



Greater Authority to Panchayats

For Prelims: [Panchayati Raj Institutions \(PRIs\)](#), [73rd Constitutional Amendment Act, 1992](#), [Gram Sabhas](#), [Panchayat Samithis](#), [Zila Parishads](#), Article 243G, Article 243H, Article 243-I.

For Mains: [Financial empowerment of PRI](#), [Fiscal decentralisation](#), [Inter-state disparities](#), [Role of Women's Self-Help Groups \(SHGs\)](#)

[Source: BS](#)

Why in News?

Recently a World Bank working paper, '**Two Hundred and Fifty-Thousand Democracies: A Review of Village Government in India**' has called for granting **greater authority** to Panchayats while strengthening **local fiscal capacity** to ensure **effective local governance**.

What is a Panchayati Raj Institution (PRI)?

▪ Historical Background:

- Village government in India has a long, varied and dynamic history. [Kautilya's Arthashastra](#), a treatise on governance that dates back to around 200 BCE, describes a decentralised system of government where villages were ruled by village headmen who were called by various names **gramika, gramakuta or adhyaksha**.
- The [Rig Veda](#), a Vedic text which is over 3,000 years old, refers to three types of institutions namely **vidhata, sabha, and samiti**, which were all assemblies of **adults who gather to voice their views and participate in decision-making**.

▪ Views of Gandhian and Ambedkar on PRI:

- [Dr B R Ambedkar](#) famously argued in the Indian [Constituent Assembly](#) against village democracies. He argued that **villages are nothing, but a sink of localism, a den of ignorance, narrow mindedness and communalism**.
- However, for [Gandhi](#), the **village formed the bedrock of his idea of a free India**. India, he famously declared, "is to be found not in its few cities but in its 700,000 villages."
 - Gandhi envisioned a village life centred around **three key tenets** namely **self-sufficiency** and **frugality, deliberative** and **representative democracy, and community-spiritedness**.

▪ Post Independence:

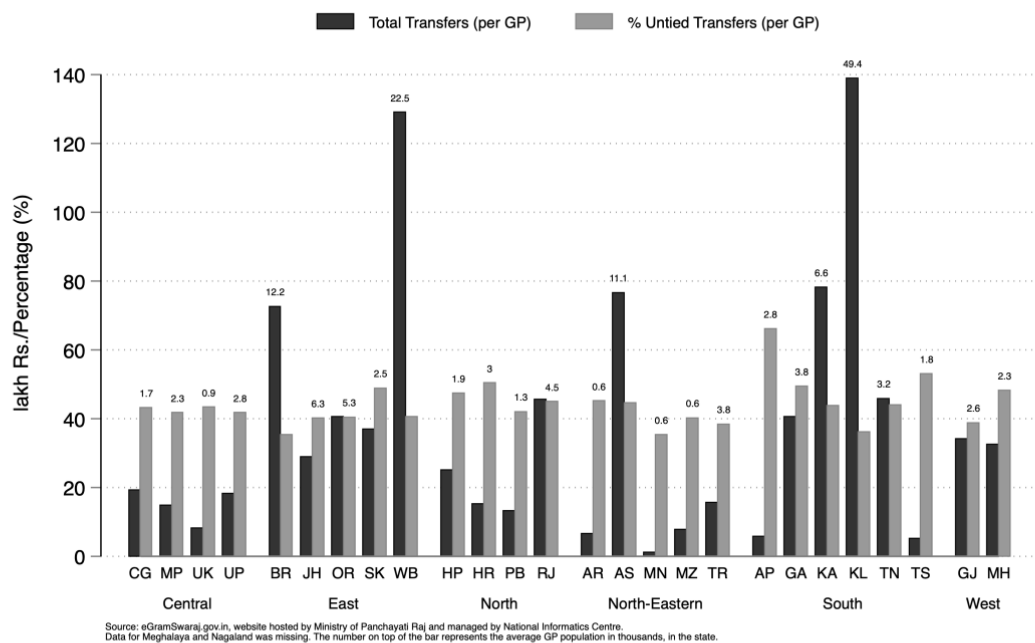
- The Gandhian idea of **village-led free democratic India was rejected** by the principal architects of post-independent India.
- Dr. Ambedkar convinced the **Constituent Assembly to include Panchayati Raj Institutions as non-mandatory guidelines in the [Directive Principles](#)**, suggesting but not requiring their creation by regional governments.
- In 1992, the devolution of formal power to **Panchayats commenced with the passage of the 73rd Amendment act**.

