



## Panchayati Raj Institution (PRI)

Last Updated: July 2022

*When the panchayat raj is established, public opinion will do what violence can never do. — Mahatma Gandhi*

### What is a PRI?

- Panchayati Raj Institution (PRI) is a system of **rural local self-government** in India.
- Local Self Government is the management of local affairs by such local bodies who have been **elected by the local people**.
- PRI was constitutionalized through the **73<sup>rd</sup> Constitutional Amendment Act, 1992** to build democracy at the grass roots level and was entrusted with the task of rural development in the country.
- In its present form and structure **PRI has completed 26 years of existence**. However, a lot remains to be done in order to further decentralization and strengthen democracy at the grass root level.

### How did Panchayati Raj System Evolve in India?

The history of Panchayat Raj in India can be divided into the following periods from the analytical point of view:

- **Vedic Era:** In the old Sanskrit scriptures, word 'Panchayatan' has been mentioned which means a group of five persons, including a spiritual man.
- Gradually the concept of the inclusion of a spiritual man in such groups vanished.
- In the Rigveda, there is a mention of **Sabha, Samiti and Vidatha as local self-units**.
  - These were the democratic bodies at the local level. The king used to get the approval of these bodies regarding certain functions and decisions.
- **Epic Era** indicates the two great epic periods of India, that is, the Ramayana and the Mahabharata.
- The study of Ramayana indicates that the administration was divided into two parts - Pur and Janpad or city and village.
  - In the whole of the state, there was also a Caste Panchayat and one person elected by the Caste Panchayat was a member of the king's Council of Ministers.
- Self-government of a village finds ample expression in the 'Shanti Parva' of the Mahabharata; in the Manu Smriti as well as in Kautilya's Arthashastra.
- As per the Mahabharata, over and above the village, there were units of 10, 20, 100, and 1,000 village groups.
  - '**Gramik**' was the chief official of the village, '**Dashap**' was the chief of ten villages, '**Vinshya Adhipati, Shat Gram Adhyaksha** and '**Shat Gram Pati** were the chiefs of 20, 100, and 1,000 villages, respectively.
  - They collected the local taxes and were responsible for the defense of their villages.
- **Ancient Period:** There is a mention of village panchayats in Kautilya's Arthashastra.

- The town was referred to as Pur and its chief was the Nagarik.
- Local bodies were free from any royal interference.
- **During the Mauryan and Post-Mauryan periods too, the headman, assisted by a council of elders, continued to play a prominent role in the village life.**
- The system **continued through the Gupta period**, though there were certain changes in the nomenclature, as the **district official was known as the vishya pati** and the **village headman was referred to as the grampati.**
- Thus, in ancient India, there existed a well established system of local government which was run on a set pattern of traditions and customs.
- However, it is significant to note that there is **no reference of women heading the panchayat** or even participating as a member in the panchayat.
- **Medieval Period:** During the Sultanate period, the Sultans of Delhi divided their kingdom into **provinces called 'Vilayat'**.
  - For the governance of a village, there were three important officials - **Mukkaddam for administration, Patwari for collection of revenues, and Choudhrie for settling disputes with the help of the Panch.**
  - The villages had sufficient powers as regards self governance in their territory.
  - Casteism and feudalistic system of governance under the Mughal rule in the medieval period slowly eroded the self-government in villages.
  - It is again noteworthy to note that even in the medieval period there is no mention of women participation in the local village administration.
- **British Period:** Under the British regime, **village panchayats lost their autonomy** and became weak.
  - It is only from the year 1870 that India saw the dawn of representative local institutions.
  - The famous **Mayo's resolution of 1870 gave impetus to the development of local institutions** by enlarging their powers and responsibilities.
  - The year 1870, introduced the concept of elected representatives, in urban municipalities.
  - The revolt of 1857 had put the imperial finances under considerable strain and it was found necessary to finance local service out of local taxation. Therefore it was out of fiscal compulsion that Lord Mayo's resolution on decentralization came to be adopted.
  - Following the footsteps of Mayo, **Lord Rippon in 1882 provided the much needed democratic framework to these institutions.**
    - All boards (then existing) were mandated to have a two-thirds majority of non-officials who had to be elected and the chairman of these bodies had to be from among the elected non-officials.
    - This is considered to be the **Magna Carta of local democracy in India.**
  - Local self-government institutions received a boost with the appointment of the **Royal Commission on Decentralisation in 1907 under the Chairmanship of C.E.H. Hobhouse.**
    - The commission recognized the importance of panchayats at the village level.
  - It is in this backdrop that the **Montagu Chelmsford reforms of 1919** transferred the subject of local government to the domain of the provinces.
    - The reform also recommended that as far as possible there should be a complete control in local bodies and complete possible independence for them from external control.
    - These panchayats covered only a limited number of villages with limited functions and due to **organisational and fiscal constraints** they did not become democratic and vibrant institutions of local self government at the village level.
  - However, by 1925, eight provinces had passed the Panchayat Acts and by 1926, six native States had also passed panchayat laws. Local bodies were given more powers and functions to impose taxes were reduced. But, the position of the local self-government institutions remained unaffected.
- **Post-Independence Period:** After the Constitution came into force, **Article 40** made a mention of panchayats and **Article 246** empowers the state legislature to legislate with respect to any subject relating to local self-government.
  - However, this inclusion of panchayats into the Constitution was not unanimously agreed upon by

