CHAPTER : III
PANCHAYATI RAJ SYSTEM
IN INDIA
AND
ORISSA
Panchayats are existing in Indian society since antiquity. This is the indigenous Indian model of polity. Gandhiji had spent a considerable period of his life in Indian villages and had visualised India from villages. He also conceptualized modern India with village Swaraj and village administration through the Panchayat that would form the nation. But unfortunately, his concepts did not find place in Indian Constitution. The framers realised lately that Gandhian concept of Panchayati Raj was buried in oblivion when Indian Constitution was taking its final shape.

However, it was mentioned in Article-40 of the Indian Constitution that the State should take steps to organise village Panchayats and to endow them with such power and authority to enable them to function as units of local self-government.

In the midst of conquest and with rise and fall of empires, the village Panchayats have continued to survive and thus gave a continuum to the Indian village tradition. Political thinkers like Henry Maine, Charles Metcalfe and Baden-Powell praised this Panchayat system.¹ Mahatma Gandhi had expressed his will to build the entire Indian polity on the foundation of village Swaraj. To quote Gandhiji,

"My idea of Village Swaraj is that it is a complete republic, independent of its neighbours for its own vital wants, and yet interdependent for many others in which dependence is a necessity. Thus every village's first concern will be to grow its own food crops and cotton for its cloth. It should have a reserve for its cattle, recreation and playground for adults and children. Then if there is more land available, it will grow useful money crops, thus excluding ganja, tobacco, opium and the like. The village will maintain a village theatre, school and public hall. It will have its own water works ensuring water supply. This can be done through controlled wells and tanks. Education will be compulsory up to the final basic course. As far as possible, every
activity will be conducted on the co-operative basis. There will be no caste such as we have today with any graded untouchability. Non-violence with its technique of Satyagraha and non-cooperation will be the sanctions of the village community. There will be a compulsory service of village guards who will be selected by rotation from the register maintained by the village. The Panchayat of five persons, annually elected by the adult villagers, male and female, possessing minimum prescribed qualification will conduct the government of the village. These will have all the authority and jurisdiction required. Since there will be no system of punishments in the accepted sense, this Panchayat will be the legislature, judiciary and executive combined to operate for its year of office... I have not examined here the question of relations with the neighbouring villages and the centre if any. My purpose is to present an outline of village government. The law of non-violence rules him and his government. He and his village are able to defy the might of the world. For the law governing every villager is that he will suffer death in the defense of his and his village's honour." 2

"Independence must begin at the bottom. Thus, every village will be a republic or Panchayat having full powers. It follows, therefore, that every village has to be self-sustained and capable of managing its affair even to the extent of defending itself against the whole world. It will be trained and prepared to perish in the attempt to defend itself against any onslaught from without. Thus, ultimately, it is the individual who is the unit. This does not exclude dependence on and willing help from neighbours or from the world. It will be free and voluntary play of mutual forces. Such a society is necessarily highly cultured in which every man and woman know what he or she wants and, what is more, knows that no one should want anything that others cannot have with equal labour... In this structure composed of innumerable villages there will be ever widening, never ascending circles. Life will not be a pyramid with the apex sustained by the bottom. But it will be an oceanic circle whose centre will be the individual always ready to perish for the village, the latter ready to perish for the
circle of villages, till at last the whole becomes on life composed of individuals, never
ggressive in their arrogance but ever humble, sharing the majesty of the oceanic
circle of which they are integral units. Therefore, the outermost circumference will not
wield power to crush the inner circle but give strength to all within and derive its own
from the centre. I may be taunted with the retort that this is all utopian and therefore
not worth a single thought. If Euclid's point, though incapable of being drawn by
human agency, has an imperishable value, my picture has its own for mankind to
live. Let India live for the true picture, though never realizable in its completeness.
We must have a proper picture of what we want before we can have something
approaching it. If there ever is to be a republic of every village in India, then I claim
verify for my picture in which the last is equal to the first, or in other words, none is to
be the first and none the last." 3

The primacy of Village Panchayats in Indian polity, as propounded by Mahatma
Gandhi, was however rejected by the founding fathers of the Constitution. In decades
that followed, Gram Swaraj was the sheet anchor of the Sarvodaya Movement
inspired by Vinoba Bhave and Jaya Prakash Narayan. The community development
programme launched on 2nd October 1952, was the first attempt to tackle the
problem of rural India in a comprehensive and organised manner in free India. This
programme which was first introduced in fifty-five blocks spread all over the country
was, by stages, extended to cover larger areas.

The growth of Panchayats has not been uniform, even and steady. The story of
Panchayati Raj has been a story of rise and fall events. The Asoka Mehta Committee
in its Report submitted in 1978 observed that the Panchayati Raj seemed to have
passed through three phases:

# The Phase of Ascendancy (1959-1964),
# The Phase of Stagnation (1965-1969), and
# The Phase of Decadence (1969-1977).4
It has been observed that the Panchayat Raj institutions in the states have become gradually weak and ineffective owing to a variety of reasons. The democratic set up has not percolated down to the Panchayat level in the way it had been envisaged at the Assembly and Parliamentary levels. There is no timely election. There is a bare minimum of representation of women and of those belonging to the Scheduled Castes and Scheduled Tribes in the Panchayati Raj. Apart from that, Panchayati Raj in the villages is plagued with acute shortage of powers and financial inadequacy and inadequate devolution of powers and responsibilities. It is also found that the developmental process is yet to reach the grassroots level. Hence it is felt that some constitutional provisions are needed to revitalize the Panchayati Raj which is hoped as the backbone of the country's democratic structure and a dynamic instrument for social development. Moreover a greater decentralization of autonomy to district levels and below is called for.

The Constitution has also included "Local Government, that is to say, the constitution and powers of municipal corporations, improvement trusts, district boards, mining settlement authorities and other local authorities for the purpose of local self-government or village administration." The States have exclusive power to make laws with respect to any of the matters enumerated in List II of the Seventh Schedule.

It is better to remember that Article 40 was not part of the Draft Constitution which was taken up for consideration in November, 1948 by the Constituent Assembly. The Constituent Assembly, on January 24, 1947, on a motion by Pandit Govind Ballabh Pant, adopted a resolution setting up an Advisory Committee to determine the Fundamental Right of minorities, etc. At the first meeting of the Advisory Committee on Fundamental Rights, Minorities, etc., held on February 27, 1947, Sardar Vallabhbhai Patel was unanimously elected as Chairman and five sub-committees - including one on Fundamental Rights - were appointed. The Fundamental Rights
Sub-Committee held three sittings, first on February 27 when J. B. Kriplani was elected Chairman. The second sitting was from 24 to 31 March and the third from 14 to 16 April and final report was submitted to Advisory Committee on 16 April 1947. This Sub-Committee has the advantage of taking into consideration the valuable documents like:

1. Notes prepared by the Constitutional Advisor, B.N. Rau on 2 September 1946.
2. A comprehensive note on Fundamental Rights prepared and sent to President of the Assembly by Prof. K.T. Shah on 23 December 1946.
5. Sardar Harnam Singh's draft on Fundamental Rights submitted on 18 March 1947.
6. The Memorandum and draft articles on the rights of States and Minorities submitted by Dr. Ambedkar on 24 March 1947.

None of the notes and drafts that was submitted by Chairmen of different Committees did mention any thing about Panchayati Raj. Even the Provincial Constitution Committee, which was to decide on the principle of a Model Provincial Constitution also, did not mention about Panchayati Raj.

Mr. Phulan Prasad Verma, a Member of the Provincial Constitution Committee had a note on Panchayati Raj in June 1947 as follows:

"....People's Committee in villages, thanas, towns and district. ..... The People's Committee shall perform the function of Local Self-Government in matters of sanitation, education, recreation, cooperative movement, collective farming, maintenance of order, administration of justice in petty cases. The basic unit of administration shall be a self governing village Committee (Panchayat) which shall be elected by the votes of all adults of the village."
On 10 May 1948, Dr. Rajendra Prasad, the President of the Constituent Assembly expressed his view on making Indian Constitution based on village republics. The Constitutional Advisor had no other way than sympathizing the idea as it was too late to change the basis of Indian Constitution. So, the Draft Constitution taken up for consideration in November 1948 had no element on the Panchayati Raj issue. This matter was hotly debated in the Constituent Assembly.

Panchayati Raj assumed an important position for the first time on 4 November 1948, when Dr. Ambedkar moved a motion in the Assembly for consideration of the Draft Constitution of India. In his introductory speech, Dr. Ambedkar made some observations of Indian village polity that sparked the criticism of other members. Referring to Metcalfe's description of Indian villages as 'little republics', he had his own observations to tell, ".... I am therefore surprised that those who condemn Provincialism and communalism should come forward as champions of village. What is the village but a sink of localism, a den of ignorance, narrow-mindedness and communalism? I am glad that the Draft Constitution has discarded the village and adopted the individual as its unit..." 7 This was followed by strong criticism by most of the members that followed from 5 to 9 November 1948 when few like Pandit Balakrishna Sharma, Alladi Krishnaswamy Ayyar, N. Madhav Rau etc came to the rescue of Dr. Ambedkar. This was followed by 3 amendments brought forward by Prof. K. T. Shah (Article-1 on 15 November 1948 and again on 17 November 1948) and Article 8A - moved by Mr. Lokanath Mishra on 29 November 1948. All these were discussed and came out negative.

After considerable furore and ferment among the members of Constituent Assembly, there existed strong parleys behind the scene in favour of inserting village panchayats in the Draft Constitution. K. Santhanam, on 22 November 1948, moved an amendment in this direction for adding New Article 31-A. With a scanty debate,
Dr. Ambedkar simply accepted the amendment that appeared *in toto* in the Constitution as follows:

**Article - 31-A**

The State shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.

[This is Article 40 of Directive Principles of State Policy.]

Subsequently came different Committees with immense notes on functioning and possible legislative measures on Panchayati Raj system. Such Committees are:

- **Balwantrai Mehta Study Team**
- **Asoka Mehta Committee**
- **G. V. K. Rao Committee**
- **L. M. Singhvi Committee**

Also relevant, the recommendations of the **Sarkaria Commission** on Panchayati Raj system.

**Constitutional Amendment, 1992 (73rd and 74th Amendments)**

Each one of them is dealt with below taking into consideration its relevance today.

1. **Balwantrai Mehta Study Team:**

A Study Team was appointed on 16 January 1957 by orders from secretary, Committee on Plan Projects, Government of India, on the Community Projects and National Extension service. This team had Shri Balwantrai G. Mehta, Member of Parliament as leader, 4 Members (i. Dr. S.D. Sharma, Minister of Madhya Pradesh, ii. Thakur Phool Singh, Deputy Minister, U.P., iii. Shri B.G. Rao, ICS, formerly Chief Secretary, Government of Madhya Bharat, and iv. Shri G. Ramachandran, Director, Working Committee, Gandhi gram) and Shri D. P. Singh, IAS, as the Member Secretary.

