development programmes at each level should be entrusted to these bodies.

5. The system ultimately evolved should be such that further devolution of powers will be facilitated (Srivastava, K.V., 1987:24).

The Central Council of Local Self-Government at its fifth meeting held at Hyderabad in 1959 accepted the basic principles of the institutional pattern suggested by the team (Shakuntla Sharma, 1994: 129, 130).
Following the recommendations of Mehta Committee, Rajasthan was the first state which inaugurated Panchayati Raj on 2nd October 1959 at Nagur. Nine days later, Andhra Pradesh introduced the system by mid-1960’s. Panchayati Raj had been constituted across the country. Later on, some States set up committees to assess the progress made by the Panchayats and suggested measures for their improvement. Evaluations on the functioning of the Panchayati Raj revealed that these bodies had enabled the people to participate in their own affairs (Mahi Pal, 2004:6).

The phase of decline of PR in India started after mid-sixties. During this period, Panchayati Raj lost its glamour and the centralized tendencies played havoc with its functioning all over the country. The elections were not held regularly and the people’s participation was weakened in these bodies. Panchayati Raj Institutions (PRIs) were blamed for inefficiency, corruption, favouritism, uncertainty and irregularity.

Most of the development programmes were kept out of their purview; centrally sponsored schemes were initiated; parallel administrative bodies were created and the government reduced the funds considerably. During the period of national emergency, bureaucracy got the upper hand and these institutions lost much of their vitality and significance. Thus Village Panchayats were made subordinate units of the government to implement its programmes at the lowest level, and not the agencies of self-government or Gram Swaraj as Gandhiji had advocated. Although, several committees were set up by the different states for bringing about improvement in the PR system during the sixties and seventies, these could not serve the purpose (Shamser Singh Malik, 2002: 4, 5).

The study team on the position of Gram Sabha in Panchayati Raj Movement (1963) recommended that Gram Sabha should be statutorily recognized and encouraged to play a more active role in village affairs. The study team on the Audit of Accounts of Panchayati Raj Bodies (1965) suggested measures for activising the system of the financial transactions of Panchayati Raj Institutions. The Committee on Panchayati Raj Elections (1965) made recommendations on the size and composition.
of, and the mode of election to the Panchayat Raj bodies at the village, block and
district levels. It suggested size ranging between nine and nineteen for the Panchayats
twenty and forty for the Panchayat Samitis and forty and sixty for the Zilla Parishads.

Some of the State governments also appointed various committees to improve
the structure and machinery of Panchayat Raj and to examine the recommendation
made by the Balwanthray Mehta Committee. The Madhya Pradesh Rural Local Self-
Government Committee (1959) stood for a three tier system of Panchayati Raj, the
village panchayat at the village level, Janapada Panchayat at the block level, the Zilla
Parishad at the district level. The intermediate body was made responsible for the
planning and execution of all development activities. The Gujarat Democratic
Decentralisation Committee (1960) recommended the establishment of high powered
body at the district level and it was to be called District Panchayat. The Naik
Committee (1961) appointed by Maharashtra Government was the most outstanding.
This committee made out a strong case for democratic decentralization (Shakuntla
Karnataka Government suggested the creation of an executive body at the district
level, observing that the zilla parishad would implement all schemes and works of a
district character, to guide and to supervise the technical personnel at the district level
to the lower bodies and assume over all responsibility for planning and development
in the district (Iqbal Narain et al., 1970:23, 24). The Andhra Pradesh High Power
Committee (1964) on the re - organisation of Panchayat Samiti Block and Allied
Matters favoured the enlargement of the size of the block, consisting of a larger
numbers of panchayat. It recommended a built-in corrective against the excessive
prevalence of local functions which is all the more necessary when the blocks are
recognized as units of planning and panchayat samitis are evolving as agencies to
implement the various programmes of the government (Shakuntla Sharma, 1994:138).

In Rajasthan, Sadiq Ali Committee (1964) analysed the functioning of grass
roots democracy and advocated that adequate resources and powers should be
entrusted to the zilla parishads for certain original executive functions and for this
purpose district level officers should be transferred to the zilla parishad (Bhongle
S.K., 1977:14). The Rajasthan High Power Committee (1973) recommended strengthening of the Zilla Parishad in the three-tier system of Panchayati Raj. It is observed that in the present set up of decentralized powers, the panchayat samiti enlarges as the strongest tier. The committee after detailed study came to the conclusion that the first tier should be strongest instead of the middle tier (Madhav Rao L.S., 1978:16).

The Ram Murthy Committee (1965) on Panchayati Raj institutions in Uttar Pradesh recommended enlarging powers of the Zilla parishads. These powers include agricultural activities, promotion small scale industries, disbursement of loans and levying taxes. In Punjab, the Punjab Administrative Reform Commission (1966), the Rajinder Singh Study Team on Panchayati Raj (1966) and the Prakash Singh Badal Study Team on Panchayati Raj (1970) have made a number of recommendations to improve the working of Panchayati Raj Institutions and greater decentralisation of powers to it. The Haryana ad hoc committee on Panchayati Raj (1972) recommended that more powers and funds should be given to Panchayat Samities and Zilla Parishad should be abolished (Shakuntla Sharma, 1994:139). A number of other committees also studied and made recommendations for strengthening Panchayati Raj. They are: Uttar Pradesh: Govind Sahai Committee 1959; Karnataka: Basappa Committee, 1963; Rajasthan P Mathur Committee, 1963; Andhra Pradesh: Purushottam Pai Committee, 1965; Himachal Pradesh, Hardayal Singh committee, 1965; Maharashtra: Bongiwar Committee, 1965 and Andhra Pradesh: Narasimham Committee, 1972 (Bhargava, B.S., 1987:14).