▪ 73rd Constitutional Amendment Act, 1992:

- The [73rd Constitutional Amendment Act, 1992](#) gave **constitutional status** to the PRIs and established a system of **uniform structure**, elections, reservation of seats for [Scheduled Caste](#), [Scheduled Tribes](#) and **women** and devolution of fund, functions and functionaries to PRIs.
- The amendment mandated a **three-tier system** of local government across states, consisting of village (Gram Panchayat), intermediate (Block Panchayat), and district (Zilla Panchayat) levels.
- **Provisions:**
 - **Article 243G** of the Constitution of India gives state legislatures the power to provide Panchayats with the authority and powers to function as **self-government institutions**.
 - For the financial empowerment of Panchayats, provisions have been made in terms of Article 243H and Article 243-I of the Constitution.
 - Article 243H gives state legislatures the power to authorize Panchayats to levy, collect, and appropriate taxes, duties, tolls, and fees.
 - [Article 243-I](#) mandates the formation of [state finance commissions](#) every five years by the [Governor](#).
 - The **Ministry of Panchayati Raj** looks into all matters relating to the Panchayati Raj and Panchayati Raj Institutions. It was created in May 2004.

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Statewise 15th Finance Commission Transfers to per Gram Panchayat, FY2022-2023



Statewise 15th Finance Commission Transfers to per Gram Panchayat, FY2022-2023

Related Initiatives

- **SVAMITVA Scheme:** Survey of Villages and Mapping with Improved Technology in Village Areas (SVAMITVA) scheme was launched on [National Panchayati Raj Day 2020](#) to enable economic progress of Rural India by providing **“Record of Rights”** to **every rural** household owner.
- **e-Gram Swaraj e-Financial Management System:** e-Gram Swaraj is a Simplified Work Based Accounting Application for Panchayati Raj.
- **Geo-Tagging of Assets:** The Ministry of Panchayati Raj (MoPR) has developed **“mActionSoft”**, a mobile based solution to help in capturing photos with Geo-Tags (i.e., GPS Coordinates) for the works which have **assets as an output**.
- **Citizen Charter:** In order to focus on the commitment of the PRIs towards its Citizens in respect of

Standard of Services, the MoPR has provided a platform to **upload Citizen Charter documents** with the slogan “Meri Panchayat Mera Adhikaar – Jan Sevaayein Hamaare Dwaar”.

What are the Challenges Faced by the Panchayats?

- **Fiscal Decentralisation Issues: Insufficient devolution of financial powers and functions from higher levels of government to panchayats hampers their ability to mobilise resources independently.**
 - **Limited fiscal decentralisation** undermines local governance and community empowerment.
- **Low Capacity and Utilisation:** PRI's may lack the capacity and **skills to generate their own revenue** from various sources, such as fees, tolls, rents, etc.
 - They also face challenges in utilising the funds efficiently and effectively, due to poor planning, monitoring, and **accountability mechanisms**.
- **Top-down Approach:** Dependence on **external funding** leads to interference from **higher tiers of government** mainly central and state governments.
- **Delay in Funding:** Some regions have also reported **non-receipt of funds** under key schemes, impacting their functioning.
 - The Standing Committee on Rural Development and Panchayati Raj in March, 2023 said that 19 out of 34 State/UTs did not receive any funds under the [Rashtriya Gram Swaraj Abhiyan scheme](#) in FY23.

What is the Status of PRI Funding?