This Study Team submitted its report on 24 November 1957. The report was quite exhaustive, with 18 sections. The main features of the recommendations include
establishment of three tiers of Panchayati Raj System (Village Panchayat, Panchayat Samiti and Zilla Parishad), demarcation of functions of village Panchayat and Panchayat Samiti, assignment of sources of income to village Panchayat and Panchayat Samiti, setting up of a permanent cadre for Panchayati Raj Institutions.

The most dynamic component among all recommendations was the 'democratic decentralization'. The other aspects of recommendations were - Methods of Work: Programme Planning; Coordination at Centre and between the Centre and the States; Administrative Pattern of Coordination within the State; People's Participation in Community Development; Survey, Evaluation and Reporting Methods; Training of Personnel; Farming; Cooperation; Rural Industries; Health; Primary Education; Social Education; Special Programmes like Sarvodaya, Saghan Khetra and Gramdan; Measures for Economy, Efficiency and Speed.

The Study Team recommended directly elected Panchayats for every village or group of villages and an executive body for every block named as Panchayat Samiti with directly elected and co-opted members. The Zilla Parishad at district level is an advisory body constituted indirectly from ex-officio members with district collector as the chairman.

These recommendations were approved by National Development Council and communicated to States in 1958. Consequently the States and the Union Territories enacted laws for establishment of PRIs with the exception of 3 states e.g. Meghalaya, Mizoram, Nagaland and one Union Territory e.g. Lakshadweep. There was acceptance of the Panchayat tiers differently, such as 3-tier structure was adopted in 12 States and 1 Union Territory, 2-tier structure was adopted in 4 States and 2 Union Territories, 1-tier structure was adopted in 4 States and 4 Union Territories.

It was observed that the democratic decentralization concept of the Study Team did not succeed in face of existing political, financial, functional and administrative milieu.
2. Asoka Mehta Committee:

During Janata Rule in the centre during 1977, this committee was set up by Cabinet Secretariat on 12 December 1977. Shri Asoka Mehta was the Chairman and there were 12 other Members. The report of the Committee points out that PRIs have not been assigned with adequate functions and powers. The developmental programmes were not channeled through the PRIs. Some attributes of oligarchic tendencies are visible in this third spectrum of the polity.

The Asoka Mehta Committee had reviewed the situation in 1978 to recommend an institutional design for Panchayati Raj in the light of the development thrust and technical expertise required for planning and implementation of rural development programmes. Its strongest comment is in favour of sub-State governance by popular supervision in terms, "The inescapable compulsion, therefore, is that the district should be the first point of decentralization, under popular supervision, below the State level."

The recommendations of the Asoka Mehta Committee are - Decentralization of Power to District and Below; 2-tier Panchayati Raj System (Zilla Parishad, Mandal Panchayat for; 15,000 - 20,000 population, Zilla Parishad being the pivot organisation; Preponderance of elected members at all levels of panchayats; Election to PRIs to be conducted by Chief Election Commissioner of the State in consultation with the Chief Election Commissioner; Developmental functions of the district entrusted to the Zilla Parishad; Zilla Parishad to be the decentralizing unit for State Programmes and Mandal to execute the implementations; Zilla Parishad responsible to plan at district level; Sufficient safeguard for the Weaker Sections; Administrative setup at Zilla Parishad and lower levels; Devolution of financial resources including limited and specific taxation power to PRIs and Human Resource Development.

The short-lived Janata Party government at centre could not act upon the recommendations of the Asoka Mehta Committee. Since then, G.V.K. Rao
Committee and L.M. Singhvi Committee have reviewed the functioning of the PRIs and submitted their recommendations.

3. G.V.K. Rao Committee: 

The Committee had commented that after the initial enthusiasm, following the creation of the PRIs, there had been stagnation and later on a decline in the functioning of these institutions in many parts of the country. Apart from inadequate resources, elections to these bodies have not been held regularly. Elections are overdue in many states and are being put off on one pretext or another like drought, floods, Census, general elections, delimitation, reservation etc.. The Committee has felt that wherever the PRIs have been actively involved, the implementation of rural development programmes has been decidedly better and the selection of beneficiaries and designing of schemes have been more satisfactory.

G.V.K. Rao Committee (1985) recommends significant decentralization at District Level; Zilla Parishad has fixed term of office. All Developmental Departments at district level should be squarely under ZP; District budget under ZP should contain all Plan and Non-Plan provisions of all Development Departments in the district; The Departments illustrated in the recommendations are as [Agriculture including soil conservation, horticulture, Animal husbandry and veterinary services, fisheries, Co-operation, Minor irrigation and ground water development, Primary and adult education, Public health and family welfare including primary health centres, Rural water supply and sanitation., District and Rural roads and departmental buildings in district (PWD), Small-scale and rural industries (District Industries Centre), Welfare of Scheduled Castes and Scheduled Tribes; Social and women welfare including children, Social Forestry (from Forest Department)]; ZP should operate through Committees. The democratic decentralization of development functions should be construed as the first important step towards a district government. Appointment of a State Finance Commission, appointed once every 5 years; Setting up of a State
Development Council with Chief Minister as the Chairman, Minister of Government and Zilla Parishad Chairmen as Members and Development Commissioner as its secretary. Grama Panchayats and Panchayat Samitis should function through elected representatives. Voluntary Agencies and the Organisations of the poor should be involved in development programmes.

4. L.M. Singhvi Committee: The Committee has felt that initially democracy and development have marched hand in hand. There was climate of optimism and resurgence, but within a few years of the inauguration of the new era, PRIs began to sag, stagnate and decline. The potential of PRIs as centres of people's power aroused apprehensions and a jealous hostility all around. The elected representatives in Parliament and State Legislatures saw with dismay their inevitable dependence on PR functionaries with whom they were not quite willing to share power. There was public apathy and indifference and a perceptible weakening of political will to support these institutions on a priority basis. There was chronic insufficiency of resources at the disposal of these institutions.

Most of these institutions had to function in a hand to mouth predicament in a state of perpetual neglect and humiliated impoverishment. The bureaucracy was becoming alienated after the initial phase and had begun to resort to systematic bypassing of these institutions. Programme after programme was launched without involving PRIs in them. These programmes have become close preserves of bureaucracy undermining and frustrating the PRIs as units of local self-government. Facilities for training were meagre, research and reform inputs were negligible.

The Committee (1986) recommended: PRIs should be protected by Constitution as 3rd tier of government; Regular free fair election of PRIs through Election Commission; setting up of Panchayati Raj Judicial Tribunal to adjudicate controversies in relation to elections, suspensions, suppressions, dissolution's etc; Provision of adequate financial resources and ear marking for PRIs by Finance
Commissions appointed by the Union Government; Evolving the correct role of political parties in PRIs through consensus; Setting up of Nyaya Panchayats; Centre for Training at District Level and Model legislation for appropriate local adaptations.

5. Sarkaria Commission:12

The Commission on Centre-State Relations, popularly known as the Sarkaria Commission set up by Ministry of Home Affairs on 9 June 1983 under the Chairmanship of R. S. Sarkaria, a retired Judge of the Supreme Court with term of reference to examine and review the working of the existing arrangements between the Union and States in regard to powers, functions and responsibilities in all spheres and recommend such changes or other measures as may be appropriate. In examining and reviewing the working of the existing arrangements between the Union and States and making recommendations as to the changes and measures needed, the Commission will keep in view the social and economic developments that have taken place over the years and have due regard to the scheme and framework of Constitution which the founding fathers have so sedulously designed to protect the independence and ensure the unity and integrity of the country which is of paramount importance for promoting the welfare of the people.

The Committee paid considerable attention to the working of the Panchayati Raj system on the issue of decentralization of power and the planning process, financial and functional strengthening of the institutions like Zilla Parishad and Municipal Corporations with regular election. It was recommended to have uniform institutions all over the country by a constitutional enactment. A Finance Commission was recommended at State level to enable the State Government to devolve its resources to district level.

5. The Constitution (Seventy-third Amendment) Act, 1992(20th April, 1993.)

Provides the following:
The Gram Sabha may exercise such powers and perform such functions at the village level as the Legislature of a State may by law, provide.

There shall be constituted in every State, Panchayat at the village, intermediate and district levels in accordance with the provisions of this part. Notwithstanding anything in clause (1), Panchayats at the intermediate level may not be constituted in a State having a population not exceeding twenty lakhs.

The Panchayats shall be composed subject to the provisions of this part; the Legislature of a State may, by law make provisions with respect to the composition of Panchayats. With the provision of the ratio between the population of the territorial area of a Panchayat at any level and the number of seats in such Panchayat to be filled by election shall, so far as practicable, be the same throughout the State. All the seats in a Panchayat shall be filled by persons chosen by direct election from territorial constituencies in the Panchayat area and; for this purpose, each Panchayat area shall be divided into territorial constituencies in such manner that the ratio between the population of each constituency and the number of seats allotted to it shall, so far as practicable, be the same throughout the Panchayat area.

The Legislature of a State may, by law, provide for the representation of the Chairpersons of the Panchayats at the village level, in the panchayats at the intermediate level or, in the case of a State not having Panchayats at the intermediate level, in the Panchayats at the district level; of the Chairpersons of the Panchayats at the intermediate level, in the Panchayat at the district level; of the members of the House of the People and the members of the Legislative Assembly of the State representing constituencies which comprise wholly or partly a Panchayat area at a level other than the village level in such Panchayat; of the members of the Council of States and the members of the Council of the State, where they are registered as electors within a Panchayat area at the intermediate level, in Panchayat at the intermediate level or within a Panchayat at the district level, in the
Panchayat at the district level. The Chairperson of the Panchayat and other members of a Panchayat whether or not chosen from territorial constituencies in the Panchayat area shall have the right to vote in the meetings of the Panchayats.

The Chairperson of a Panchayat at the village level shall be elected in such manner as the Legislature of a State, may, by law, provide, and a Panchayat at the intermediate level or district level shall be elected by and from amongst, the elected members there-of.

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

Also seats have been reserved for not less than one-third of the total number of seats reserved under the seats reserved for the Scheduled Castes and the Scheduled Tribes shall be reserved for women belonging to the Scheduled Castes or, as the case may be, the Scheduled Tribes.

There is also one-third reservation for women. Not less than one-third (including the number of seats reserved for women belonging to the Scheduled Castes and the Scheduled Tribes) of the total number of seats to be filled by direct election in every Panchayat shall be reserved for women and such seats may be allotted by rotation to different constituencies in a Panchayat.