All these studies and reports uniformly found the lack of coordination among departmental functionaries continuing to hunt and thwart the progress of the Panchayati Raj Institutions too as it did the Community Development Programme. Introduction of democratic decentralization could not bring about much improvement in the administration of the block organisation (Shakuntla Sharma, 1994: 137, 140).

The bold experiment of democratic decentralization of power has not proved a success due to many factors – political, financial, functional and administrative.
When the basic premise of Panchayati Raj institutions as units of self-government was lost, these institutions also lost their capability to fulfill the promise of development. The matter was reviewed again during the Janata rule at the centre by a committee known as the Ashok Mehta Committee in 1977 – 1978.

**Ashok Mehta Committee:**

The second most important committee was set up in 1977 after the Janata Party came into power at the centre. The Cabinet Secretariat in their Resolution No. 14/1/2/77-CF dated 12th December, 1977, appointed a Committee on Panchayati Raj Institutions.


Reviewing the functioning of these institutions way back in 1977, the Ashok Mehta Committee found three interesting phases of Panchayati Raj Institutions: i) the period from 1959 to 1964, a period ascendancy when the grass root institutions took roots, ii) the period from 1964 to 1969 which was called a phase of stagnation, iii) the period from 1969 to 1977 was called a stage of non-performance (Gangrade, K.D., 1990:10). The committee concluded that the grass roots institutions are the grass without roots and caricature of local governments.

It is, therefore, essential that in the proposed decentralization, all safeguards must be taken so that the ideal of “Power to people” does not degenerate into power to the power less. The committee observed that the institutions of Panchayati Raj are dominated mostly by the socially and economically dominant people of the society and have facilitated the emergence of oligarchic forces which gave no benefit to the weaker sections of the village society. It also observed that these institutions are influenced by caste considerations and are suffering from corruption, inefficiency, political interference and power concentration.
The committee asserted the basic soundness of the Panchayati Raj Institutions and suggested a large number of long term measure to protect the interests of the weaker sections of the society. The committee recommended that implementation of the development programme should be planned in a decentralized way from below rather than from above. The political parties should participate effectively in Panchayat Raj affairs as their participation may ultimately convert their mutual competition into constructive cooperative for rural development (Shakuntala Sharma, 1994: 142 - 143).

The main recommendations of the committee were decentralization of power to district and below; a two-tier Panchayat Raj Institutions i.e., Zilla Parishad and a Mandal Panchayat covering a population of 15,000 to 20,000 with the Zilla Parishad playing the pivotal role; preponderance of elected members over the others at all levels; election to the Panchayati Raj Institutions to be conducted by the Chief Election Officer of the state in consultation with the Chief Election Commissioner; all developmental functions relating to a district to be placed under the Zilla Parishad; Zilla Parishads to handle all the decentralized state program and plan for them at the district level while the Mandal Panchayat to handle the implementation work; Zilla Parishad be made responsible for planning at the district level; safeguard for the weaker sections; administrative set up at the Zilla Parishad and lower level; devolution of financial resources including limited and specific taxation power to the Panchayat Raj Institutions; role of Panchayati Raj Institutions in human resources development, etc. It also suggested regular elections of these bodies; involvement of political parties in PR elections; reservation of seats for weaker sections and women, adequate financial resources; requirement of constitutional sanction and to extend people's participation in development activities through PRIs. Although, the recommendations of this committee were not accepted, it succeeded in initiating debates and discussions for improvement in the PR system throughout the country (Anirban Kashyap, 1989: 114,115 and Shamser Singh Malik, 2002: 5). However, the Report of the Ashok Mehta Committee could not be implemented because of the change of government at the Centre in 1980 (Shakuntla Sharma, 1994: 143, 144).
The planning commission appointed a Working Group (The Dantwala Committee – 1978) to shed light on how to go about experimenting with block-level planning. It was suggested by the Committee that block-level planning was the appropriate tool for fighting rural poverty and implementing rural employment programmes. According to the Dantwala Committee a multi-disciplinary team of experts headed by a chief planning officer from an important part of the district planning machinery and they take part in block plan formulation as desired technical expertise is not available at the block level. According to the Committee schemes that generate employment at the block level should be taken up and these should have some bearing on intensification and diversification of agriculture and also promotion and rehabilitation of rural industries. One important thrust of the report was its assertion that block-level planning should not only concentrate on local development activities for asset creation and employment generation but should also be geared towards institutional reforms and organization.