the then decision-makers, with the major opposition having come from the framer of the Constitution himself i.e. B.R.Ambedkar.

- It was after much discussion among the supporters and opponents of the village panchayat that the panchayats finally got a place for themselves in the Constitution as **Article 40 of the Directive Principles of State Policy**.
- Since the Directive Principles are not binding principles, the result was the absence of a uniform structure of these bodies throughout the country.
- After independence, as a development initiative, India had implemented the Community Development Programmes (CDP) on the eve of Gandhi Jayanti, the 2nd October, 1952 under the major influence of the **Etawah Project** undertaken by the American expert, Albert Mayer.
  - It encompassed almost all activities of rural development which were to be implemented with the help of village panchayats along with the participation of people.
  - In 1953, the **National Extension Service** was also introduced as a prologue to CDP. But the programme did not yield much result.
- There were various reasons for the failure of CDP like bureaucracy and **excessive politics, lack of people participation, lack of trained and qualified staff, and lack of local bodies interest in implementing the CDP** especially the village panchayats.
- In 1957, the National Development Council constituted a **committee headed by Balwant Rai Mehta** to look into the working of community development programme.
  - The team observed that the major reason for the failure of the CDP was the **lack of people's participation**.
  - The committee suggested a three-tier PRIs, namely, Grama Panchayats (GPs) at the village level, Panchayat Samiti (PSs) at the block level, and Zilla Parishad (ZPs) at the district level.
- **As a result of this scheme of democratic decentralization was launched in Rajasthan on October 2, 1959.**
- In Andhra Pradesh, the scheme was introduced on 1st November, 1959. The necessary legislation had also been passed and implemented in Assam, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Orissa, and Punjab etc.
- The appointment of the **Ashok Mehta Committee in 1977** did bring new thinking in the concepts and practice of the Panchayat Raj.
  - The committee **recommended a two-tier Panchayat Raj institutional** structure consisting of **Zilla Parishad and Mandal Panchayat**.
- In order to use planning expertise and to secure administrative support, the district was suggested as the first point of decentralization below the state level.
- Based on its recommendation, some of the states like Karnataka incorporated them effectively.
- In subsequent years in order to revive and give a new lease of life to the panchayats, the Government of India had appointed various committees.
- The most important among them are the **Hanumantha Rao Committee (1983), G.V.K. Rao Committee (1985), L.M.Singhvi Committee (1986) and the Sarkaria Commission on Centre-State relations (1988), P.K. Thungan Committee (1989) and Harlal Singh Kharra Committee (1990)**.
- The **G.V.K. Rao Committee (1985)** recommended making the **“district” as the basic unit of planning** and also holding regular elections while the **L.M.Singhvi committee** recommended **providing more financial resources and constitutional status to the panchayats** to strengthen them.
- The Amendment phase began with the 64th Amendment Bill (1989) which was introduced by Rajiv Gandhi seeking to strengthen the PRIs but the Bill was not passed in the Rajya Sabha.
- The Constitution (74th Amendment) Bill (a combined bill for the PRIs and municipalities) was introduced in 1990, but was never taken up for discussion.
- It was during the Prime Ministership of P.V.Narasimha Rao that a comprehensive amendment was introduced in the form of the Constitution 72nd Amendment Bill in September 1991.
- **73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments were passed by Parliament in December, 1992. Through these amendments local self-governance was introduced in rural and urban India.**
- The Acts came into force as the Constitution (73<sup>rd</sup> Amendment) Act, 1992 on April 24, 1993 and

the Constitution (74<sup>th</sup> Amendment) Act, 1992 on June 1, 1993.

