CHAPTER - I
INTRODUCTION
Democracy is the best form of governance if we go by Abraham Lincoln, then, democracy is the governance “of the people, by the people, and for the people”. But, “Absolute Democracy”, is a misnomer. It cannot be attained as each and every person cannot have a say in he delivery of actual governance. In such a situation it will lead to anarchy and chaos. The democracy in vogue is actually “representative democracy” where in the people elect their representatives and agree to be governed by the representative or the majority decision of the body of representatives.

“Panchayat” epitomizes democracy at the local or grass root level. ‘Panch’ means ‘five’ and ‘ayat’ means ‘in control’. So ‘Panchayat’ means ‘in control of five’. In India, from ancient times Panchayats were functioning in some form. In ancient times, five respected members of the village usually constituted the Panchayat. It was taking all the decisions in the interest of the village and resolving all the conflicts and differences among the villagers. Its decision was binding on every member of the village and whoever tried to disobey, was liable for punishment. It is important to know the reason behind why ‘five was chosen as the number of members of the said body. It is understandable that the number should be an odd number for the hassle free decision-making. But why, not ‘three’ or ‘Seven’. May be ‘three’ was not chosen as it would have laid to diarchy by any two of them. ‘Seven’ might not have been chosen either due to the non-availability of so many respected persons in the village or to avoid difficulties in holding meeting of the body as and when necessary.
Panchayati Raj was in existence since ancient times in India. In fact Panchayats have been the back bone of the Indian villages since the beginning of the recorded history. Gandhiji’s dream of every village being a republic, have been translated into reality with the introduction of three-tier Panchayati Raj System to ensure people’s participation in rural reconstruction. Government of India was committed to set up Panchayati Raj System to provide real Swaraj to the people of rural areas to eradicate poverty, unemployment, illiteracy, squalor, disease etc. The latest development in this direction was the constitutional Amendments (73rd and 74th) of 1992 which aimed at to provide constitutional status to Panchayati Raj System. The Amendment stressed the importance of Grama Sabha and made it obligatory to set up Grama Sabha as a part of the system.

The constitution of independent India envisages organization of village Panchayats and endows with such powers and authority as may be necessary to enable them to function as units of self government. The 73rd Amendment to the Constitution of India helped in the formulation of laws/ rules with basic structural framework by which external interference could be curtailed and sufficient representation of weaker sections could be secured in Panchayati Raj Institutions (PRIs). The constitutional status accorded to Panchayat bodies enabled them to function as instruments of a vibrant and visible rural local self government, and to acquire the capacity to learn, to respond, to change, and to mobilize people’s active and optimum participation in managing their own affairs. Panchayati Raj Institutions (PRIs) are expected to prepare plans for economic development, social justice and the implementation of various Poverty Alleviation programmes (PAPs). Besides, as many as 29 items suggested in the Seventh Schedule of the
constitution (73rd Amendment Act, 1992) including PAPs and other schemes related to social justice are also entrusted to the Panchayati Raj Institutions (PRIs).

In recent years, decentralization- the transfer of political, administrative and financial powers to local government bodies- has received singular attention all over the world. It has been considered as one of the most important elements in development strategy. It is a global phenomenon and most countries have attempted to implement it as a tool for development, as a political philosophy and as a mechanism for sharing of responsibility at different level of administrative and political structure.