The Sixth plan noted that though block planning was important for poverty alleviation, it was putting too much emphasis on the need for providing gainful employment. This transformed block planning exercise to a kind of one point programme, one that had the only goal of providing employment. This plan again switched back to district planning which was to be guided by “backlog-cum-problem oriented planning concept” and the “resource-cum need based planning approach” (Sanyal B.M., 2001; 13, 14). The need to revamp the PR had also remained alive and it became an important issue of debates and discussions during the eighties. Due to expansion of anti-poverty programmes and DRDA and other organizations for rural development at lower levels, it was required to integrate PR system with development programmes (Shamser Singh Malik, 2002: 5).

The planning commission appointed a Working Group in 1983 known as the Hanumantha Rao Committee to suggest measures for making decentralized planning at the district level more effective. The Committee stressed the need for public participation at the local level. The people’s participation being a necessary ingredient of the planning especially at the grass roots level, the PRI’s have, naturally
significant contribution to make in the formulation, execution and evaluation of the planning at the local level. Panchayati Raj Institutions are supposed to provide the framework for the popular participation and organising development programme.

Rural development as an integrated concept for growth, social justice and poverty alleviation continued to be one of the principal areas of emphasis in the Seventh Five Year Plan. The development strategy of the Seventh Plan aimed as the direct attack on the problems of poverty, unemployment and regional imbalances.

Therefore, the planning commission set up the G.V.K.Rao Committee (1985) to review the existing arrangements for rural development and poverty alleviation programmes and to recommend appropriate structural mechanism to ensure that they are planned in an integrated manner and implemented effectively. The committee recommended strengthening of zilla parishads and district level planning as well as better integration of block and lower level of planning with lower level Panchayati Raj Institutions (Shakuntla Sharma, 1994: 145 – 146). The committee also recommended the appointment of a State Finance Commission once in every five years to determine the quantum of money to be provided by the State Government to each Zilla Parishad.

Setting up of a State Development Council with the Chief Minister as the Chairman, all the Ministers of the Government and the Chairman of Zilla Parishads as members and the Development Commissioner as its secretary, was also suggested. Among its functions could be the approval of district plans as well as approval of the State Annual Plan prepared by meshing together the district plans and other sectoral plans. It recommended that below Zilla Parishad; Panchayat Samiti at the Block level and Gram Panchayat for every village or a group of villages may continue to function with the elected representatives of the area. There should be reservation for the Scheduled Castes, Scheduled Tribes, women, etc. The committee also suggested that voluntary agencies operating in different areas and organizations of the poor should also be involved in the developmental programmes in a large measure (Anirban Kashyap, 1989: 117).
The Singhvi Committee (1986-87) had prepared the concept paper on Panchayati Raj. The committee wanted Panchayati Raj institutions to be closely involved in planning and implementation of rural development programmes at lower levels. This committee recommended that Village Panchayats (of group of small villages if necessary) should be made viable by combining 2-3 villages in one panchayat and by strengthening their finances (Shakuntla Sharma, 1994:146).

The committee recommended for a constitutional provision for ensuring regular, free and fair elections for Panchayati Raj bodies and setting up of a Panchayati Raj Judicial Tribunals to be constituted in each State to adjudicate controversies in relation to elections, suspensions, supersessions, dissolutions and other matters relating to the working of Panchayati Raj institutions and its elected personnel.

The committee recommended for providing adequate financial resources for Panchayati Raj institutions and also earmarking adequate provision for Panchayati Raj institutions by the Finance Commission appointed by the Union Government (Anirban Kashyap, 1989: 118). In order to strengthen the status of Panchayati Raj its basic features should be incorporated in the Indian Constitution. The existing constitutional provision (Article 40) is too general and also of discretionary nature to provide firm basis to Panchayati Raj which had been weakened largely on account of governmental neglect and unscrupulous local politicking in various states (Khanna, B.S, 1999 : 33,34).

The report of the Sarkaria Commission on Centre-State relations (1988) also dealt with the Panchayati Raj (Shakuntla Sharma, 1994: 146). This commission was primarily setup to look into the existing arrangements of separation of powers between the centre and the states. Sarkaria Commission discussed in detail matters related to decentralized multi level planning and strongly advocated participation of people’s representatives for better planning and improved functions of the administrative machinery at the local level. It recommended the creation of body similar to finance commission at the state level which would facilitate devolution or
The main provisions of the proposed Constitutional 64th Amendment Bill were as follows:

1. All states will have three-tier Panchayati Raj system which will include panchayats.

2. Regular mandatory elections will be held after every five years for these Panchayati Raj bodies under the control and supervision of the Chief Election Commissioner. If Panchayati Raj body is dismissed for some reason, it must be reconstituted through a proper election within six months.

3. All seats in the Panchayati Raj bodies will be through direct elections, and office-bearers will be from the directly elected members only. State legislature may appoint MPs, MLAs and others on PR bodies for their representation in the panchayats.

4. 30 per cent seats will be reserved for women in Panchayati Raj Bodies. Reservation of seats for SC/ST will be in proportion to their population in the total population.

5. Panchayati Raj bodies will prepare plans for economic development, social justice and social welfare of their population as per the given guidelines. These plans will be incorporated later on in state plans.

6. Strict accounting procedures will be laid down to central corruption and misuse of funds by panchayats. Comptroller and Auditor General of India will supervise the accounts (Shankuntla Sharma, 1999: 150, 151).
However, it could not be passed for want of adequate political support in the Rajya Sabha.