## What are the Salient Features of the Constitution 73<sup>rd</sup> and 74<sup>th</sup> Amendments?

- These amendments **added two new parts to the Constitution**, namely, added **Part IX titled “The Panchayats”** (added by 73<sup>rd</sup> Amendment) and **Part IXA titled “The Municipalities”** (added by 74<sup>th</sup> Amendment).
- Basic units of democratic system-**Gram Sabhas (villages) and Ward Committees (Municipalities)** comprising all the adult members registered as voters.
- **Three-tier system** of panchayats at village, intermediate block/taluk/mandal and district levels except in States with population is below 20 lakhs (Article 243B).
- Seats at all levels to be filled by direct elections **Article 243C (2)**.
- Seats reserved for Scheduled Castes (SCs) and Scheduled Tribes (STs) and the chairpersons of the Panchayats at all levels also shall be reserved for SCs and STs in proportion to their population.
- One-third of the total number of seats to be reserved for women.
- One third of the seats reserved for SCs and STs also reserved for women.
- One-third offices of chairpersons at all levels reserved for women (**Article 243D**).
- **Uniform five year term** and elections to constitute new bodies to be completed before the expiry of the term.
- In the event of dissolution, elections compulsorily within six months (Article 243E).
- **Independent Election Commission in each State** for superintendence, direction and control of the electoral rolls (Article 243K).
- **Panchayats to prepare plans for economic development** and social justice in respect of subjects as devolved by law to the various levels of Panchayats including the subjects as illustrated in Eleventh Schedule (Article 243G).
- 74th Amendment provides for a **District Planning Committee** to consolidate the plans prepared by Panchayats and Municipalities (Article 243ZD).
- Budgetary allocation from State Governments, share of revenue of certain taxes, collection and retention of the revenue it raises, Central Government programmes and grants, Union Finance Commission grants (Article 243H).
- Establish a **Finance Commission in each State** to determine the principles on the basis of which adequate financial resources would be ensured for panchayats and municipalities (Article 243I).
- The Eleventh Scheduled of the Constitution places as many as 29 functions within the purview of the Panchayati Raj bodies.
  
- The following areas have been exempted from the operation of the Act because of the socio-cultural and administrative considerations:
  - Scheduled **areas listed under the V Schedule** in the states of Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Madhya Pradesh, Maharashtra, Orissa and Rajasthan.
  - The states of **Nagaland, Meghalaya and Mizoram**.
  - The hill areas of district of **Darjeeling in the state of West Bengal** for which Darjeeling Gorkha Hill Council exists.
- In conformity with provisions in the Constitution Amendment Act, an Act called the **Provisions of Panchayats (Extension to the Scheduled Areas) Act, 1996** passed by the Government of India.

## How have the Panchayati Raj Institutions Reformed since their Inception?

- PRIs has witnessed simultaneously a remarkable success and a staggering failure in the journey of 26 years depending on the goalposts against which they are evaluated.
- While the PRI has **succeeded in creating another layer of government and political representation** at the grass-roots level, it has **failed to provide better governance**.
- There are about 250,000 PRIs and urban local bodies, and over three million elected local government representatives.
- The 73<sup>rd</sup> and 74<sup>th</sup> Amendments required that no less than one-third of the total seats in local bodies should be reserved for women. At 1.4 billion, India has the most women in elected positions. Seats and sarpanch/pradhan positions were also reserved for SC/ST candidates.

- Research using PRIs has shown that having **female political representation in local governments** makes women more likely to come forward and report crimes.
  - In districts with female sarpanchs, significantly greater investments are made in drinking water, public goods.
- Moreover, the states have also provided the **statutory safeguards for many devolution provisions**, which have considerably empowered local governments.
- Successive (central) Finance Commissions have, so substantially, **increased fund allocations for local bodies** and also the grants have been increased.
- 15<sup>th</sup> Finance Commission is also considering to further increase the allocations for local governments to match the international standards.
  