The offices of the Chairpersons in the Panchayats at the village or any other level shall be reserved for the Scheduled Castes, the Scheduled Tribes and women in such manner as the Legislature of a State, may, by law, provide; that the number of offices of Chairpersons reserved for the Scheduled Castes and the Scheduled Tribes in the Panchayats at each level in any State shall bear, as nearly as may be, the
same proportion to the total number of such offices in the Panchayats at each level as the population of the Scheduled Castes in the State or of the Scheduled Tribes in the State bears to the total population of the State.

Not less than one-third of the total number of offices of Chairpersons in the Panchayats at each level shall be reserved for women provided also that the number of the offices reserved under this clause shall be allotted by rotation to different Panchayats at each level. The reservation of seats under these clauses the reservation of office of Chairpersons (other than the reservation for women) under clause shall cease to have effect on the expiration of the period specified in Article 334.

Nothing in this part shall prevent the Legislature of a State from making any provision for reservation of seats in any Panchayat or offices of Chairpersons in the Panchayats at any level in favour of backward class of citizens.

There are specifications in the 73rd Constitutional Amendment regarding the duration of Panchayats. Every Panchayat, unless sooner dissolved under any law for the time being in force, shall continue for five years from the date appointed for its first meeting and no longer. No amendment of any law for the time being in force shall have the effect of causing dissolution of a Panchayat at any level, which is functioning immediately before such amendment, till the expiration of its duration specified above.

An election to constitute a Panchayat shall be completed before the expiry of its duration specified or before the expiration of a period of six months from the date of its dissolution. A Panchayat constituted upon the dissolution of a Panchayat before the expiration of its duration shall continue only for the remainder of the period for which the dissolved Panchayat would have continued, had it not been so dissolved.

There is some specification about the membership of the Panchayats. A person shall be disqualified for being chosen, as and for being, a member of a Panchayat, If he is so disqualified by or under any law for the time being in force for the purposes
of election to the Legislature of the State concerned; provided that no person shall be disqualified on the ground that he is less than twenty-five years of age, if he has attained the age of twenty-one years; if he is so disqualified by or under any law made by the Legislature of the State. If any question arises as to whether a member of a Panchayat has become subject to any of the disqualification, the question shall be referred for the decision of such authority and in such manner as the Legislature of a State, may, by law, provide.

There is mention of details of powers, authority and responsibilities of Panchayats. Subject to the provision of the Constitution, the Legislature of a State, may by law, endow the Panchayats with such powers and authority as may be necessary, to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to the preparation of plans for economic development and social justice and the imposition 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.

The Powers to impose taxes and availability of funds to the Panchayats has been dealt with in the Article 243-H. The Legislature of a State, may, by law, authorize a Panchayat to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits; assign to a Panchayat such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits; provide for making such grants-in-aid to the Panchayats from the Consolidated Fund of the State; and provide for constitution of such funds for crediting all moneys received, respectively, by or on behalf of the Panchayats and also for withdrawal of such moneys therefrom, as specified in the law.
In order to safeguard the Panchayat finance, the 73rd Constitutional Amendment has suggestions for constitution of a State Finance Commission. The Governor of a State shall, as soon as may be, within one year from the commencement of the Constitution (Seventy-third Amendment) Act, 1992, and thereafter at the expiration of every fifth year, constitute a Finance Commission to review the financial position of the Panchayats and to make recommendations to the Governor as to the principles which should govern the distribution between the State and Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this Part and the allocation between the Panchayats at all levels of their respective shares of such proceeds; the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by the Panchayats; the grants-in-aid to the Panchayats from the Consolidated Fund of the State; the measures needed to improve the financial position of the Panchayats; any other matter referred to the Finance Commission by the Governor in the interests of sound finance of the Panchayats.

The Legislature of State may, by law, provide for the composition of the Commission, the qualifications, which shall be requisite for appointment as members thereof, and the manner in which they shall be selected. The Commission shall determine their procedure and shall have such powers in the performance of their functions as the Legislature of the State may, by law, confer on them. The Governor shall cause every recommendation made by the Commission under this article together with an explanatory memorandum as to the action taken there on to be laid before the Legislature of the State.

Also there is provision for audit of accounts of Panchayats. The Legislature of a State may by law, make provisions, with respect to the maintenance of accounts by the Panchayats and the auditing of such accounts.

Election to the Panchayats has been dealt in detail in Article 243 – K. The superintendence, direction and control of the preparation of electoral rolls for, and the
conduct of, all election to the Panchayats shall be vested in a State Election Commission consisting of a State Election Commissioner to be appointed by the Governor subject to the provisions of any law made by the Legislature of a State, the conditions of service and tenure of office of the State Election Commissioner shall be such as the Governor may by role determine; provided that the State Election Commissioner shall not be removed from his office except in like manner and on the like grounds as a Judge of a High Court and the conditions of service of the State Election Commissioner shall not be varied to his disadvantage.

The Governor of a State, when so requested by the State Election Commission, make available to the State Election Commission such staff as may be necessary for the discharge of functions conferred on the State Election Commission subject to the provisions of the Constitution, the Legislature of State may, by law, make provisions with respect to all matters, relating to, or in connection with, elections to the Panchayats.

There is also mention of whether the amendments are applicable to the Union Territories. The provision of this Part shall apply to the Union territories and shall, in their application to a Union territory, have effect as if the references to the Governor of a State were references to the Administrator of the Union territory appointed under Article 239 and references to the Legislature or the Legislative Assembly of a State were references, in relation to a Union territory having a Legislative Assembly, to that Legislative Assembly provided that the President may, by public notification, direct that the provisions of this Part shall apply to any Union territory or part thereof subject to such exceptions and modifications as he may specify in the notification.

Nothing in this Part shall apply to the Scheduled Areas and the tribal areas. Nothing in this Part shall also apply to the State of Nagaland, Meghalaya and Mizoram; the Hill Area in the State of Manipur for which District Council exists under any law for the time being in force. Nothing in this Part relating to Panchayats at the district level shall apply to the hill areas of the District of Darjeeling in the State of
West Bengal for which Darjeeling Gorkha Hill Council exists under any law for the time being in force; shall be construed to affect the functions and powers of the Darjeeling Gorkha Hill Council constituted under such law. Notwithstanding anything in this Constitution the Legislature of a State may by law extend this Part of that if the Legislative Assembly of that State passes a resolution to that effect by a majority of not less than two-thirds of the members of that House present and voting. Parliament may by law, extend the provisions of this Part to the Scheduled Areas and the tribal subject to such exceptions and modifications as may be specified in such law and no such law shall be deemed to be an amendment of this Constitution for the purpose of Article 368.

Notwithstanding anything in this Part, any provision of any law relating to Panchayats in force in a State immediately before the commencement of the Constitution (Seventy-third Amendment) Act, 1992, which is inconsistent with the provisions of this Part, shall continue to be in force until amended or repealed by a competent Legislature or other competent authority or until the expiration of one year from such commencement, whichever is earlier provided that all Panchayats existing immediately before such commencement shall continue till the expiration of their duration, unless sooner dissolved by a resolution passed to that effect by the Legislative Assembly of that State or, in the case of a State having a Legislative Council by each House of the Legislature of that State.

As regards immunity to interference by courts in electoral matters, notwithstanding anything in this Constitution the validity of any law relating to the delimitation of constituencies or the allotment of seats to such constituencies, made or purporting to be made under Article 243-K, shall not be called in question in any court. No election to any Panchayat shall be called in question except by an election petition presented to such authority and in such manner as is provided for by or under any law made by the Legislature of a State.
Articles 280 of the Constitution have been amended. In the clause (3) of Article 280 of the Constitution, after sub-clause (b), the following sub-clause shall be inserted namely "(bb) the measures needed to augment the Consolidated Fund of a State to supplement to resources of the Panchayats in the State on the basis of the recommendations made by the Finance Commission of the State.

After the Tenth Schedule to the Constitution the following Schedule shall be added namely the Eleventh Schedule of Constitution of India that contains 29 items of the Panchayats, e.g., 01. Agriculture including agricultural extension; 02. Land improvement, implementation of land reforms, land consolidation and soil conservation; 03. Minor irrigation, water management and watershed development; 04. Animal husbandry, dairy and poultry; 05. Fisheries; 06. Social forestry and farm forestry; 07. Minor forest produce; 08. Small scale industries, including food processing industries; 09. Khadi, village and cottage industries; 10. Rural housing; 11. Drinking water; 12. Fuel and fodder; 13. Road, culvert, 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 child 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; 29. Maintenance of community assets."

6. The Constitution (Seventyfourth Amendment) Act, 1992:

This Amendment primarily meant for urban local governance, has certain combined elements for both the urban and local self-governments in constitution of
the District Planning Committee and Metropolitan Planning Committee. The relevant portions of 74th Constitutional Amendment relevant to Grama Panchayat functioning are dealt below. There is provision of Committee for district planning. There shall be constituted in every State at the district level a District Planning Committee to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole. The Legislature of a State, may, by law, make provisions with respect to (a) the composition of the District Planning Committee; (b) the manner in which the seats in such Committees shall be filled, provided that not less than four-fifths of the total number of members of such Committee shall be elected by, and from amongst, the elected members of the Panchayat at the district level and of the Municipalities in the district in proportion to the ratio between the population of the rural areas and of the urban areas in the district; the functions relating to district planning which may be assigned to such Committees; the manner in which the Chairpersons of such Committees shall be chosen.

Every District Planning Committee shall, in preparing the draft development plans have regard to matters of common interest between the Panchayats and the municipalities including spatial planning, sharing of water and other physical and natural resource, the integrated development of infrastructure and environmental conservation; the extent and type of available resources whether financial or otherwise; consult such institutions and organisations as the Governor, may, by order, specify. The Chairperson of every District Planning Committee shall forward development plan, as recommended by such Committee, to the Government of the State.

There shall be constituted in every Metropolitan area a Metropolitan Planning Committee to prepare a draft development plan for the Metropolitan area as a whole. The Legislature of a State, may, by law, make provision with respect to the composition of the Metropolitan Planning Committees; the manner in which the seats
in such Committees shall be filled, provided that not less than two-thirds of the members of such Committee shall be elected by, and from amongst, the elected members of the Municipalities and Chairpersons of the Panchayats in the Metropolitan area in proportion to the ratio between the population of the Municipalities and of the Panchayats in that area; the representation in such Committee of the Government of India and the Government of the State and of such organisations and institutions as may be deemed necessary for carrying out the functions assigned to such Committees; the functions relating to planning and co-ordination for the Metropolitan area which may be assigned to such Committees; the manner in which the Chairpersons of such Committees shall be chosen.

Every Metropolitan Planning Committee shall, in preparing the draft development plan, have regard to the plans prepared by the Municipalities and the Panchayats in the Metropolitan area; matters of common interest between the Municipalities and the Panchayats, including coordinated spatial planning of the area, sharing of water and other physical and natural resources, the integrated development of infrastructure and environmental conservation; the overall objectives and priorities set by the Government of India and the Government of the State; the extent and nature of investments likely to be made in the Metropolitan area by agencies of the Government of India and of the Government of the State and other available resources whether financial or otherwise; consult such institutions and organisations as the Governor, may, by order, specify.

The Chairperson of every Metropolitan Planning Committee shall forward the development plan as recommended by such Committee, to the Government of the State.

The Grama Panchayat: (The Lowest Tier Panchayat)

There is Grama Sasan or village government with 2 to 10 thousand of population under Grama Sasan (and in each of the wards of the village a Palli Sabha or Ward
Parliament). The Orissa Grama Panchayat Act amended up to date, states constitution of Grama from any village or a group of contiguous villages with incorporation of Grama-Sasan composed of all persons registered by virtue of the Representation of the People Act, 1950 (43 of 1950). This Grama-Sasan is a body corporate having perpetual succession and common seal, with power, subject to the provisions of this Act and the rules made there under, to acquire, hold and dispose of property and to contract and may, by the said name, sue and be sued.

The Gram Sabha: (THE VILLAGE COUNCIL) AND PALLI SABHA

Balwantrai Mehta Committee envisaged the concept of three-tier Panchayati Raj system, the lowest tier composed by the Grama Panchayat. The accountability of the Grama Panchayat to the residents of the village or villages under the Panchayat was left blank. This citizen oriented and citizen accountable concept is a post-Balwantrai Mehta development, forming a core democratic participatory citizens' council, the Gram Sabha at village level. To exactly locate the historical position of Gram Sabha, it existed since long in villages of U.P. and Bihar as early as the year of Indian independence. Now every Indian state with Panchayati Raj structure has adopted Gram Sabha as a core participatory structure at Grama Panchayat level. Of course, Kerala and Tamil Nadu differ in this regard, assigning a corporate body status to this popular institution with perpetual succession and with a legal status, e.g., power to enter into contracts, to sue and to be sued.

Very recently, it is observed that democracy at grassroots level is meaningless without the participation of villagers in Gram Sabha. Government of India has announced the year 1999 as the Gram Sabha Year and has the target of promoting participation of people in Gram Sabha. Apart from its conventional machinery, it has also involved the Voluntary Agencies. The days of Gram Sabha have been extended from 2 to 4 in every year. These four days are quite memorable days in India's political history or on international importance:
COMPOSITION OF GRAM SABHA

There is some difference in the composition of the Gram Sabha in different states of India. In Bihar, Orissa and Rajasthan all adult residents of a village or contiguous villages constituting the Grama Panchayat are members of Gram Sabha. But in all other states this is a legal question, with all persons whose names appear in the electoral rolls for the state legislative assembly.

PEOPLE’S DIRECT ORGANISATION AT GRASSROOTS

Gram Sabha is an organisation constituted directly by people at the grassroots level where as all other organisations e.g. Grama Panchayat, Panchayat Samiti, Zilla Parishad, Legislative Assembly or Parliament are representative in nature. This is the institution of direct democracy. One of the determinants of Gram Sabha is the proceedings of two meetings in a year where the executive body of the Gram Sabha, the Grama Panchayat would report the progress and present the budget, thus sanctioning social recognition to Panchayat as a people’s political institution and inviting more and more popular participation. The importance of Gram Sabha and its two annual meetings was felt by the Study Team on the Position of Gram Sabha in Panchayati Raj Movement, 1963.13

FUNCTION ASSIGNED TO GRAM SABHA

The Gram Sabha has a number of functions as follows:

1. It takes into consideration the annual statement of accounts and audit report of the Grama Panchayat.
2. It approves the annual budget drawn up by the Grama Panchayat.
3. It reviews the progress of the development works undertaken by the Grama Panchayat.
4. It draws up plans for the development of the Grama.

MEETINGS AND PROCEEDINGS OF GRAM SABHA

The meetings of Gram Sabha are suited as per agricultural and financial periods of the year. Out of the conventional two meetings in a year, one is after the Rabi harvest and the second after the Kharif crops. Gram Sabha meetings more than these 2 official days had not been described anywhere earlier, maybe due to the fact that these two are barely necessary to approve and accord the executive capability of the Grama Panchayat rather than the general meeting of the village. General meetings of the village are supposed to be held so many times in a year, on festivities and crises, some issues of the Grama Panchayat as a political institution must be coming to the highlights of every villager. In case there is no meeting of the villagers, the Gram Sabha meetings are mere theory, not practicable. Therefore, for sake of democracy at grassroots, the year 1999 is declared as Gram Sabha Year and the meetings are fixed at four memorable days every year by the central government as mentioned above.

GRAM SABHA AND PALLI SABHA

Orissa Grama Panchayat Act, 1964 amended from time to time provides the constitution of Grama as a village or a group of contiguous villages, assigning a name, which shall be of one of the villages comprised within the Grama. A Grama Sasan is constituted for every Grama, composed of all persons registered by virtue of the Representation of the People Act, 1950 in so much of the electoral roll for any Assembly Constituency for the time being in force as relates to the Grama. The Grama Sasan is a body corporate having perpetual succession and common seal, with power to acquire, hold and dispose of property and to contract and may by the said name be sued. Gram Sabha is the general body meeting of the Grama Sasan
composed of members as per the electoral roll in respect of the Grama. But Grama Panchayat is constituted for every Grama Sasan as the executive body of the latter.

There is provision for at least two meetings of the Grama Sasan in a year called Gram Sabha, one in February and the other in June. The quorum of the Gram Sabha is fixed as one tenth of the members of the Grama Sasan. In the event of there being no quorum, the Gram Sabha shall stand adjourned to a future day for which notice will be given in a prescribed manner and no quorum is necessary for the meeting on new date.

The duty of the Gram Sabha is to consider

(a) At the February Gram Sabha each year, the programmes and works to be undertaken by the Grama Panchayat for the ensuing year and the annual budget for the Grama for that year having regard of the recommendations of the different Palli Sabhas within the Grama and give its recommendations to the Grama Panchayat.

(b) At the Gram Sabha, held during the month of June each year, the report of the programmes and works undertaken by the Grama Panchayat and their progress during the preceding year along with the annual audit report are submitted by the Sarapanch.

(c) At any Gram Sabha, proposals for levy of taxes, rates, rents and fees and the enhancement of rates, organisation of community service, drawing up and implementation of agricultural production plans and any other matter as may be prescribed.
The Palli Sabha: A LOWER TIER OF GRAM SABHA IN MULTI-VILLAGE GRAMA SASAN

Orissa Grama Panchayat Act, 1964 provides constitution of Palli Sabha where the area constitutes a Ward of the Grama i.e. when multiple contiguous villages constitute one Grama, the neighbouring villages will have Palli Sabha. Each Palli Sabha shall consist of all persons registered in the electoral roll for Assembly Constituency for the time being in force as it relates to the area in respect of the Palli Sabha.

Palli Sabha shall meet in February every year. The Ward Member of the Ward for whom the Palli Sabha is constituted (if more than one such person, one from the list of all such persons in order of preference to be determined by the Grama Panchayat) shall preside over the Palli Sabha. In absence of such a person at the meeting at the appointed time the president may be elected from among the members.

The members present at any Palli Sabha will form the quorum of the meeting and the proceedings of the meeting shall be recorded and authenticated by its President. It is the duty of the Palli Sabha at its annual meeting in February each year to give its recommendations to the Grama Panchayat in respect of the matters like:

(a) the development works and programmes that may be taken up during the ensuing year.
(b) the annual budget estimate submitted by the Grama Panchayat.

A LOOK INTO THE REALITIES OF GRAM SABHA

Modern representative democracy presents what one can designate feeble citizen-government contact due to occasional participation in a triennial or quinquennial general election to choose the political representative. Articulation between him and his representative is very scanty in the indirect democracy with political representatives. In advanced democracies in the world, citizens' satisfactions
are met from vigilant public opinion, well-organised political parties and healthy parliamentary practice. But the fate of democracy in the third world with economic constraints, political apathy, educational deficiency and above all an unclean political party structure.

Gram Sabha existed in India, but its popularization in Grama Panchayat level makes a simile with centre or state level, Gram Sabha is Parliament and Grama Panchayat is the council of ministers and Sarapanch is the Chief / Prime Minister. This small sphere at the village will allow direct democracy to prevail.

Gram Sabha is a loosely organised body of all adults of the ‘Panchayat area’ whose names are in the voter list of the area (for election of MLA). Its meetings are held at least twice in a year though exactly no statutory restriction on the number of annual meetings.

The ‘Sarapanch’ calls the ‘Gram Sabha’ to the session. It is his responsibility to see that the meetings of the ‘gram Sabha’ are regularly convened. Presently the executive officer of Panchayat Samiti or his nominee (Grama Panchayat Extension Officer) is in charge of the Gram Sabha. He has to see that the meetings of the Gram Sabha are convened in accordance with the provisions of the law. The GPEO prepares, in the beginning of each year, a schedule of meetings of the ‘Gram Sabha’ for all Panchayats under his jurisdiction and later on vigorously pursued that every Panchayat strictly adheres to this schedule.

There are some preferences over the venue and timings of the Gram Sabha. The day preferred is Sunday or any holiday that would suit everybody. The timing of the meeting is either afternoon or in the evening so that it does not affect the work time of the villagers. The venue is usually the playground of the village or the school building or any local building. Much earlier than the meeting day, a wide publicity is given to the Gram Sabha meeting, by mike and loud speakers, hand written posters, drum beating and door to door message. Often attractive items like film show, drama, or agricultural and family welfare exhibition may be put up to attract people.
As regards the agenda items of the meeting very little formality is observed. After one item discussed, the Sarapanch invites the house to take up next relevant issue. Being a parliament of the village, the Gram Sabha will concentrate over three of the issues:

a. Budget of next financial year
b. The annual development plan of the 'Panchayat Area'.
c. The audit account of the 'Panchayat Account'.

The summer meeting of the Gram Sabha is meant for the budget and the winter for the review of the development works. But unfortunately, nowhere the Gram Sabha is given the power to pass the budget but it has power to express its opinion on different items of expenditure. The presentation of the budget to the people for scrutiny and review is definitely a step of involvement of people in the democratic process at grassroots. The Sarapanch often cannot explain a proposed expenditure can benefit a sizeable population of the village.

The Gram Sabha meetings are not attracting people more and more. People start pouring in much earlier than the actual time of commencement. The Sarapanch and Ward Members almost reach in time. Usually the Grama Panchayat Extension Officer accompanies them. These officials sit on one side of the block. The Sarapanch explains the main purpose of the meeting and contribution of his team for the village in order to justify his existence. Thereafter the business of the meeting becomes open for debate.