In 1990, National Front Government succeeding Congress Government introduced another Bill (Seventy Fourth Amendment) for reorganizing of both Panchayats and Municipalities. It provided very substantial discretion to the State Governments for making detailed provisions within the basic framework prescribed by it. The Constitution Amendment Bill was introduced in the Lok Sabha (Bhargava, B.S. 1999: 35), but it lapsed undiscussed due to dissolution of Lok Sabha in March 1991.

Realising the need to revamp PR System the Congress Government at the centre again introduced a fresh Bill on PR in September 1991 with some modifications and got it passed in December 1992, which is known as the Constitution (Seventy – Third Amendment) Act. After ratification by 17 state assemblies, the President of India accorded his assent and the Act came into effect from April 24, 1993.

The following are the salient features of this Act.

1. Establishing of Gram Sabha in each village comprising all the eligible voters.
2. Provision of three-tier system of PR (except the states whose population is less than 20,00,000), i.e., Panchayats at village, intermediate and district levels.
3. Direct elections of the members at village, intermediate and district level and to the offices of chairpersons of village panchayats.
4. Fixed tenure of 5 years for all levels of panchayats and holding mid-term elections within a period of 6 months in the event of supersession of any panchayats.
5. Provision of reservations of one-third seats for women in all the panchayats for the offices of members and chairpersons.
6. Reservations of seats for Scheduled Castes and Scheduled Tribes in proportion to their population in all panchayats for offices of members and chairpersons.

7. Minimum age to hold any office of a panchayat is fixed at 21 years and disqualification for members of these bodies will be similar to the method adopted in respect of MPs and MLAs.

8. Elections to the panchayats will be held under the direction and control of Chief Electoral Officers/ State Election Commissioner.

9. Provision of State Finance Commission after every five years to review the financial position of panchayats and to suggest the principles governing distribution of funds to the panchayats.

10. Provision of ex-officio membership for the concerned MLAs and MPs at intermediate and district level panchayats.

11. Panchayats have been empowered to impose and collect the assigned taxes, duties, tolls, fees, etc., and are entitled to grants – in-aid from the consolidated fund of the state.

12. The states would devolve to panchayats the powers to prepare plans for economic development and social justice and for the implementation of development schemes in their respective areas.

The Eleventh Schedule has been inserted in part – IX of the Constitution consisting of 29 subjects assigned to PRIs covering the activities relating rural areas (Shamser Singh Malik, 2002: 6-8). On these subjects, they function as the implementing agency of the state government.

The functions covered are:

1. Agriculture, including agricultural extension;
2. Land Improvement implementation of land reforms, land consolidation and soil conservation;
3. Minor irrigation, water management and watershed development;
4. Animal husbandry, dairying and poultry;
5. Fisheries;
6. Social forestry and farm forestry;
7. Minor forest produce;
8. Small scale industries, including food processing industries;
9. Khadi, village and cottage industries;
10. Rural housing;
11. Drinking water;
12. Fuel and fodder;
13. Roads, culverts, bridges, ferries, waterways and other means of communication;
14. Rural electrification, including distribution of electricity;
15. Non-conventional energy sources;
16. Poverty alleviation programme;
17. Education, including primary and secondary schools;
18. Technical training and vocational education;
19. Adult and non–formal education;
20. Libraries;
21. Cultural activities;
22. Markets and fairs;
23. Health and sanitation, including hospitals, primary health centres and dispensaries;
24. Family welfare;
25. Women and development;
26. Social welfare, including welfare of the handicapped and mentally retarded;
27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes;
28. Public distribution system and
The 73rd Constitutional Amendment Act was an attempt to revamp PR for decentralization and rural development with a view to grant power to people at grass root level. With the implementation of this Act, the state governments were asked to prepare new legislation or to amend their existing law absorbing the provisions of the Act within one year of its enactment. As provided under the Central Act, most of the states have either modified their existing Acts or replaced old PR Acts with new Acts (Shamser Singh Malik, 2002:8).

Implementation of 73rd Amendment Act:

Elections to PRIs:

Pursuant to the Amendment, all the states and union territories brought in new legislations or amended their existing ones within the stipulated time in conformity with the provisions contained in part IX of the constitution. Article 243 N under the Amendment provides that all the panchayats existing immediately before the commencement of the Constitutional Amendment shall continue till the expiration of their duration unless sooner dissolved by a resolution passed to that effect by the legislature of that state (Choudhury R.C and Jain S.P, 1996:6).

All the States/UTs except Arunachal Pradesh enacted appropriate legislations for setting up of strong, viable and responsible panchayats at different levels in their respective states. Part IX of the Constitution pertaining to formation of panchayats is not applicable to the states of Jammu & Kashmir, Hill areas of Manipur, Meghalaya, Mizoram, and Nagaland.

In the National Capital Territory of Delhi (NCT) of Delhi, the Panchayati Raj was suspended by the State government and no effective steps have been taken to revive the PRIs till date. Each of the States/UTs has constituted the State Election Commission (SEC) to ensure elections to the PRIs once in five years (Sanjay Prakash Sharma, 2006: 69).
All the states have followed the reservation policy faithfully as a result of which a sizable number of representatives belonging to the reserved categories in accordance with the provision have been elected. In some places the actual number of women leaders has exceeded the prescribed percentage. This is the broadest representative base, which exists in any country of the world, developed or developing. The presence of one-third women members in these bodies further provides a singular distinction across the globe (Choudhury R.C and Jain S.P, 1999: 7).