In today's world, local government may be said to be a part of the five-tier system of government. At the top is the Supranational Agency like the United Nations which is purely voluntary in character and which lays down a code of conduct and behaviour in regard to relations between sovereign members. This agency does not interfere in the internal affairs of the members and its actions can not infringe member's sovereign rights. The second tier falling below it are the regional groupings like the European Union, the South Asian Association of Regional Co-operation (SAARC) etc. These are also non-sovereign bodies, merely advisory and consultative in nature. The third tier comprises individual national governments functioning in accordance with the national constitutions within their national boarders. The constituent units which are called states or provinces, forms the fourth tier. The fifth and bottom tier is the local government, which until 1993 was crated by National and State governments and functioned within a limited jurisdiction as provided by various statutes.
India was ruled by a centralized administrative system during Colonial period- at the top was Governor General and under him Governors ruled the provinces and the districts were ruled by Collectors/Deputy Commissioner. After independence, political map of India changed completely. The whole territories of British provinces and princely states were reshaped into 28 States and 7 Union territories. Similarly, boundaries of the districts were also changed and their numbers increased to more than 520. The scheme of distribution of powers in our constitution and centralized planning have made the centre strong. The States have also centralised powers in their own jurisdiction. Thus, a trend of centralization started. But now it has been realized that this tendency of shifting responsibilities from districts to the states and from states to the centre has not benefited the mass from the development point of view. The demand of decentralization has gained momentum because, first, people demand mass participation in developmental schemes, second in present day democracy, except voting people have no participation and authority, therefore they demand share in power.

The term, ‘decentralisation’ refers to “transfer of authority away from the national capital whether by decentralization, that is, delegation of field officers or by devolution to local authorities or other local bodies”\(^1\). It is specifically “the transference of authority legislature, judicial or administrative from higher level of governance to a lower”\(^2\).


Further, in the organisational context, decentralization is one of power sharing, required for re-distribution of benefits of development among the masses and making an impact on the people below poverty line, while democratic decentralization is mainly a political concept aimed at providing opportunity to the people for larger devolution of power to people representatives from top to bottom. In the Indian context, it refers to the political power below state level to local institutions at district/ taluka or village level.

The most fundamental tenet of democratic polity is that sovereign powers vests in the people. It is in the exercise of that power that they are supposed to frame a constitution for themselves. That is why the preamble to our constitution speaks of “We, the people of India........ hereby adopt, enact and give to ourselves this constitution”.

The transfer of power from the hands of the British Masters took place on 15th August 1947. The Constitution was adopted on 26th November 1949. With its commencement on 26th January 1950, the sovereign, democratic, republic of India was born. On that day, if not earlier, power was supposed to have come to the people. But the very fact that scholars keep talking of decentralization or transfer of power to the people is a proof enough that all these years powers has been in the illegitimate hands of some persons. The Ordinary Indian in his hut and blanket has still to feel the dawn of independence, the glow of freedom on the transfer of power to his hands. Masters have changed but the colonial model of the rulers and the subject continues. In a genuine democracy, the ordinary people should be respected as the real masters and all the administrative, legislators, ministers and judges should regard themselves as their servants. Both the rulers and the ruled are
citizens of the country with the former charged with responsibilities of serving their fellow citizens.

Unfortunately, in another sense also, we still think in terms the 1919 Act and talk of the central government, central laws etc., even though the Constitution discarded these terms and ordained us to talk in terms of the union and the people of India.

The 64th and 65th Amendment Bills inspired and initiated by Shri Rajiv Gandhi which later become the 73rd and 74th Amendments, were the first major Constitutional efforts with the stated objective of transferring powers to the grass root people. The basic question was from whom the power being taken to be given away to the new local form of governments. The facts are that the powers that are proposed to be transferred, were hitherto those vesting in state governments. As we know, the 64th and 65th Amendment Bills were lost in Rajya Sabha by 3 votes.

P.V. Narasimha Rao, as Prime Minister succeeded in seeing through Parliament the two Bills in some diluted form. The 73rd and 74th Amendments laid down the framework and guidelines in regard to the obligation of holding regular elections, restricting the period of super session, providing reservation for Scheduled Caste/ Scheduled Tribe and Women etc.