- As per the [Reserve Bank of India \(RBI\)](#) report on the financial dynamics of Panchayati Raj Institutions (PRIs) in India:
- **Revenue Composition:** Panchayats earn **only 1%** of their revenue **through taxes**.
 - The majority of their revenue **comes from grants** provided by the Centre and the States.
 - Data indicates that 80% of the revenue is from Central government grants, while 15% is from State government grants.
- **Revenue Per Panchayat:** **On average each panchayat earned just Rs 21,000 from its own tax revenue and Rs 73,000 from non-tax revenue.**
 - Conversely, grants from the **Central government amounted to approximately Rs 17 lakh per panchayat**, with State government grants totalling over Rs 3.25 lakh per panchayat.
- **State Revenue Share and Inter-State Disparities:** **Panchayats' share in their respective State's own revenue remains minimal. There are wide variations among states regarding average revenue earned per panchayat.**
 - **Kerala and West Bengal** lead with average revenues of over **Rs 60 lakh and Rs 57 lakh per panchayat**, respectively. While States like **Andhra Pradesh, Haryana, Mizoram, Punjab, and Uttarakhnad** have significantly lower average revenues, **less than Rs 6 lakh per panchayat**.

What are the Steps Needed to Strengthen PRI?

- **Reassess the Levels of Devolution:** Pay more attention to the **three critical Fs namely functions, finance, and functionaries** and delegate more authority to panchayats rather than stripping them of power.
- **Enhanced Fiscal Capacity:** To improve governance, there's a need to enhance the fiscal

capacity of Panchayats. For example utilising the [Social Stock Exchange](#) for bringing in additional funds.

- Additionally granting them **more decision-making authority** over finances will reduce the burden on higher-level bureaucrats.
- **Empowerment of Ward Members:** Ward Members (WMs) lack financial resources and often just endorse decisions, **but they can be crucial in overseeing Gram panchayat heads.**
 - Empowering them with funds could **enhance Panchayat effectiveness, as smaller political units show better development outcomes.**
- **Strengthen Gram Sabhas:** Gram sabhas are **central to effective village governance.** To enhance their efficacy, it is recommended to increase their frequency and **expand their powers** to encompass critical areas such as village planning and the selection of beneficiaries for public programs.
- **Improve Administrative Data Quality:** Enhance the **quality of administrative data** and ensure its public availability in an accessible format. Visualisations and interactive dashboards can facilitate understanding and analysis by all community members.
- **Performance Incentives and Accountability:** Establishing an **independent and credible system** for scoring Panchayat performance is suggested. Incentivising Panchayat elected officials and staff based on performance could improve accountability.
- **Grievance Redressal Systems:** Setting up **formal and effective grievance redressal systems** is crucial for holding Panchayats accountable. This allows individual citizens to report problems to higher authorities.
- **Integration of Women's [Self-Help Groups \(SHGs\)](#):** Integrating SHGs with Panchayats is seen as a significant measure for **improving village governance** and balancing decision-making towards the needs of women.

Read more: [Panchayati Raj Institution \(PRI\)](#)

Drishti Mains Question:

Q. Discuss the strategies for strengthening the Panchayati Raj Institutions (PRIs) in India.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q1. Local self-government can be best explained as an exercise in (2017)

- (a) Federalism
- (b) Democratic decentralisation
- (c) Administrative delegation
- (d) Direct democracy

Ans: (b)

Q. The fundamental object of Panchayati Raj system is to ensure which among the following? (2015)

1. People's participation in development
2. Political accountability
3. Democratic decentralisation
4. Financial mobilisation

Select the correct answer using the code given below

- (a) 1, 2 and 3 only

(b) 2 and 4 only

(c) 1 and 3 only

(d) 1, 2, 3 and 4

Ans: (c)

Mains

Q. To what extent, in your opinion, has the decentralisation of power in India changed the governance landscape at the grassroots? **(2022)**

Q. Assess the importance of the Panchayat system in India as a part of local government. Apart from government grants, what sources can the Panchayats look out for financing developmental projects? **(2018)**

Q. In absence of a well-educated and organised local level government system, 'Panchayats' and 'Samitis' have remained mainly political institutions and not effective instruments of governance. Critically discuss. **(2015)**

PDF Reference URL: <https://www.drishtias.com/printpdf/greater-authority-to-panchayats>