**Devolution of Powers and Functions:**

One of the major operational aspects of the implementation of the 73rd Amendment is the devolution package which respective State Governments are expected to provide to enable PRIs to become fully functional. While Article 243 G of the Constitution visualizes panchayats as institutions of self-government, it is subjected to the extent of devolution of powers and functions to the will of the state legislature. It also devolved the powers, functions and responsibilities to panchayats in respect of 29 subjects to prepare their schemes and development plans and implementation of programmes of economic development and social justice (Choudhury R.C. and Jain S.P. 1999: 7). Many of these such as agriculture, minor irrigation, animal husbandry, fisheries, social forestry, small scale industries and implementation of land reforms – focus on particular sectors within the rural economy. (Sanjay Prakash Sharma, 2006: 30).

Thus the Article 243 G says, “The legislature of a State may, by law, endows the panchayats with such powers and authority as may be necessary to enable them to function as institution 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) preparation of plans for economic development and social justice; (b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule”. 
This article is the heart of the whole scheme of decentralisation contained in the Act, but it is not mandatory on the part of the State because in this Article the word may is used five times. Thus, it is at the discretion of the state government that it “may” give or “may not” give powers to the panchayats (Mahipal, 2002:7).

After 1993 Constitutional Amendment, various states have delegated powers out of 29 subjects listed in Schedule XI of the Constitution of India (Joshi R.P, Narwani G.S, 2002: 66). Thus, it is evident that though the functions have been transferred by many States, but funds were transferred in Karnataka, Sikkim, Maharashtra, Kerala, Himachal Pradesh, West Bengal and Madhya Pradesh only, whereas functionaries were transferred in Karnataka, Sikkim, Maharashtra, Kerala, Himachal Pradesh and West Bengal only. Karnataka and Sikkim are top of the list. (Joshi R.P, Narwani G.S, 2002:67).

In Andhra Pradesh, funds and staff in respect of agriculture, animal husbandry, women welfare and child development sectors have been transferred (Joshi R.P, Narwani G.S, 2002: 67). Regarding the sectors, out of 29 subjects, planning execution and review have been entrusted to Zilla Panchayats.

A part form civic functions like drainage, street lights etc; the village panchayats have been given required paraphernalia of staff and tax levying powers and share in the state revenue.

Out of the three tires of the panchayats, panchayats at the district level only are strong and the other two at the block and village levels are treated as subordinate to the District Panchayats and, thus they are not independent (Joshi R.P, Narwani G.S, 2002 : 67). Fifteen subjects have been entrusted with Mandal Panchayats. Twelve obligatory and 27 optional functions have been given to the village panchayats (Report of the First State Finance Commission, 1997:39-43). Out of 29 subjects of the Eleventh Schedule only 27 subjects are transferred with out funds and functionaries (Report of the Third State Finance Commission, 2008: 199-201).

In Maharashtra, a very strong and powerful system of PRIs was established from the very beginning and the district was accepted as a unit of devolution of powers and the Panchayat Samitis as the executive arms of the Zilla Parishad.
functioning through a strong system of as many as 10 standing committees involving almost all the members of the Zilla Parishad. An IAS Officer has also been appointed as the Chief Executive and very large Paraphernalia of staff and almost all district level officers of rural development sectors have been placed under them. PRIs in this state have a wide range of administrative, financial and tax-levying powers directly given under the Act. Out of 29 subjects, only three subjects have been transferred fully and 11 subjects partly to the Panchayats. It has been observed that functions assigned to the Gram Panchayats are local functions relevant to the daily needs of villagers, where as the Block Panchayats work as the sub-committees of the Zilla Parishads. The District Panchayat, being the apex body, performs functions of co-ordination, control and supervision and serves as a link between the state and the PRIs.

In West Bengal, the position is contrary to that of Maharashtra. The Gram Panchayats have been given more powers in comparison with powers given to the Block / District Panchayats. They have only 14 obligatory and 21 assigned functions. The Gram Panchayats have full powers to approve works. The Panchayat Samitis also perform a large variety of functions related to 18 sectors. The Zilla Parishads have a wide range of administrative and financial powers. They are delegated with all the functions of 29 sectors under the schedule XI with 17 other items and 24 departmental schemes for implementation. The PRIs in West Bengal are very strong bodies which function as real institutions of self-governance. However, there is need for strengthening of the administrative structure to cope with the increase in powers and functions of the Gram Panchayats (Joshi R.P., Narwani G.S., 2002:70).

In Karnataka, the DRDA work has been merged into the Zilla Parishad. An IAS Officer, senior to the Collector, has been appointed as a Chief Secretary (Now CEO) of the Zilla Parishad, assisted by a large paraphernalia of senior officers and all the district level officers of as many as 28 departments functioning under him, as the entire rural development administration is with the Zilla Parishad. The Zilla Panchayat sector is very strong, covering as many as 257 important activities of 31 sectors have been assigned to the Panchayats, 56 activities of 28 sectors to the Tahsil Panchayats and 60 activities of 29 sectors have been given to the Zilla Parishads.
under the mandatory provisions of law. All the 29 subjects are transferred along with funds and functionaries to the Panchayats.