The 73rd and 74th Amendments left a great deal for implementation by state governments through state laws to be passed by their legislatures. Whether as an institution or as an individual, no one ever surrenders power voluntarily. The result has been that most grudgingly and reluctantly and at the last minute, different states have passed laws which are at considerable variance with each other and in
varying degrees, try to deny the substance of functional and more particularly financial powers to the directly elected representatives in the Panchayati Raj Institutions (PRIs). The local M.Ps. and M.L.As consider the new emerging leadership in the Panchayats and Nagarpalikas as their rivals in the power structure who threaten to take away a share of the cake.

If we are really serious about providing multi-level governance and taking power to the door steps of the people at the grass roots, the constitution should clearly provide for distribution of powers between the Union, the States, and the Local governments of Panchayats and Nagarpalikas by suitably amending Articles 245, 246 and other relevant Articles and the 7th Schedule. It would certainly do no violation to the basic structure or features of the Constitution or to the Parliamentary system.' It has the potential to powerfully contribute to the needs of good governance and development.

The 73rd and 74th Amendments left the question of association of MPs and MLAs to be talked at the level of States. Accepted at that time as a political compromise, this needs to be looked at afresh from the angle of Constitutional propriety and clean and people friendly governance. If the aim of PRIs was to reduce the unhealthy role of MPs and MLAs, as power brokers, the decision of some of the states to include them in PRIs with or without votes does not seem to be justified. The MPs and MLAs would have to come to appreciate that their role is that of law-makers and policy-setters at the Union level for the whole of India and at the State level for the state as a whole. Local matters must be left to be handled at the local levels by the representative of the people elected to the local bodies. Also, exclusive functions have to be left to executive agencies at concerned levels. Schemes like the MP and
MLA Lad fund, Local Area Development Schemes with some 3,000 crores of public money involved are an affront to the constitutional principles of distribution of powers, between the Union and the States and separation of executive and legislative functions. These schemes also make the PRIs financially bankrupt and they also look insignificant and powerless with each MP and MLA, having large funds at their disposal for spending on local area schemes which are most legitimately the concern of PRIs under the 73rd and 74th Amendments. Even a largely suggestive and illustrative, the 11th and 12th Schedules to the Constitution become irrelevant if members of the Union Parliament and of State Legislatures exercise executive powers in matters of local development otherwise supposedly reserved for Panchayats and Nagarpalikas.

One can delve deep into the functional details of PRIs. Much can be said about the contradictions and infirmities in different state laws, the working of State Finance Commission, State Election Commissioners, District and Metropolitan Planning Committees etc. But all the shortcomings notwithstanding, grass-roots democracy unleashed by the 73rd and 74th Amendments, has come to stay and as time passes, its financial and functional domains will get extended.

For rural India participatory democracy is the only answer. In villages people know each other very well, they can sit together and take collective decisions. Though representative democracy has broken the villages, but still there is lot of village-feeling in the people. The concept of “village daughter”, “Panchparameswar”, bears the testimony of feeling of oneness in the village. In villages, decisions are based on consensus, if consensus is not developed, then decisions are postponed and efforts continue to develop consensus. Generally, it is argued that in villages people are divided into castes, class and religion and being
illiterate, they can not take just and correct decisions. Therefore, justice cannot be delivered. Is this argument democratic? If common people cannot take right decisions for themselves then who will take right-decisions for them? Such arguments are only advanced by the so-called elites who want to exploit them for the selfish ends. This would create the necessary conditions to broaden the participatory role of the people in the development process. With the advent of Panchayati Raj in the sixties, the power of the bureaucracy in the countryside had declined and that of the popularly elected representatives increased. This is a healthy trend that needs to be reinforced.

Participatory democracy will be vibrant and real, only when PR, Political parties and administrative structure are simultaneously integrated and articulated. Local administration would become responsive to the peoples' needs when it gets integrated with PR institutions at various levels and to get clear direction and ideological base. PR Institutions need to be integrated with the structure of major Political Parties. Administrative structure's foundations are solid because of permanent civil service but the PR bodies and party structures need to be carefully built and nursed. Unless fair and open elections to these bodies are held regularly, democratic norms namely-free discussion, dissent toleration and local initiative encouraged through liberal decentralization of authority at various levels- these structures can never become organs of participatory democracy. Therefore, much autonomy should be given by the State governments to steer the various levels of decentralised governance. The 73rd Constitutional Amendment Act will certainly encourage these trends.