People, no doubt, take part in the debates. Often a speaker does not impress properly to the audience or a high-class debate may follow. The front rows are better participants in the discussion whereas the backbenches are inattentive to the proceedings. The chairman frequently orders for silence and attention for the discussion.
Genesis of Gram Sabha lies in the evidence that Community Development Programme entered into certain difficulties most important of which was the lack of cooperation of people. Therefore a village parliament was devised which is Gram Sabha.

But in spite of all the ideologies, the development of the Gram Sabha is sluggish and poor. The causes often quoted have been lack of knowledge of people on this organisation, ineffectiveness of the Grama Panchayat in solving popular expectations, rural poverty and finally distance travel to attend the meeting, maybe inter-village rivalry.\textsuperscript{15}

\textbf{The Orissa Grama Panchayat Act, 1994:}

For every Grama Sasan, there is a Grama Panchayat, which is the executive authority of the Grama Sasan. Collector of the district constitutes the wards of a Grama Panchayat. Every Grama Panchayat is composed of

- Ward Members.
- Sarapanch.
- Naib Sarapanch.

The adult members of the Grama elect the \textit{Sarapanch} and the \textit{Ward Members}.

For sake of election the electoral roll for any Assembly Constituency for the time being in force for a particular ward shall be embodied in a register as electoral roll for that ward. There is proportional reservation for Scheduled Tribes and Scheduled Castes on population basis for the post of Ward Members in the Grama Panchayats. Also there is reservation of one-third number of seats for Women candidates (inclusive of one-third for SC and ST women candidates from SC and ST proportional quota of the Grama Panchayat) for the purpose.

Like the basic requirements of candidates contesting in election, the Grama Panchayat Members need requisite qualification for their candidature. These are:

- citizenship of India,
- Enlistment in the electoral roll in respect of the Grama or Ward,
Soundness in mind,
Not an applicant to be adjudicated as an insolvent or
Is not an already discharged insolvent,
Not a deaf-mute, TB Patient, or suffering from infectious leprosy,
Not convicted by election office,
Not convicted by a sentence for 6 months and released from jail within
5 years from time of filing nomination,
Does not hold any office of profit under State, Central or Local
Government,
Not a teacher in any recognised school,
Is neither a MLA nor MP?
Is not a Minister either in the Central or State Government,
Has never been dismissed from State or Central Government service,
Has no arrears as a member of Co-operative Society accrued on him
before filing nomination paper,
Is not a litigant person of the Grama,
Is not a paid and retained legal practitioner on behalf of the Grama
Sasan,
Have no arrears payable to the Grama Panchayat,
Has no more than one living spouse,
Has no more than two children.
Still there are some more clauses of disqualification.

As per the present rules of Orissa Grama Panchayat Act, the post of Sarapanch is
filled up by direct election. This type of reservation is there for all posts in Grama
Panchayat system i.e. Sarapanches (the offices of Sarapanches in Grama
Panchayats shall be reserved for SCs and the STs and the number of offices so
reserved for the Scheduled Castes and the Scheduled Tribes shall bear same
proportion as to their population); similarly one third of all Sarapanches are women;
one third of total SC and ST Sarapanches are women. These reservations are on
rotation basis among Grama Panchayats to be notified by Election Commission.

The Naib-Sarapanch is one from among the Ward Members elected at the first
meeting of the Grama Panchayat convened soon after an election and publication of
the names of the elected candidates of the Grama Panchayat election. This post is
again under gender reservation as per Orissa Grama Panchayat Act. It is reserved for women when the Sarapanch is not a woman.

Office of the Grama Panchayat has the tenure of five years from the date appointed for first meeting, which is always held within first 30 days of publication of the results of the election. In case of dissolution or supersession of a Grama Panchayat before expiration of its term, any new Grama Panchayat constituted in its place, shall last for the rest period out of five years the superseded one would have continued. The office of the Grama Panchayat is honorary, the members including the Sarapanch and Naib-Sarapanch shall be paid a sitting fee of one rupee for every meeting they attend and such travelling and daily allowances as determined by the State Government. This amount is met from the Grama Fund.

The executive powers of the Grama Panchayat are vested on the Sarapanch. The Sarapanch does the following functions:

a. convenes and presides over Grama Panchayat meetings. He conducts, regulates and is responsible for the proper maintenance of the records of proceedings of these meetings.
b. executes documents relating to contracts on behalf of the Grama Sasan.
c. custodian of all records and documents, securities, properties, assets of the Grama Sasan or under its control.
d. responsible for proper working of the Grama Panchayat under the Grama Panchayat Act.
e. prepares all statements and reports.
f. supervises and controls all officers and employees under the Grama Panchayat.
g. is the authority to enter in-to correspondence on behalf of the Grama Panchayat.
h. performs any other job assigned to him under the GP Act.
i. refers to the Sub-divisional Officer any decision of the Grama Panchayat which is subversive of peace and order in the locality or may result in injustice or likely to cause obstruction, annoyance or injury or is injurious to human life etc.
The Naib-Sarapanch exercises some duties of the Sarapanch allotted to him by the latter. In a position when the post of Sarapanch is lying vacant, the Naib-Sarapanch performs all duties of the Sarapanch until the new Sarapanch resumes duty. In a situation of absence of both the Sarapanch and Naib-Sarapanch, one of the Ward-Members out of the panel of three in order of priority prepared by the Grama Panchayat will execute the duties of a Sarapanch.

Every Ward-Member of the Grama Panchayat has certain rights. He has access to the records of the Grama Panchayat during office hours, with a notice to the Sarapanch. He can move any resolution and question any office bearer on matter connected with the administration of the Grama Panchayat. He can inspect all works undertaken by the Grama Panchayat and all institutions under the direction, management or control of the Grama Panchayat and to bring to the notice of the Sarapanch the irregularities observed by him.

A Ward-Member or a Naib-Sarapanch may resign from his office by a written notice to the Sarapanch. The Sarapanch can resign by a written notice to the Sub-divisional Officer. On the contrary, vote of no confidence against Sarapanch or Naib-Sarapanch can be raised, where at a meeting of the Grama Panchayat, specifically convened by the Sub-divisional Officer, the resolution supported by more than two-third of the total members.

FUNCTIONS OF GRAMA PANCAHAYAT:

Within the limits of its funds, it is the duty of the Grama Panchayat to undertake, control, administer and be responsible for some obligatory functions in addition to some discretionary functions. The obligatory functions are listed as:

1. construction, repair, maintenance and improvements of public streets;
2. lighting, watering and cleansing of public streets and other public places;
3. removal of unauthorized obstructions, projections and encroachments upon public streets;
4. construction, maintenance and cleansing of drains and drainage works and all public latrines, urinals, and disposal of drain water and sullage.
5. water supply, storage, drinking water supply;
6. scavenging, removal and disposal of filth, rubbish and other obnoxious polluted matters;
7. reclamation of unhealthy locality, removal of noxious vegetation and abatement of all nuisances;
8. prevention and spread of epidemic diseases;
9. regulation and abatement of dangerous trades or practices;
10. registration of births, deaths, marriages and maintenance of registers prescribed by or under this Act;
11. protection, management and maintenance of all properties entrusted to the GP;
12. establishment, management and maintenance of common grazing grounds;
13. maintenance of records relating to Population Census and Cattle Census;
14. registration of animals sold;
15. destruction of stray and ownerless dogs;
16. reasonable assistance to Samiti in the field of primary education;
17. soil conservation works;
18. regulation of fairs, melas, hats, markets, cart-stands, etc.;
19. implementation of schemes for economic development and social justice in relation to agriculture including agricultural extension;
20. minor forest produce;
21. small scale industries including food processing industries;
22. rural housing;
23. poverty alleviation programmes;
24. women and child welfare;
25. social welfare including welfare of mentally retarded and handicapped;
26. public distribution system;
27. maintenance of community assets, etc.

The Grama Panchayat may undertake any of the following discretionary functions if majority of its members decide by a resolution that too with a prior approval of the State Government: plantations roadside and around and in public places; maintenance of village forest with notification by State Government; improved breeding, disease prevention and treatment of cattle; construction, maintenance and
regulation of slaughter houses; reclaiming waste lands; relief for famine or other calamity; maintenance of libraries, reading rooms, music and entertainment centres; maintenance of cooperative stores; fire-services; Maternity and Child Welfare centres; maintenance of Akharas, clubs, game and athletic clubs; maintenance of ferries, fair weather roads and cattle pounds with taxation; employment generation in hard time and maintenance of granary; cottage industries and facilities for trading facility; rest houses and dharmasalas; organisation of agricultural and industrial exhibitions; statistics of unemployment; public vaccination and inoculation; control and disposal of adulterated foodstuffs; primary education in association with Panchayat Samiti; organising Grama Swechha Sevak; prohibition of gambling; maintenance of village agricultural bunds and any other assigned task; etc.

The Grama Panchayat may be entrusted with some delegated functions from some authorities like: Central Government; Any of its Departments; State Government; Any of its Departments; Panchayat Samiti; execution of Samiti's works; Local Authority;

There are some advisory functions of the Grama Panchayat, when referred by the State government.

**TAXATION BY GRAMA PANCHAYAT:**

Taxes that are levied by the Grama Panchayat can be

01. Vehicle Tax;
02. Latrine or Conservancy Tax;
03. Water-Rate (where water-supply is maintained by Grama Panchayat);
04. Drainage Tax (where drainage facility is available);
05. Light-Rate (where lighting task is undertaken by the Grama Panchayat);
06. Fee on private markets, cart-stands and slaughterhouses;
07. Fee from sale of animals;
08. Fees for regulating the movement of cattle for crop protection;
09. Fee for use of buildings as shops, stalls, etc.
10. Fee for slaughterhouses and cart-stands;
11. Fee from temporary dealers occupying open grounds;
12. License from brokers, commission agents, etc.;

FINANCE OF GRAMA PANCHAYAT:

For every Grama Sasan, there is a Grama Fund and to the credit of this fund is placed all proceeds of any tax, toll, fee or rate imposed under the Orissa Grama Panchayat Act. In addition, all fines imposed and realised under the Act, all sums ordered by a Court, all proceeds of the disposal of property, all income accruing from any of Panchayat property, all money received by way of penalty, compensation or compounding of fences, all income from any scheme undertaken by the Grama Panchayat, all money assigned by the Government or Panchayat Samiti to the Grama Sasan, portion of rents or other proceeds as placed by the Government, any sum specially assigned to the Grama Fund by special or general orders of State Government, all sums received by way of loan, gift or contribution, all sums received under the Orissa Cess Act, 1962, all interest and profits arising from any investment of the Grama Sasan; etc.

The Grama Fund is deposited in the name of the Grama Panchayat in the Savings Bank of the nearest Post Office and in case there is a treasury or subtreasury nearer than the post-office, then the amount can be deposited in personal ledger account. It is also decided that, at no time the cash balance in the custody of the Sarpanch, shall exceed the sum fixed by the Collector.

The Grama Panchayat shall keep regular accounts of receipts to and disbursement from the Grama Fund. The provision of the Orissa Local Fund Audit Act, 1948 shall apply in regard to audit of the Grama Fund.

BUDGET ESTIMATE OF GRAMA PANCHAYAT:

Each year, the Sarpanch is to prepare and place the budget before the Grama Panchayat for its consideration. This preliminary budget shows probable receipts and expenditures for the following year and the Grama Panchayat will send copies of this corrected budget to Palli Sabhas within the Grama for their recommendation.
Panchayati Raj Statistics of Orissa:

There is clear manner of conducting the Grama Panchayat election. The electoral roll, appointment of election officers, presiding officers, nomination filing by candidates, withdrawal of candidature, etc are regulated by the State Government. There is a clear provision that no employee of State Government or local authority shall interfere or influence the election process. There are provisions of penalty for fraudulent maneuvers. Election petition, if any, is to be addressed to the Munsif in charge of the locality.

Though actual number of villages of Orissa is 50,972, on population basis the number of Grama Panchayats are 5262 which means that there are more than one village per Grama Panchayat. Some figures of Panchayati Raj Institutions available from the records of Panchayati Raj Department and Orissa State Election Commission are given in following table.

**TABLE No. III: 1 - Districts, Subdivisions, Blocks, ZP Const., PS Member, GPs and Wards in Orissa.**

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<tr>
<th>Sl.</th>
<th>District</th>
<th>Sub Divn.</th>
<th>Block</th>
<th>ZPC</th>
<th>PSM</th>
<th>GPs</th>
<th>Wards.</th>
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<td>Baragarh</td>
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<td>14</td>
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<td>09</td>
<td>058</td>
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<td>14</td>
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<td>053</td>
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<td>Gajapati</td>
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<td>060</td>
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<td>21.</td>
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<td>077</td>
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<td>26</td>
<td>56</td>
<td>316</td>
<td>316</td>
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</table>
The specific reservations for Scheduled Castes, Scheduled Tribes, Other Backward Class and Women as declared for the 1997 Panchayati Raj Institutions are shown in the following table.

**TABLE No. III: 2 - List of Reservations at Different Levels**

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>ZPM</th>
<th>ZP Pr</th>
<th>PS Ch.</th>
<th>PS MEMBER</th>
<th>SARPANCH</th>
<th>WARD MEMBER</th>
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<tbody>
<tr>
<td>RESERVATIONS</td>
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<tr>
<td>SC</td>
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<td>03</td>
<td>020</td>
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<td>0475</td>
<td>07309</td>
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<td>SCW</td>
<td>54</td>
<td>02</td>
<td>029</td>
<td>0399</td>
<td>0396</td>
<td>06531</td>
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<td>ST</td>
<td>131</td>
<td>04</td>
<td>054</td>
<td>0809</td>
<td>0795</td>
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<tr>
<td>STW</td>
<td>088</td>
<td>03</td>
<td>044</td>
<td>0562</td>
<td>0579</td>
<td>08062</td>
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<tr>
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<td>-</td>
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<td>OBCW</td>
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<td>-</td>
<td>-</td>
<td>0412</td>
<td>-</td>
<td>06961</td>
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<td>RW</td>
<td>091</td>
<td>05</td>
<td>041</td>
<td>0497</td>
<td>0887</td>
<td>07330</td>
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<td>UNRES</td>
<td>235</td>
<td>13</td>
<td>126</td>
<td>1479</td>
<td>2130</td>
<td>23118</td>
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</tbody>
</table>

ZPM = Zilla Parishad Member; ZP Pr = Zilla Parishad President; PS Ch. = Panchayat Samiti Chairperson; PS MEMBER = Panchayat Samiti Member; SC = Scheduled Caste; SCW = Scheduled Caste Women; ST = Scheduled Tribe; STW = Scheduled Tribe Women; OBC = Other Backward Classes; OBCW = Other Backward Class Women; RW = Reserved for Women; UNRES = Unreserved.

**Scheduled Areas in Orissa:**

When conventional Panchayati Raj system are viewed as impositions on tribal societies and tribal traditions and customs, the concept of Gram Sabha continues to safeguard and preserve the cultural identity, community resources and the customary mode of dispute resolution. Thus the powers of Gram Sabha in the Scheduled Areas under Indian Constitution came to be effective with effect from 24 December 1996.

Gram Sabha is the Parliament of the Gaon Ganrajya with plenary powers. The
special provisions under this new ideology are: i) Social - Enforcement of prohibition or regulate or restrict the consumption of any intoxicant; ii) Protection of Land - Prevention of land alienation and restoration of unlawfully alienated land; iii) Acquisition of Land - Consultation before acquisition mandatory; iv) Minor Forest Produce - Full ownership; v) Water Resources - Planning and management of minor water bodies; vi) Minor Minerals - (a) Recommendation before issue of prospecting license or mining lease mandatory. (b) Prior recommendation for grant of concession in leases; vii) Village Markets - Full powers of management; viii) Credit - Full control over loan cases to tribals; ix) Development - (a) Approval before implementation. (b) Identification and selection of beneficiaries. (c) Consultation before rehabilitation of displaced; x) Financial - (a) Full control over all funds for local plans. (b) Certification of utilization of funds; ix) Institutions and Functionaries - Full control over all those concerning social sectors

According to the new system under the Central Law for constitution of Panchayats in Scheduled Areas in Orissa, the State Legislature is duty bound to frame suitable laws in furtherance of the above objectives. The declaration of the Scheduled Areas under this system is shown in table below.

**TABLE No. III: 3 - Showing Scheduled Areas in Orissa.**¹⁹

<table>
<thead>
<tr>
<th>Sl.</th>
<th>District</th>
<th>Block (Name)</th>
<th>ZPC</th>
<th>PSM</th>
<th>GPS</th>
<th>Wards.</th>
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</thead>
<tbody>
<tr>
<td>01</td>
<td>Mayurbhanj</td>
<td>26 All Blocks included</td>
<td>56</td>
<td>316</td>
<td>316</td>
<td>4902</td>
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<td>02</td>
<td>Sundargarh</td>
<td>17 All Blocks included</td>
<td>35</td>
<td>170</td>
<td>170</td>
<td>2966</td>
</tr>
<tr>
<td>03</td>
<td>Koraput 14</td>
<td>All Blocks included</td>
<td>197</td>
<td>197</td>
<td>2460</td>
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</tr>
<tr>
<td>04</td>
<td>Malkangiri</td>
<td>07 All Blocks included</td>
<td>15</td>
<td>077</td>
<td>077</td>
<td>1062</td>
</tr>
<tr>
<td>05</td>
<td>Rayagada</td>
<td>11 All Blocks included</td>
<td>22</td>
<td>140</td>
<td>140</td>
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<td>Nawarangapur</td>
<td>10 All Blocks included</td>
<td>26</td>
<td>148</td>
<td>148</td>
<td>1881</td>
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<tr>
<td>07</td>
<td>Kandhamal</td>
<td>12 All Blocks included</td>
<td>18</td>
<td>144</td>
<td>144</td>
<td>2029</td>
</tr>
<tr>
<td>08</td>
<td>Keonjhar</td>
<td>13 All Blocks included</td>
<td>10</td>
<td>22</td>
<td>22</td>
<td>0313</td>
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<tr>
<td>a)</td>
<td>Keonjhar Garh</td>
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<td></td>
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<tr>
<td>b)</td>
<td>Ghateon</td>
<td>021</td>
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<td></td>
<td></td>
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<td>b)</td>
<td>Harichandanpur</td>
<td>018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d)</td>
<td>Saharpada</td>
<td>021</td>
<td></td>
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<tr>
<td>e)</td>
<td>Banpsala</td>
<td>019</td>
<td></td>
<td></td>
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<td>f)</td>
<td>Patna</td>
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<td>g)</td>
<td>Telkoi</td>
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<td>h)</td>
<td>Champua</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>i)</td>
<td>Jhumpura</td>
<td>017</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
Thus local self government in Orissa has three tiers: Zilla Parishad, Panchayat Samiti and the Grama Panchayat. The Grama Panchayat is the lowest tier at the village level and in Orissa, there are 5254 Grama Panchayats, each one with a population of 2000 to 10,000. The state has a tribal population of 22%, 1570 of the Grama Panchayats are in the scheduled areas.

The activities of Panchayati Raj Institutions can be classified into three categories like Poverty Alleviation Programmes, strengthening of Panchayati Raj Institutions as self governing units and upgrading skill through training. The Poverty Alleviation
Programmes have at least four distinctive features - creation of wage employment opportunities, self-employment programme, construction of houses for the poor and development of rural infrastructure. These are achieved through Jawahar Gram Swarozgar Yojana, Employment Assurance Scheme, Swarna Jayanti Gram Swarozgar Yojana, Indira Awas Yojana, Operation Black Board, Prime minister’s Gramodoya Yojana, Rural Connectivity Programme etc. The Government has the obligation to bring up PRIs as unit of Local Self-Governance that the 73rd amendment of the Constitution of India has envisaged. The prime objectives of the three tier Panchayati Raj System are to eradicate poverty, upliftment of standard of living of people in the rural areas, bring about a healthy society by creating awareness for hygiene, sanitation and eradication of illiteracy.

To impart training to elected representatives of Panchayati Raj Institutions and Government officials an apex training institute i.e. State Institute of Rural Development (SIRD) is located at Bhubaneswar. It has also 3 Extension Training Centres (ETCs) at Bhubaneswar, Bhawanipatna and Keonjhar.

**Review of Grama Panchayat Functioning in Orissa:**

The Panchayati Raj wave of 1960’s that followed the Community Development Programmes of 1950’s had a peak in 1965-1970 in Orissa. The Panchayat institutions perished without regular election, finance and some administrative politics. First to succumb as a direct blow of district administration being designated as a hindrance to district planning boards and district administration was Zilla Parishad in 1967. The Grama Panchayat and the Panchayat Samiti only survived nominally, the latter at block level survived functionally through administration.

Alexis de Tocqueville once described elections as 'institutionalized revolutions'. The Panchayats in Orissa slept in dormancy due to lack of elections. Biju Patnaik, during his second term as chief minister in 1990 wanted to overcome this state of backwardness and apathy at grassroots. He took a dynamic step of conducting
elections in municipalities; Grama Panchayats and the Panchayat Samitis even not favoured by his party men and legislators21. This is the story of 1992 and the elections were held with grand success. On 5 March 1993 on the occasion of the birthday of Biju Patnaik, the capital city, Bhubaneswar and even the whole nook and corner of the state was spruced up to celebrate the "Panchayati Raj Divas". About 16,000 elected representatives of Panchayats (Chairpersons, Vice-Chairpersons, Members of Panchayat Samitis, Grama Panchayats, Naib Sarapanches) including the M. L. A.s and M. P.s of the state along with invitees gathered at Kalinga Stadium to celebrate the two days on the new Panchayat. This was nothing but resuscitation after a lapse of twelve years.

Prior to this Panchayati Divas event, twice in India such grassroots based huge gathering had taken place in the history: for the first time in Orissa in 1961 - 62 when Biju was chief minister in his first spell and second in Karnataka in 1987, Ramakrishna Hegde as chief minister. The chief minister of Orissa was of the view that every Sarapanch must function like the chief minister of his Panchayat so that people would hold him in respect. He had gathered 8000 Sarapanches in Bhubaneswar. Similarly, Hegde brought together 56,000 Zilla Parishad and Mandal Panchayat Members elected according to the new Panchayat Act of 1983 introduced by Janata government. Incidentally the great convention of peoples' representatives was inaugurated by the Union Minister, P. V. Narasimha Rao.

What made the 1992 Bhubaneswar meeting significant was that almost half the participants were women. Orissa was the first state in India of implement 33 % reservation of seats for women in Municipalities and Panchayats when the centre had not implemented the decision and was still only deliberating over the issue22. Thus Orissa had about 480 women representatives in 94 Municipal institutions. Women numbered over 25,000 in 5263 Grama Panchayats and 314 Panchayat Samitis. The additional information that the reserved women seats were keenly
contested gives glamour to democracy notwithstanding the fact that Orissa's the then literacy figured only 29.1 percent.

The Orissa Grama Panchayat Act enabled women to hold offices at all theirs of the Panchayati Raj institutions. Further, it has a unique provision by which, if the Sarapanch of Gram Panchayat elected or nominated, was not a woman, the office of the Naib-Sarapanch will go to a woman. A similar provision was there for Chairperson of the Panchayat Samiti, the Panchayat Samiti Act being amended. This can be designated as a radical step as no other state had thought of this reservation, nor the 73rd Constitutional Amendment Act had come into being. Orissa had one third of seats for women and again women preferences in the chairs of Panchayats.

The upsurge of women's power was in evidence at the Bhubaneswar meet of Panchayati Raj Divas. Women representatives blamed government for keeping them away from power and resources. The statement from women was, "We are elected. That is good news. We are not able to implement anything, we have no power, no resources. That is bad news." Some women representatives shouted that the bureaucracy was not responsive and some others that the block development officers were deaf to their suggestions. Interestingly, chief minister of Orissa, Biju Patnaik listened tit-bits what women representatives spoke and had taken note to move the administration in a desired way, despite the waywardness of administration has taken the turn.

Orissa had an active Zilla Parishad system since 1061. But it was abolished in 1967, when Biju's grip over the state administration and politics changed towards the end of sixties and it its place the district planning boards were created by the Congress government. For about twenty-five years the state had no power-sharing mechanism below the state level. This is often ascribed to the tardy economic development of the state from socio-political angles in spite of plenty of resources. In 1991 the government enacted the Orissa Zilla Parishad Act, 1991 with incorporation of several progressive features of self-government. The 1991 act has similar
characteristics as Kerala District Council Act so that the Parishad Members include the chairpersons of each of the urban local bodies constituted in the district, besides official and non-official members of all important elected bodies from the Panchayat Samiti upwards. Only directly elected members - 2 members from every block have the power to vote. The act did not envisage voting rights to even M. P.s and M. L. A.s but later the new constitutional amendment came to give an all India line up of arrangements.

The Orissa Government had an open mind regarding its own legislation and it goes to the credit of the then leadership that it has invited suggestions to improve the quality of these local bodies. The district wise plans and budget must be assimilated to the state's. The feeling that the district collector as chief executive of the Zilla Parishad was not conducive for the Zilla Parishads. As the requirements for developments and the requirements for law and order in the district has grown enormously after 50 years after independence, there is need of bifurcation of these elements at the district. In the light of Zilla Parishads as 'units of local government', these organisation can take up the development functions with political power. The chief minister of Orissa, Biju Patnaik had tremendous faith in the existing district administration and even then he had in mind to split up district development activities by separate way. Even he had thought of healthy competitive spirit among Zilla Parishads in early sixties and announced a 'Grama Panchayat Award' (Rs. 100,000/-) to the best Grama Panchayat in each district and a 'Panchayat Samiti Award' (Rs. 10,000,000/-) to 3 of the best Panchayat Samitis selected one from each of the 3 Revenue Divisions of the state on the basis of development.

Orissa lost some precious time in delaying Zilla Parishad elections immediately after 1992 Municipal, Grama Panchayat and Panchayat Samiti elections. A couple months were lost due to games played on the political chessboard by ruling party and the cabinet. A genuine reason was the reorganization of the districts, an issue that had been hanging fire for sometime. The 13 districts of the state, after some political
decisions and deliberations, were reorganised to 30 districts, thus breeding 30 Zilla Parishads.

As per the Orissa Grama Panchayat Acts, 1994, the Grama-Panchayat shall be composed of Sarapanch directly elected from among the voters of the Grama-Panchayat area and one member from each of the wards by persons on the electoral roll. After the election when the first meeting of the Grama-Panchayat is convened, the Naib-Sarapanch will be elected from among the elected ward-members. The seats bear stamps of reservations on proportion basis of population of Scheduled Tribes Scheduled Castes and Other Backward Castes. Similarly, Women have not less than one third of reservation. Similarly posts of Sarapanch are subject to such reservations for Scheduled Tribes, Scheduled Castes and women. Again there is provision that in case the Sarapanch is not a woman, the post of Naib-Sarapanch will be reserved for that of woman.

**TABLE No. III: 4 - Showing Figurative Account of Grama Panchayats of Orissa.**

<table>
<thead>
<tr>
<th>SERIAL</th>
<th>ITEM</th>
<th>FIGURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Grama Panchayats</td>
<td>5261</td>
</tr>
<tr>
<td>2.</td>
<td>GP Wards</td>
<td>81077</td>
</tr>
</tbody>
</table>

Thus election to 5261 Grama Panchayats has been completed and 5261 number of Sarapanches and 81077 Ward Members have been elected in 1997. Out of 81077 seats of Ward Members, 39753 were uncontested and out of 41324 seats of ward-members, 129572 candidates were contestants in 1997 Grama-Panchayat Election. Similarly 159 out of 5261 posts of Sarapanches were uncontested and 38635 candidates were contesting for rest 5102 posts. This has resulted in attainment of Grama-Sabha and Grama-Panchayat functioning in its regular way and approving and checking up the village developments programmes.

The activities of Panchayati Raj Department can be classified into three categories such as: Poverty Alleviation Programme, strengthening of Panchayati Raj
Institutions as Self Governing Units and upgrading of skill through training. The four major components of Poverty Alleviation Programme are creation of wage employment opportunities; self-employment programme; construction of houses for the poor and development of rural infrastructure. These objectives are achieved through Jawahar Gram Swarozgar Yojana, Employment Assurance Schemes, Swarna Jayanti Gram Swarozgar Yojana, Indira Awas Yojana, Operation Black Board, Prime Minister's Gramodoya Yojana, Rural Connectivity Programme etc. To impart training to elected representatives of Panchayati Raj Institutions and government officials an apex training institution i.e. State Institute of Rural Development (SIRD) is located at Bhubaneswar. It has also three Extension Training Centres (ETCs) at Bhubaneswar, Bhawanipatna and Keonjhar.

The three tier local self government system of Orissa at present has 854 elected members to 30 Zilla Parishads. Presently there are 5 Scheduled Caste, 7 Scheduled Tribe and 10 Women Zilla Parishad Presidents out of 30 Zilla Parishad Presidents in the state. There are 314 Panchayat Samitis with 5254 elected members. Out of the chairpersons, there are 49 Scheduled Caste, 98 Scheduled Tribe and 114 Women chairpersons. There are 5254 Grama Panchayats with 81077 elected Ward Members and out of the Sarapanches, there are 871 of Scheduled Caste, 1374 Scheduled Tribe and 1962 Women. The Grama Panchayat covers a population of 2,000 to 10,000. The State has a tribal population of 22 % and there are 118 Panchayat Samitis and 1570 Grama Panchayats within the Scheduled Areas. The State has empowered the Panchayati Raj Institutions in the Scheduled Areas:

- Prior approval of Grama Panchayat is required to give license for manufacture and sale of intoxicants.
- Ownership of sixty items of minor forest produce.
- State laws are being amended to empower PRIs to have control over alienation of land of tribals and money lending.
State Finance Commission, Orissa:

In pursuance of Article 243-1 of the Constitution of India read with sections 3 and 8 of the Orissa Finance Commissions (Miscellaneous Provision) Act, 1993, the Governor of Orissa constituted the State Finance Commission of Orissa consisting of Justice S.K. Mohanty as Chairperson and four other Members namely, B. C. Mallick, Formerly Professor and Head of the Department of Applied and Analytical Economics, Utkal University, A.P. Ray, Full-time Politician, S.C. Das, Advocate and K.C. Badu, I.A.S. (Member Secretary) on 21st November, 1996 by Notification No. FC (10) - 16 / 96 - 48704 / F.24 The Commission is appointed to hold office from the date of constitution up to 31st March 1998 with Chairperson and Member Secretary on full-time and other Members on part-time basis.

The Commission shall make recommendations relating to the following matters i) the principles which should govern the distribution between State and Panchayati Raj Institutions and the Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the state which may be divided amongst them under Part IX and Part IX A of the Constitution and the allocation between the Panchayats at all levels and the Municipalities of their respective shares of such proceeds; the determination of taxes, duties, tolls and fees which may be assigned to, or appropriated by Panchayats, Panchayat Samitis and Zilla Parishads or, as the case may be, Municipalities; and the grants-in-aid to the Grama panchayats, Panchayat Samitis and Zilla Parishads or, as the case may be, Municipalities from the Consolidated Fund of the state; ii) the measures needed to improve the financial position of the Grama panchayats, Panchayat Samitis and Zilla Parishads and Municipalities; iii) on any other matter, which the Governor may refer to the Commission in the interest of sound finance of Grama panchayats, Panchayat Samitis and Zilla Parishads and Municipalities. In making its recommendations, the Commission shall have regard to the revenue resources of the State Government and the demands thereon, an
account of expenditure on civil administration, police and judicial administration, education, maintenance of capital assets, social welfare, debt servicing and other committed expenditure and liabilities; the functions and liabilities of Panchayati Raj Institutions and Municipalities in respect of discharging and implementing of the schemes entrusted to them under Article 243-G and 243-W of the Constitution; the revenue resources of Panchayati Raj Institutions and Municipalities at all levels for Five Years, commencing from the 1st April, 1997 on the basis of levels of taxation reached in 1996-97, targets set for additional resources mobilization and potential for mobilizing additional revenues; the scope for better fiscal management consistent with the need for speed, efficiency and cost effectiveness of delivery of services; the need for providing adequate incentive for better resource mobilization as well as closely linking expenditure and revenue raising decisions.