In Kerala, The State Government has transferred all the subjects along with the staff to the PRIs. The Gram Panchayats are very strong and can approve schemes of any amount, subject to the availability of funds.

Tripura has transferred 12 departments to the PRIs and has given powers, authority and responsibilities to the PRIs to enable them to function as institutions of self-government and to implement schemes for economic development and social justice. However, the Gram Panchayats have no control over the village level functionaries.

In Gujarat, the PRIs were strong from the very beginning, having all the functions, staff and resources relating to rural development. Fifteen out of 29 subjects of Schedule XI are with the PRIs. A large number of statutorily functions in respect of land revenue, Loan Act, Co-operative Act etc., are delegated to them. All the powers of the District Registrar of the Co-operative Societies are also delegated to the Zilla Parishad. The District Panchayat enjoys wide executive powers and a high degree of autonomy in planning (Joshi R.P., Narwani G.S., 2002:70 and Biswajit Chatterjee and Dilip Kumar Ghosh, 2003:138).

In Rajasthan all the functions have been transferred without funds and staff (Biswajit Chatterjee and Dilip Kumar Ghosh, 2003:138). Bihar is yet to devolve functional and financial powers to the PRIs. In Haryana, Panchayats are not empowered because the administrative and financial control is still vested in the respective departments and only planning, monitoring and supervisory powers have been given to the PRIs. Himachal Pradesh has, of course, devolved powers, functions and responsibilities relating to 23 departments to the PRIs. The Gram Panchayats have been given powers to check attendance and prepare reports of misconduct of the village-level employees of schools, dispensaries etc (Joshi R.P., Narwani G.S., 2002:67, 67-70).

In Madhya Pradesh, though the functions of 23 departments are transferred, staff and budget continue to be with line departments. In Orissa, the position is
confusing. Rules for devolution have been framed but they are yet to be implemented. In Punjab, powers vest in the bureaucracy. The District and Block Panchayats have limited functions. The Gram Panchayat can supervise the work of the village level functionaries and report to the concerned department. Sikkim has devolved powers, but orders are yet to be issued. In Tamil Nadu, 26 out of 29 subjects are to be transferred but orders are in the process of being issued. So far, orders have been issued in respect of some subjects. In Uttar Pradesh, though 13 line departments are transferred, the administrative control rests with the respective departments. The panchayats have functional control without any administrative authority. (Joshi R.P., Narwani G.S., 2002: 71).

As per the latest information available except Assam, Karnataka, Tamil Nadu, West Bengal none of the States / UTs transferred 29 Subjects to the Panchayats. In case of transfer of funds and functionaries to the Panchayats, except Karnataka, none of the States / UTs has transferred funds and functionaries pertaining to 29 Subjects to these bodies even after a decade of the implementation of the Constitution Amendment Act. As the saying goes, the proof of the pudding is in the eating, nothing worthwhile has been devolved to the Panchayats in the last decade (Mahi Pal, 2004:8).

In the sphere of functional devolution, the approaches and methods adopted by different State Governments to comply with or ‘evade’ the obligations imposed by the Constitution 73rd Amendment however widely vary across the states.

1) The State statutes enacted in conformity with the provisions of the post 73rd Amendment Act have not significantly altered the functional domain of the village Panchayats in particulars. In states where either the intermediate or apex tier of Panchayati Raj or both were absent for decades, the State Governments have not exhibited any concern to endow the new institutions with adequate functional responsibilities in the development sectors. States where these tiers are already in existence have merely repeated the provisions of the existing statutes in their new statutes with marginal adjustments.
2) Some states have statutorily provided for a plethora of functional responsibilities for their PRIs. However, in such cases no significant executive follow-up in terms of granting adequate and relevant powers, staff deployment and flow of additional financial resources have been reported.

3) The PRIs in several states are not very clear about their specific role in rural development. This is mostly due to the absence of ‘role clarity’ with regard to the statutory functions assigned to them. Some of the functions listed in the statute for the PRIs do not qualify to be ‘specific activities or responsibilities’.

4) A few states are not keen to have a three-tier structure of Panchayati Raj and are therefore, not prepared to endow their existing PRIs with functions which involve planning and execution of schemes. In terms of funds and functionaries also, the PRIs in such states have received a raw deal.

5) The state legislators as well as the senior bureaucrats seem to be not favourably disposed to the elected PRIs. In fact the moot issue seems to be not one of devolution of additional responsibilities on the PRIs but of strengthening the institutions with the grant of necessary powers, staff and funds even within the framework of the existing disensation.