- India commemorated the 12<sup>th</sup> National Panchayati Raj day on 24<sup>th</sup> April 2022
  - The Prime Minister launched the distribution of **e-property cards under the [SWAMITVA \(Survey of Villages and Mapping with Improved Technology in Village Areas\)](#) scheme** on the Day.

## What are the Challenges associated with the PRI System?

- **Lack of Effective Devolution**
  - Local government is a state subject in the Constitution, and consequently, the devolution of power and authority to panchayats has been left to the discretion of states.
  - Some of the important subjects like fuel and fodder, non-conventional energy sources, rural electrification including distribution of electricity, non-formal education, small scale industries including food processing industries, technical training, and vocational education have not been devolved in certain states.
- **Insufficient Grants/Funds**
  - Despite the constitutional empowerment, the local bodies face problems of **inadequate finance** to carry out various activities assigned to them.
  - Transfers made through the State Finance Commissions are also meagre in most States.
  - In most of the states, most of the GPs are found reluctant to raise their own source of revenue (OSR). Only a few GPs are able to generate OSR in the form of tax or non-tax revenue by renting shops, house tax and clean water fee.
- **Issue of Sarpanch Pati**
  - On the Panchayati Raj Day in 2015, the Prime Minister called for an end to 'Sarpanch Pati culture'. But it is still very much prevalent in the society, mainly due to gender biases, women illiteracy and patriarchal society.
- **Infrastructural Challenges**
  - Some of the GPs do not have their own building and they share space with schools, anganwadi centre and other places. Some have their own building but without basic facilities like toilets, drinking water, and electricity connection.
  - While GPs have internet connections, they are not functional in many cases. For any data entry purposes, panchayat officials have to visit Block Development offices which delay the work.
- **Lack of Support Staff**
  - The Standing Committee on Rural Development (Chair: Dr. P Venugopal) in July 2018 observed that there is severe lack of support staff and personnel in panchayats, such as secretary, junior engineers, computer operators, and data entry operators. This affects their functioning and delivery of services by them.
- **Lack of Convergence of Various Government Programmes**
  - There is a clear lack of convergence of various development programmes of the Centre and state governments.
  - For example, roads in two different patches are constructed utilising two different sources of funding (e.g. Fourteenth Finance Commission and MPLAD), but it is difficult to find one large activity with funding from multiple sources.
  - Different guidelines by different departments are cited as a major constraint for lack of

convergence of activities.

## What Steps need to be taken?

- The recommendations of the **6<sup>th</sup> report of the 2<sup>nd</sup> Administrative Reform Commission (ARC)** can be implemented for a better and effective functioning of the Panchayati Raj institutions.
- **Genuine fiscal federalism** i.e., fiscal autonomy accompanied by fiscal accountability can provide a long term solution.
  - The 2<sup>nd</sup> ARC had recommended that there should be a clear-cut demarcation of functions of each tier of the government.
- The **2<sup>nd</sup> ARC** also recommended that state Governments should encourage local bodies to **outsource specific functions** to public or private agencies, as may be appropriate, through enabling guidelines and support
- **Comprehensive and holistic training** requires expertise and resources from various subject matter specific training institutes.
  - This can be best achieved by 'networking' of institutions concerned with various subjects such as financial management, rural development, disaster management and general management.
- **Audit committees** may be constituted by the State Governments at the district level to exercise oversight of the integrity of financial information, adequacy of internal controls, compliance with the applicable laws and ethical conduct of all persons involved in local bodies.

## What should be the Way Forward?

- The need of the hour is to bring about a holistic change in the lives of beneficiaries among the villagers by uplifting their socioeconomic and health status through effective linkages through community, governmental and other developmental agencies.
- Government should take remedial action in the interest of democracy, social inclusion and cooperative federalism.
- People's demands for the sustainable decentralisation and advocacy should focus on a decentralisation agenda. The framework needs to be evolved to accommodate the demand for decentralisation.
- It is important to have **clarity in the assignment of functions** and the local governments should have **clear and independent sources of finance**.

*If we would see our dream of Panchayat Raj, i.e., true democracy realized, we would regard the humblest and the ruler of India with the tallest in the land.*