In Chapter IV of the Commission's Report, there is detailed analysis of present level of resource transfer. The Recommendation Report states, "The Local Bodies in India, whether rural or urban, have never been and perhaps never will be self-sufficient financially. This may be due to the fact that State Government retains most of the elastic and buoyant sources of revenue, such as sales tax, excise duties and motor vehicle tax and assign sources of revenue, that are stagnant and in-elastic to
Local Bodies. The mismatch between expenditure responsibilities and revenue raising capability of Local Bodies has been sought to be remedied through a system of transfer from the Consolidated Fund of the States to the Local Bodies. Such transfers supplement own resources of Local Bodies and enable them to provide a satisfactory level of services to the community. The transfers of resources to Local Bodies may take various forms. The State Government may levy and collect some taxes and may share the proceeds with Local Bodies in a given proportion. For instance, the proceeds from entertainment tax in Tamil Nadu are shared between the State Government, Panchayat Unions (comparable to the Panchayat Samitis on Orissa) and the G. P.s in the ratio of 40:30:30. Another mode of transfer is assigning the entire proceeds of tax with or without deducting a sum towards collection charges to the Local Bodies. The Cess on land revenue in Orissa is such an example. The most important mode of transfer is, however, providing grants-in-aid for general and specific purposes. The objective of the general-purpose grant is to place some funds with a Local Body with the freedom to use the same for felt need of the community. The example of the general purpose grants are the per capita grants provided in Andhra Pradesh to Rural and urban Local Bodies. The Andhra Pradesh Government provides per capita grant @ Rs. 1/- for G. P.s / Rs. 5/- for P. S.s, Rs. 2/- for Z. P.s and Rs. 4/- for Urban Local Bodies. The specific purpose grants are tied and hence are meant to be use for the purpose for which it is granted. Such grants are illustrated by establishment road maintenance grants and the like.

The recommendations that have been made by the SFC, in view of the expanded scope and operations of Local Bodies incorporated in the Eleventh and Twelfth Constitutional Scheduled appended after the 73rd and 74Th Constitutional Amendments are:
Cess and Revenue:

The Commission observed that the assignable revenue from land Cess due to Rural Local Bodies is less than the amount collected in preceding years on account of lower budgetary allocation. So the Commission fixed up the annual minimum and additional amount on account of higher collection during that financial period.

Kendu Leaf Grant:

On account of *ad hoc* policy of releasing Kendu Leaf Grant, the Panchayati Raj Institutions have been deprived of getting additional funds to the tune of Rs. 68.54 crores during the period 1984-85 to 1989-90. The PRIs are entitled to receive the above amount from the State Government. Over and above, Rural Local Bodies will receive standard revenue for the period 1998-99 to 2002-03 subject to additional allocation of funds on account of finalization of proforma account with higher margin than the present level.

Surcharge on Entertainment Tax:

The Commission has calculated how much surcharge amount will be released for Urban Local Bodies keeping in view the collection.

Surcharge on Stamp Duty:

Government should devise to levy surcharge on transfer of properties in rural areas and devolve the amount to Rural Local Bodies exactly in same way as surcharge on basic stamp duty and additional stamp duty is a major source of revenue to Development Authorities, Planning Authorities and Improvement Trusts.
Imposition of New Tax in Rural Areas:

1. House Tax in Grama Panchayats:

The Commission has suggested imposing a tax akin to Panchayat Tax or House Tax levied by other states on account of infrastructure development like roads, irrigation projects, and other economic activities. The Panchayat Tax that existed earlier was abolished in 1967, but this sort of tax is in vogue in Andhra Pradesh, Kerala and some other states. This amount is quite substantial to upgrade civic services in rural areas.

The Commission proposes a taxation of minimum 4% and maximum 8% based on annual rental value of residential and commercial buildings (with a 15% deduction towards repair and maintenance) located within Grama Panchayat area. However, the Commission exempts the worship places, free or charitable choultries, building of recognised educational institutions, protected ancient monuments, etc.

Then there should come Light Tax followed by Drainage Tax at the rate of 5% of the House Tax. The Commission has suggested that Village Level Worker should be declared as first assessing Officer and Extension Officers in Panchayat Samiti as confirming Officers in this matter. Recovery of such type of tax from the defaulters will be in the manner of recovery of Cooperative loans through execution proceedings. The Grama Panchayat Extension Officer at the Panchayat Samiti should be empowered to execute such proceedings.

2. Professional Tax:

The Commission has proposed Professional Tax in the manner of Andhra Pradesh Professional Tax Act, 1987. Under Section 131 (g), Urban Local Bodies are empowered to tax on Profession, Art and Callings and appropriate the same in full as one of the major sources of internal revenue. The State Government of Andhra Pradesh has assumed the responsibility of collecting this tax and is assigning a portion of revenue to Urban Local Bodies. In fact, this is quite substantial amount.
3. Octroi:

Octroi is a tax threatened to be abolished. This is due to rampant corruption and time consuming searches. But Entry Tax in lieu of Octroi can not be massive and many cases of intra-state trade will escape Entry Tax. Though the Commission has not proposed continuance of Octroi, it is of the opinion that the state government should pay the shares of collected revenue from the new Entry Tax without delay.

4. Holding Tax:

Next to Octroi, tax on holding is the second biggest source of income of Urban Local Bodies in Orissa. Under Section 131 of Orissa Municipal Act, 1950, the urban Local bodies have been empowered to levy and collect Holding Tax at the rate of 7.5 % minimum and 10 % maximum on the annual rental value of the building deducting 15% towards repair and maintenance cost. In addition to Holding Tax, other service taxes like Latrine Tax (<10 % annual rental value of the building), Water Tax (<10 % annual rental value of the building), Light Tax (<5 % annual rental value of the building) and Drainage Tax (<10 % annual rental value of the building) are also levied.

The Commission observed thoroughly with present position of Holding Tax and after interaction with some Chairmen of Urban Local Bodies, came to know that none of them are willing to raise the Holding Tax and the Service Tax. There was no sincere attempt on collection of Holding Tax from new buildings due to inherent delay on fresh valuation. The value of periodical revaluation and tax revision wanted a strong political will, that too needed efficient and honest official machinery. But since these are lacking, so, the Commission has come to the conclusion that the periodical revaluation should be mandatory and if due to some unavoidable reasons, valuation is not possible, there should be 3% to 5 % increase in the existing Holding Tax as an interim measure.
Assignment of Revenue from Sairat Sources:

The Commission has recommended that Sairat Taxes should be collected by the State Government, distributed district-wise to all the Grama Panchayat without any deduction for collection charges.

Assignment of Royalty Collected from Minor Forest Produce:

Grant -

1. Untied Grant:

As per budget of 1998-99, there is provision of Rs. 700.00 lakhs under the State Plan for the Zilla Parishads for creation of capital assets in deficient areas. In addition, funds provided to M.P.s and M. L. A. s should also be added to these capital assets.

2. Grants towards salary, wages etc. to Urban Local Bodies:

In this respect, the Commission did not take any decision on the claims made by Urban Local Bodies on getting full requirements on pension and terminal service benefits along with full salary cost due to reckless increase in staff by Urban Local Bodies without government approval.

3. Grants to Rural Local Bodies:

Grama Panchayats:

Presently the government has decided to pay Rs. 2200/- to Grama Panchayat Secretary with involvement of Rs. 13.88 crores per annum for 5255 employees. The Commission did not want to comment on this decision.

Panchayat Samitis:

As usual, the entire salary and other recurring and non-recurring expenses of staff deployed by various departments is being met by State Government.
Zilla Parishads:

Presently the salary of the skeleton staff and the entire recurring and non-recurring expenses including the honorarium of President, Vice-President, Members and other ancillary expenses are being borne by the Government.

The Commission expects a greater role of Z. P. s as assigned in the Eleventh Schedule of the Constitution. The Commission also feels that all agency functions like J.R.Y, E.A.S. etc should be channelled through the Z. P. s.

Creation of Other Assets to Generate Permanent Income of Rural Local Bodies:

The Commission stressed on pisciculture as a regenerative item to be followed by Grama Panchayats.

No Dues Certificate:

The Commission stressed the need for 'No Dues Certificate' on loans as some influential persons did not clear their loans and dues to Rural Local Bodies.

Concurrent Functions of Local Bodies:

The Commission also felt that the following items are to be covered by Zilla Parishads and the government has not transferred them to Zilla Parishads. It suggests transfer of these items along with funds and functionaries.

Roads; Drinking Water; Health; Electricity; Sewerage Line; Sanitation

Improvement of Cultural and Physical Facility in Urban Areas;

Primary Education; Training; Data Bank

SUMMARY:

In this chapter, Panchayati Raj system in India and Orissa has been narrated in detail. Gram Panchayat is the village-level political organisation that has its spontaneous and natural genesis in villages of India since time immemorial. Bapu has conceived it as a medium of anchoring for rural development in India while
envisioning Ram Rajya for Indians during the Movement Struggle. Unfortunately, Panchayats had escaped the attention of the Founding Fathers of Indian Constitution. This has taken a circuitous path to realize the importance of Panchayat organization during the 45 years that followed independence to incorporate them in the constitution. First Mehta (Balwantrai Mehta) investigated and put forth the three tiers Panchayati Raj structures that was followed throughout the nation. But stagnancy and dormancy due to a host of factors followed it. Then came others with recommendations for improving the Panchayati Raj. Almost 20 years after the first Mehta, came the second Mehta (Ashok Mehta) with his report on sluggishness and maladies of Panchayati Raj functioning with many remedial measures of coming over the lethargic situation. All these factors were pivots to bring about the constitutional amendments.

Orissa, as a state of India has nurtured its local self-governments, rural and urban. The Orissa Panchayati Raj system and the functioning of the lowest Panchayat, the Grama Panchayat had followed some statutory provisions, the Orissa Grama Panchayat Act of 1948, that has been amended from time to time to lately come to incorporate all principles of constitutional amendments of 1992 in the Orissa Grama Panchayat Act of 1994. It has within its domain some detailed working of direct democratic devices like the Gram Sabha and Palli Sabha, the today’s equivalent of Athenian democratic model.
END POINTS


5. *Entry No. 5 of List II-State List of the Seventh Schedule*


20. Orissa Gov.com / Panchayati Raj.
21. Mathew, George Panchayati Raj - From Legislation to Movement, "Orissa leads the way", pp. 73-78.
23. Orissagov.com/Panchayatiraj