6) In several states many functions statutorily listed for the PRIs are being planed and implemented by the line departments of the State Governments. These departments receive the funds directly from the State Government which are also spent by them. In some cases, the ‘administrative approval’ of the relevant Standing Committee of the district or intermediate - level Panchayats is obtained by them before implementing the schemes or activities. PRIs are not directly involved in the planning and implementation nor are the line department officials made accountable to them (Siva Subramanyam. K, 2002: 244, 245).
Financial Devolution:

As per Act.243 H of the Constitution, the state legislatures are empowered to enact laws to:

i. Authorize a Panchayat to levy, collect appropriate some taxes, duties, tolls and fees;

ii. Assign to a Panchayat, some taxes, duties, tolls levied and collected by the state government;

iii. Provide for making grants-in-aid to the Panchayats from the Consolidated Fund of the State; and

iv. To provide for the constitution of such funds for Panchayats for crediting all money received by or on behalf of the Panchayats and also the withdrawal of such money therefrom (Sanjay Mitra, 2002:187).

Article 243 I of the Constitution provides for the Constitution of a State Finance Commission (SFC) to review the financial position of Panchayats and to make recommendations for enhancing resources (Sanjay Prakash Sharma, 2006: 73-74).

Constitution of Finance Commission:

(1) The Governor shall on the recommendation of the State Government Constitute a Finance Commission as soon as may be within one year from date of commencement of the Constitution (Seventy Third) Amendment Act, 1992 and thereafter on the expiration of every fifth year.

(2) The Commission shall consist of a Chairperson and four other members of whom one shall be the Member Secretary. The Governor shall by order appoint on the recommendation of the Government the Chairperson and other members of the Commission.

(3) The Government shall make available to the Finance Commission such staff as may be necessary for the discharge of the functions conferred on the Finance Commission (Andhra Pradesh Panchayati Raj Act, 1994, Section- 235).
Under new Fiscal arrangement every state government is required to constitute, once in five years, a Finance Commission and entrust it with the task of reviewing the financial position of LSGs and making recommendations on the principles that should govern: the distribution between the state and the Panchayats and Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State; the determination of the taxes, duties tolls and fees that may be assigned to, or appropriated by the Panchayats and Municipalities from the Consolidated Fund of the State (Bahaskar Rao. Y, 2008: 11 and Sanjay Mitra, 2002: 188).

The Functions of the Commission are to:

1. Review the financial position of the Gram Panchayats, Mandal Parishads, and Zilla Parishads and make recommendations to the Government on the following issues:-

   (i) The distribution of the net proceeds of the taxes, duties, tolls and fees leviable by the State, between the State and the Panchayats.

   (ii) The determination of the taxes, duties, tolls and fees which may be assigned to or apportioned by the Panchayats;

   (iii) The Grants-in-aid to the Panchayats from the Consolidated Fund of the State;

4. The measures needed to improve the financial position of the Panchayats.

   and

5. Any other matter referred to the Finance Commission by the Governor in the interests of sound finance of the Panchayats.
The recommendations of the State Finance Commissions can be divided into three categories.

i. assignment of taxes, duties, levies and tolls to local bodies;

ii. sharing of revenue proceeds; and

iii. transfers on account of grants-in-aid and other financial assistance, (Sanjay Prakash Sharma, 2006: 73-74).

Besides the Finance Commission of the State is also expected to recommend measures needed to improve the financial position of the Panchayats and the Municipalities. Barring one or two exceptions, all States have now set up the State Finance Commission (SFC) as required under the Constitution (Bahaskar Rao. Y, 2008: 11).

Almost all the state governments appointed State Finance Commissions (SFCs) have since submitted their reports. Only Arunachal Pradesh, the SFC has not been constituted, reportedly because State Panchayats has just received the assent of president of India (Abdul Aziz, 2002:236).

The effectiveness of the recommendations made by SFCs had been critically assessed by a number of scholars. According to Choudhury R.C., Jain S.P., 1999: 20: “Reports of the SFCs have not attracted serious attention from many of the State Governments. In some cases, only some of the recommendations are accepted and others deferred by the State Governments. In other cases, there is considerable delay in taking decisions on the recommendations of the SFCs. Absence of a statutory time frame for the State Governments to complete the process of their examination and acceptance of the recommendations of their respective SFCs has partly contributed to this delay”.

94
Though the Amendment conceived PRIs as "units of self-government" covering nearly all aspects of a local self-government system, inherent inadequacies such as absence of the definition of the concept of 'self-government', vagueness in the status and functions of gram sabha and a time-frame within which various provisions are to be operationalised were also there. Important aspects such as the degree of autonomy and devolution of functional and financial powers were also left to the discretion of the State governments. As a result, a number of contradictions are to be noticed in different State (Panchayati Raj) Acts. Some of these are: a) Panchayati Raj institutions have been viewed as "agencies" of the Government at lower levels and thereby diluting the concept of 'units of self-government'; b) functional and financial autonomy to these institutions has not been granted in a specific manner, c) stranglehold of the bureaucracy over the elected bodies/representatives still continues, d) reluctance on the part of higher level political authority to give up control over the implementation of development schemes and the allocated funds, and e) absence of a national consensus - cutting across party lines regarding the status and direction of PRIs. Although the system of Panchayati Raj is characterised by a common organisational structure in different states, a quick appraisal of different aspects of the actual operationalism clearly indicates an absence of an identical framework. This is essentially due to the fact that each of the states in the country has its distinct politico-administrative arrangement vis-à-vis Panchayati Raj System (Choudhury R.C. and Jain S.P, 1994: 4,5).