Theory of representative participation leads to mass participation is not relevant in the context of Indian socio-economic
power structure. Therefore there is a need, either to change the structure, which seem to be a difficult task or to strengthen the position of weaker sections/poor in rural areas, so that they can rise against- their exploitation. The constitutional 73rd Amendment Act is certainly an attempt to revitalize PR, decentralisation, participatory democracy and rural development.

1.1 EVOLUTION OF PANCHAYATIRAJ IN POST INDEPENDENT INDIA

Panchayati Raj institutions and concept of decentralisation remains a live issue even after about six decades of independence. Successive Indian Governments emphasize the role of these institutions. The emphasis on Panchayati Raj Institutions even by Mahatma Gandhi, centres around the basic agrarian character of the Indian economy, where village is an important unit of social organization. Even in ancient times the concept of “Panchaparameswar” signifies the role of village bodies in village social life. Even Gandhiji once observed “if there is any meaning of home rule for the people of India, Grama Panchayat will have to be given the status of a prime institution.” He also visualized this institution as an instrument of mass politics.

To U. N. Dhebar, Panchayats represent features of a village republic and are the learning ground for democracy. There is no substitute for this institution with regard to rural development. The Planning Commission formed in 1950, emphasized the need for development of rural areas and in later years ‘Grama Swaraj’ became the slogan of “Sarvodaya Movement” of Vinoba Bhave and Jayaprakash Narayan.

The Community development programmes launched in 1952 recommended the introduction of Panchayatati Raj system in the
country. It anticipated a linkage between local leadership enjoying confidence of the local people and government. Balwant Ray Mehta Committee (1957) suggested for a three-tier system of rural local government. These tiers were Grama Panchayats at village level, Panchayat Samiti at Block level and Zilla Parisad at District level.

Ashok Mehta Committee was set up to study the working of the Panchayati Raj System and to make recommendations for its betterment. The report in 1978 observed limited representation by Women and Backward Communities in the PR system. The report also observed acute deficiency in finance at their disposal and limited powers. The Committee recommended that all developmental functions should be placed under the Zilla Parisad. In addition the Zilla Parisad should handle all the centralised functions. It also recommended representation of SC/ST in proportion to their population, adequate financial power to generate resources through levies and participation in developmental activities in the region in the areas of agriculture, forestry, cottage industries and welfare activities.

G.V.R. Rao Committee set up in 1985 opined that democratic decentralization of developmental function should be considered as the first step towards District government.

Somgvi Committee (1986) observed that Panchayati Raj institutions should be closely involved in planning and implementation of rural development programmes at lower level. It also opined that Panchayati Raj institutions should be constitutionally declared as third tier of the government. Sarkaria Commission recommended that these institutions should be strengthened financially and functionally. Dantwala Committee (1977) and the Working group of District Planning
(1982) were of the opinion that democratic decentralization of power to the people requires active participation and co-operation of people.

In the present, an effort is made to study the political economy of decentralization in the State of Orissa by making a case study of two Grama Panchayats. The study seeks to document the process of decentralisation and Political economy of decentralization, by extensively examining the nature of functioning of two Grama Panchayats- One in an irrigated and the other in a backward non-irrigated area. In the state of Orissa around 80% people live in rural area and depend on agriculture. In this context the study of Grama Panchayats becomes very relevant.

In a civil society the importance of decentralization in democratic polity is presented to make the citizens to participate freely in the formation, execution and implementation of various rules of law for the betterment of individuals, community and the society at large. By decentralization one means the layering of government and power in such a way that power finally rests with the individual members of the society. The various levels of government are interrelated in such a way that each level is bounded by norms of accountability.

1.2 SCENARIO IN ORISSA

Orissa has a large network of Panchayati Raj Institutions with 30 Zilla Parishads at district level, 314 Panchayat Samitis at Block level and 6234 Gram Panchayats. The State Government adopted the 73rd Amendment of the constitution and made a new Panchayati Raj Act in 1993. The proposed devolution of powers and functions followed by adequate transfer of resources would ensure a qualitative change at the Gram Panchayat level. Therefore, it may be hypothesized that if the
devolution of revenue powers and functional responsibilities brings about a qualitative change in the functional domain of Gram Pancayats in terms of good governance, it may be considered that the 73rd Constitutional Amendment has a positive impact.

In the light of the provisions of the 73rd Amendment Act, Three State Finance Commission (SFC) have been appointed and two have already submitted their recommendation. Subsequently, the Central Finance Commission (10th, 11th and 12th Finance Commissions) transferred considerable funds to the local bodies. As a result, the flow of funds has increased suddenly consequent upon the implementation of the 73rd Constitution Amendment in Orissa. The new dispensation in terms of additional functions with increased resources is expected to result in increased rural amenities and infrastructural facilities ultimately leading to the well-being of rural masses. Therefore, an attempt is made to examine the impact of the 73rd Amendment Act on decentralized governance in general and on the finances of the Panchayats in particular with the following specific objectives.

1.3 OBJECTIVES

i. To review the evolution of Panchayati Raj Institutions in India and in Orissa

ii. To study the nature of functioning of Panchayats in Orissa through a case study of two Panchayats one belonging to irrigated area and the other to un-irrigated area.

iii. To analyse the impact of 73rd Constitutional Amendment Act on democratic decentralized governance though responses of people on the nature of performance of Panchayatraj institutions.
The present study is based on both primary and secondary data. The primary data relating to socio-economic characteristics, Gram Sabha and Women empowerment, overall impact of the 73rd Amendment etc. has been collected from Panchayat functionaries and households by canvassing pre-structured separate questionnaires. For selecting the Panchayats and households, a three-stage stratified random sampling design has been used. The first-stage sampling units are the districts, the second-stage sampling units are the Panchayats in the selected districts and the third-stage sampling units are the households within the selected Panchayats.

In view of the differential characteristics between Gram Panchayats due to disparities of various sorts across districts within the State, one Panchayat from the irrigated belt and one Panchayat from the unirrigated part of the district are chosen. On the basis of economic indicators Sonepur district, an ex-feudatory state and with parts of irrigated belt due to Hirakud Dam has been selected. The irrigated Panchayat Mayabarha and the unirrigated Panchayat Bishimunda have been selected for in depth study.

The selection of the sample households from different villages of the two Panchayats was undertaken through a random selection process in such a way that different caste groups and land size groups were represented. The total number of sample households selected from Mayabarha Panchayat is 254 and from Bishimunda Panchayat 249.

The study seeks to utilize some statistical techniques such as Analysis of Variance (ANOVA) to study the variations between the two
panchayats and to make use of Ch-square test to find association between responses of the sample households and caste and class allegiance of the households.

1.5 PLAN OF THE STUDY

In the light of the stated objectives, the study has been pursued in five chapters. Chapter one deals with the introduction of the problem and the need for the study, objectives of the study, the methodology and scheme of chapterisation. Chapter Two presents an elaborate review of the Panchayati Raj Institutions in India as well as in Orissa. A brief profile of the District from which two Panchayats have been selected is the subject matter of chapter Four. This chapter also contains an analysis of profile of the two Panchayats. The village profiles are also presented in this Chapter. Chapter five deals with Result and discussion of the Primary data collected through questionnaire methods from sample households and Panchayat functionaries. Summary of findings and conclusion have been presented in Chapter Six.