In the sphere of functional devolution, the approaches and methods adopted by different State Governments are to comply with or 'evade' the obligations imposed by the Constitution 73rd Amendment however widely vary across the states.

In sum, the post 73rd Amendment Act has not significantly altered the functional domain of the Panchayats. The degree of autonomy and devolution of functions and financial powers were also left to the discretion of the State Governments. In most of the states, no serious exercise has been carried to devolve the powers and functions to the three tiers in a balanced way keeping in view the principle of subsidiarity (Siva Subramanyam. K 2002 : 244, 245).
Concerned to Gram Sabha almost all the State Acts have provided for the gram sabha but its functions and authority have not been spelt out in detail. Consequently, these institutions by and large, continue to function ineffectively. Though the meetings are generally held as prescribed, the purpose is hardly served in the absence of a well defined and directed mandate. More often, there is a tendency to conduct the meetings in a formal manner and finalise the proceedings in haste. The prescribed quorum is also not given the due importance. Cases are cited where the meetings were conducted without any consolidation to the requirement of the quorum. The absence of women folk in the meetings of the gram sabha is a common feature. The participation of people belonging to the weaker sections is also minimal. Only such of the people from these groups participated in the meetings when they were to be identified as beneficiaries under a given scheme. The entire exercise thus becomes formal and incapable of yielding the expected results (Choudhury R.C, and Jain S.P, 1999: 18, 19).

Almost every Gram Panchayat faced the problem of incomplete quorum. There were incidents where the Gram Panchayat meetings are being held and the decisions taken without the quorum. The Sarpanch or Panchayat Secretary would get the signature of the Ward Panchas at their homes. A few male members generally dominate the meeting. Social customs like ‘purdah’ limited women’s participation are also there. The participation of the female panchas is higher when the panchayats are headed by strong women Sarpanches.

The phenomenon of the husbands handling the decision - making and financial meetings is common when the woman is illiterate.

The Agenda, generally, included development works. Health, education or social justice remained grossly neglected. Repair and maintenance was overlooked (Joshi R.P, Narwani G.S, 2002: 78, 79).
Regarding to SFCs, all the states have by now constituted their own State Finance Commissions in the conformity with the constitutional requirement. A few of the State Governments like Kerala, West Bengal, Punjab, Tamil Nadu, Assam, Madhya Pradesh and Karnataka have accepted several of the recommendations. In general, there was considerable delay in the appointment of the finance commissions in some of the States. It is pointed out that the reports of the SFCs have not been altered from many State Governments. Absence of statutory time-frame for the State Governments to complete the process of their examination and acceptance of the recommendations of their respective SFCs has partly contributed to this delay (Choudhury R.C, and Jain S.P, 1999: 19, 20).

Although there is some disagreement about whether and to what extent the reforms have been implemented, the general consensus within this school is that the 73rd Amendment was a positive step for Indian decentralization and that the only factor preventing successful devolution is the failure to implement fully the terms and conditions of the 73rd Amendment. A second school is decidedly more critical for decentralisation in general and the 73rd Amendment in particular. A central assertion that underlies this second school is that the reforms put in place in 1993 are largely cosmetic, and that the ultimate distribution of power and resources in rural areas is dependent on the pre-existing pattern of social inequalities created by the caste, religion, class, gender and other forms of rural domination. This second body of thought will be addressed in due course. For the time being however, we consider the extent to which the changes put in place by the 73rd Amendment can be understood as decentralization.

The World Bank study goes on to argue that although Indian States and the Union Government have been willing to recognize the Panchayats, to hold elections and to respect stipulations governing reservations for Scheduled Castes (SCs), Scheduled Tribes (STs) and women, they have been unwilling to vest them with sufficient 'administrative control over significant functions or fiscal autonomy'. In most States, Panchayats have been handed a wide array of responsibilities without the necessary fiscal and administrative resources. In its assessment of Indian
decentralization, the Task Force on Devolution of Powers and Functions upon Panchayati Raj Institutions found that 'most of the States' had satisfied only the basic requirements relating to the transfer of functions, functionaries, funds and financial autonomy to the Panchayats.

Oommen's comparison of 12 Indian States concludes that the Conformity Acts have generally been an exercise in amending existing Panchayat legislation for the sake of satisfying the mandatory provisions of the 73rd Amendment'. In particular, he raises the following concerns.

➤ Village Panchayats have been delegated functions 'without adequate administrative, financial and technical support;

➤ with the exception of Kerala and West Bengal, Panchayats lack discretionary powers over spending and staff;

➤ there is insufficient clarity and differentiation of functions among Panchayats and other levels of government;

➤ States reserve the right to assign or withdraw functions to and from the Panchayats by 'executive fiat;

➤ Panchayats at all levels have inadequate powers of taxation;

➤ Panchayats lack autonomous budgeting powers.

Similarly, Vyasulu finds that State Governments have devolved little finances and fiscal powers to the Panchayats. Instead, many have established 'Parallel bodies' as a channel for development funding. Self-help groups (SHGs) connected to the Janmabhoomi Programme in Andhra Pradesh and the Rajiv Gandhi watershed 'Missions' in Madhya Pradesh are two illustrations of this trend (Sanjay Prakash Sharma, 2006: 31-33).
References:


