

PANCHAYAT RAJ

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Unit-1

Concept of Panchayat Raj:

It is the oldest system of local government in the Indian subcontinent. The word “panchayat” literally means “assembly” (ayat) of five (panch) wise and respected elders chosen and accepted by the local community. Traditionally, these assemblies settled disputes between individuals and villages. British established local self-government in 1869 when they made a District Local Fund in Bombay. This was a nominated body. In 1882, Lord Ripon established local self-government in India with the seating up of district local boards. District boards and councils were established in Maratheada and vidarbh.

The next important piece of legislation was the Bombay Village Panchyat Act 1920. Under this Act, the Panchayats was constituted into an elected body. Members were elected by adult male villagers and the Panchayat was entrusted with local functions, mainly of a civil nature. Panchayat was empowered to collect compulsory house taxes. The Bombay Village Panchayat Act 1920 empowered village Panchayats to take up various activities, including some social-economic functions and gave the power to heavy taxes and duties in order to increase their income.

After the reorganization of states in 1956, laws to introduce the Panchayat system in different stator were gradually enacted. This process was almost complete in Andhra Pradesh, Assam, Madhya Pradesh, Madras, Mysore, Orissa, Punjab, Rajasthan, Utter Pradesh, and Bombay.

Scope and purpose of Panchayat raj :

Lok Adalat, established under Lok Adalat Act, 1958. Under the Act, a district village for the supervision and control of village Panchayats. These Mandals were, however, abolished in 1962. Apart from this enactment in various states, a direction is contained in the Constitution of India in Article 40 which says that “The State shall take steps to organize village Panchyats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.

Under the new enactment, a Gram Sabha of adult residents in the village was constituted, and it was made obligatory on the Panchayats to hold meetings of the Gram Sabha within two months from the commencement of every financial year and to prepare an annual statement of accounts to be placed before such a meeting.

The administrative report, the proposed development programmes, adult report, compliance of adult objections and other such matters were also required to be placed before this meeting. Group Nyaya Panchyats were established, but later they were abolished.

Obligatory duties of the Panchayats were mainly of a civil nature that is, making provisions for sanitation, street lights and drinking water. The discretionary functions covered the fields of agriculture, cooperation, animal husbandry, self-defence and other such administrative and development works.

Evolution of Panchayati Raj 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, VinshyaAdhipati, 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 vishyapati 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 centralization in 1907 under the Chairmanship of C.E.H. Hob house.
 - 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 organizational 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 ZillaParishad (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 ZillaParishad 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.
 - 73rd and 74th 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 (73rd Amendment) Act, 1992 on April 24, 1993 and the Constitution (74th Amendment) Act, 1992 on June 1, 1993.

Local administration under Mauryan Empire:

India witnessed a very well organized local administration under Mauryan Empire. The government was hierarchy in nature. Staffs were recruited in order to ensure smooth running of the empire in all levels.

District and Town Administration:

The revenue and general administration in the districts were administered by sthanikas and gopas. They had their own staffs. The gopa were in charge of five to ten villages in which he supervised maintenance of boundaries, registered gifts, sales and. Mortgages. He also kept an accurate census of the people as well as their material resources.

A sthanika had similar duties in the district and the gopas functioned under him. They were responsible to the samaharta. Urban administration was organised on similar lines under a nagarika or city magistrate with sthanikas and gopas assisting him.

Village Administration:

Villages were semi-autonomous. They enjoying a good deal of freedom in ordering their affairs; they regulated land and water rights, cultivation and payment of revenue through the gramani. Gramani was an official of the central government. The elders of the village have a large share in guiding the people as well as in assisting the officials of the government in disposing of petty disputes arising in the village. Cultivable land was parcelled out in estates that belonged to individuals. The bureaucratic check and control was provided by officials openly charged with such duties of inspection, audit and report as well as by the regular employment of spies.

Administration of Provinces:

Empire was divided into a number of provinces each administered by a governor. Mostly the governor was the prince of the royal blood. The provincial courts were smaller replicas of the imperial court at Pataliputra, from which the emperor directly administered the home provinces. Probably there was a distinction between rural and urban administration.

Administration of Cheras: (manram)

The Chera kingdom's most important political institution was the monarchy. The king's personality was linked with a great deal of pomp and ceremony.

The royal Queen also held an extremely high and privileged position, and she sat with the king at all religious events.

The Shilappadikaram mentions the 'king's council' and the other 'five assemblies' in the administration of the Chera Dynasty.

The Chera king's council consists of the most powerful noblemen, rajas of the districts such as the 'ruler of Alumbil,'

The council was not only the highest advisory body, but also the final judicial tribunal which used to help the Chera king when he held his daily durbar in order to hear petitions and deliver judgments.

The function of the five assemblies during the ancient Chera kingdom is not well described, but it is likely that they were territorially organized.

The Chera kingdom was divided into four divisions, the northernmost division was Cannanore and the southernmost was near Trivandrum.

The Chief Minister in the Chera dynasty served in the same manner as the powerful dewans who, until the twentieth century, administered the states of Travancore and Cochin on behalf of the native princes.

The chief priest, who served as the Nair war goddess and chief astrologer, wielded great power in determining policy.

Another important institution was the “Manram” which operated in each village of the Chera kingdom.

Its meetings were frequently held under a banyan tree by village elders, and they assisted in resolving local issues.

The Manrams also served as locations for village gatherings.

The Chera Dynasty had a monarchical administrative structure. All power was concentrated in the hands of the king or monarch. Although the king was autocratic, his powers were constrained by a council of ministers and intellectuals. The King conducted a daily durbar to hear the common people’s complaints and resolve them on the spot. An important feature of the Cheras administration is Manrams which was a meeting place of elders in the village regarding all the major decisions.

Local administration under Cholas:

The Chola kings used a highly efficient administration system. The CholaMandalam included the entire Tanjore district as well as parts of Trichy, Pudukottai, and South Arcot districts.

The Cholas were divided into three major administrative divisions: Central Government, Provincial Government, and Local Government. Tanjore was the Cholas’ capital.

Many historians and rulers have praised the efficient Chola administrative system.

Local Administration:

The local administration at the district, town, and village levels was the most important feature of the Chola administration.

The inscriptions at Uttaramerur reveal a lot about the Chola administration.

The most distinguishing feature of the Chola administrative system was village autonomy.

Nadu:

Nadu was one of the Cholas' most important administrative units. Nadus had democratically elected assemblies.

Nattars were the names given to the nadus' heads. Nadu's council was known as nattavai.

Agriculture was promoted by Nattavais and Nattars representatives. They were also in charge of public safety and tax collection.

Administration of the Village:

- The village assembly, known as Gram Sabha, was solely responsible for village administration. The village unit was the lowest level of Chola administration.
- The village assemblies were in charge of keeping the peace, tanks, roads, public ponds, revenue collection, the judiciary, education, and temples.

- The village assemblies were in charge of paying taxes owed to the treasury by the villages. They regulated public markets and assisted people during times of flood and famine.
- Assembly provisions for education were made. The village assemblies had complete control over the affairs of the villages.
- They kept law and order in each village. Chaturvedimangalam was the name of a Brahmin settlement.

Variyams:

- Village Assemblies effectively managed village administration with the help of variyams. These variyams were made up of male members of society.
- The composition of these variyams, as well as the qualifications and durations of membership, varied from village to village.
- Every village had a plethora of variyams. Thottavariyam looked after the flower gardens, while Niyavariyam administered justice. The Dharma variyam was in charge of charities and temples.
- Erivariyam was in charge of the water tanks and supply. The finance was overseen by the ponvariya. The Gramakariyavariyam was in charge of overseeing the work of all committees.
- These variyams' members were dubbed "Varivaperumakkal." They performed honourable service. The village officials were either paid in cash or in kind.
- The effectiveness of these variyams increased the efficiency of Chola local administration.

Local administration under Pandyas :

The territory of Pandyas is called Pandymandalam, Thenmandalam or Pandynadu, which lay in the rocky, hilly regions and mountain ranges except the areas fed by the rivers Vaigai and Tamiraparni. Pandyas preferred Madurai as their Capital for political division, Pandymandalam or Pandya Nadu consisted of many valanadus, which, in turn, were divided into many nadus and kurrams (meaning group of villages)

Kings and local chiefs created Brahmin settlements called Mangalam or Chaturvedimangalam with irrigation facilities. These settlements were given royal names and names of the deities

Royal officials were called by different names:

- The prime minister was called Uttaramantri
- The royal secretariat was known as Eluttu Mandapam
- The titles of military commanders were PalliVelan, Parantakan Pallivelan, Maran Adittan and Tennavan Tamizhavel

LOCAL GOVERNMENT-A BRITISH CREATION:

Although local government existed in India in ancient times, in its present structure and style of functioning, it owes existence to the British rule in India. Neither the system of village self-government that prevailed in earlier times, nor the method of town government which was then in existence visualized the type of periodically elected representative government responsible to the electorate that had evolved in the west and was planted in India by the British government. "Local self government in India, in the sense of a representative organization, responsible to a body electors, enjoying wide powers of administration and taxation, and functioning both as a school of training in responsibility and as a

vital link in the chain of organisms that make up the government of the country, is British creation.

REGULATING ACT OF 1773:

The earliest efforts in municipal Government in India were made in the Presidency towns of Madras, Calcutta and Bombay. In 1687, an order of the Court of Directors directed the formation of a Corporation of European and Indian members of the city of Madras. However, the Corporation did not survive. Under the Regulating Act of 1773 the Governor-General nominated the servants of the Company and other British inhabitants, to be the Justice of Peace, to appoint for the cleaning and repairing of the street of Calcutta, Madras and Bombay.

In the year 1817 and 1830, spasmodic attempts were made in Madras and Calcutta to undertake works paid out of the lottery funds and much was done with this money in laying out these towns. In 1840, an Act widened and in 1841 an Act was passed for Madras. These Act widened the purpose for which the municipal assessment was to be utilized. The inhabitants of the towns were given control over the assessment and collection of taxes. There was no response from the public. In 1845 an Act was passed for Bombay. This Act concentrated the administrative powers in the hands of a conservancy Board on which were two European and three Indian Justice, with the senior Magistrate of Police as Chairman. The first Act deals with the conservancy and improvement of the Presidency towns. The second act provided for the better assessment and collection of rates. Special Acts were passed for the appointment of the commissioners in each town. In the Calcutta Act 1856, special provisions were made for gas lighting and the construction of sewers. In the Bombay Act of 1858, power was given to levy dues.

NON-PRESIDENCY TOWNS:

Outside the Presidency towns there was practically no attempt at municipal legislation before 1842. An Act was passed in that year in Bengal, but it practically remained a dead letter another Act was passed in 1850 which applied to the whole of British India. Under this Act and subsequent provincial Act, large number of municipalities was set up in all provinces. In most provinces, the commissioners were nominated and from the point of view of self-government, these Acts did not go far enough.

MAYO'S RESOLUTION OF 1870:

It was only after 1870 that real progress was made in direction of local-self government. Lord Mayo's government in their Resolution of 1870 dealing with decentralization of finance, referred to the necessity of taking further steps to bring local interests and supervision to bear on the management of funds devoted to education, sanitation, public works, etc. New municipal Acts were passed in the various provinces between 1871 and 1874. The Acts extended the elective principle. The results of the policy of 1870 were described in the Resolution of the Local self-government, 1882, thus considerable progress had been made since 1870. A large income from local rates and cesses had been secured, and in some provinces the management of the income had been freely entrusted to local bodies.

RIPON'S RESOLUTION OF 1881:

The next step was taken during the viceroyalty of Lord Ripon who has been rightly called the father of Local Self-government in India. His resolution on Local Self-government is a great landmark in the growth of Local Self-government in the country. After pointing out the beneficial effects on the local finance of the resolution of 1870, the resolution of 1881 stated that the Governor-General of India thought time had come when further steps should be taken to develop the idea of Lord Mayo's Government. It was asserted that agreements with the provincial Government regarding finance should not ignore the question of Local Self-revenues to the local bodies.

RESOLUTION OF 1882:

In this Resolution of Lord Ripon took special pains to make it clear that the expansion of the system of Local Self-government. Would not bring about a change for the better from the point of view of efficiency in municipal administration.

Lord Ripon's resolution enunciated the following principles which were henceforth to inform and guide local government in India:

- Local bodies should have mostly elected non-governmental members and chairman.
- The state control over local bodies should be indirect rather than direct.
- These bodies must be endowed with adequate financial resources to carry out their functions. certain sources of local revenue should be made available to the local bodies which should also receive suitable grants from the provincial budget.

- Local government personnel should operate under the administrative control of the local bodies. The government personnel who are deputed to the local government must be treated as employees of the local government and subject to government its control.
- The resolution of 1882 should be interpreted by the provincial government according to the local conditions prevalent in provinces.
- Another significant stage in the history of local government was the publication in 1909 of the report of Royal commission upon Decentralization, set up in 1906. It made the following principal recommendations:
 - The village should be regarded as the basic unit of local self-government institutions and every village should be constituted in urban areas.
 - There should be a substantial majority of elected members in the local bodies.
 - The municipality should elect its own president, but the district collector should continue to be the president of the district local board.
 - Municipalities should be given the necessary authority to determine the taxes and to prepare their budgets after keeping a minimum reserve fund. The government should give grants for public works like water-supply, drainage scheme, etc.
 - The bigger cities should have the services of full-time nominated officer. Local bodies should enjoys full control over their employees subject, of course to certain safe-guards for the security of services.

Estimate of Lord Ripon:

Lord Ripon was the most popular Viceroy that England ever sent to India. The Indians by and large hailed him as 'Ripon the Good', because he was the only Viceroy who handled the Indian problems with compassion and sympathy. His attempt to remove racial distinction in the judiciary, the repeal of the Vernacular Press Act, the rendition of Mysore and the introduction of the Local-Self Government increased his popularity among Indians. His resignation was deeply regretted by Indians who cherished his memory with gratitude.

Unit-2

Mahatma Gandhi's concept of Panchayat Raj:

Panchayat Raj system:

The Gandhian ideas of Gram Swaraj and Panchayat Raj system can become vehicles for ushering in the much needed social and political change by including all the stakeholders in the process of decision-making and public policy formulation. As Gandhi said, "Panchayat Raj represents true democracy realized. We would regard the humblest and the lowest Indian as being equally the ruler of India with the tallest in the land".

Importance of Democratic Decentralization:

Gandhi's concept of democratic decentralization bears the stamp of his passionate belief in non-violence, truth and individual freedom. He calls it Panchayati Raj or village Swaraj. He wants to see each village a little republic, self-sufficient in its vital wants, organically and non-hierarchically linked with the larger spatial bodies and enjoying the maximum freedom of deciding the affairs of the locality. Gandhi wanted political power to be distributed among the villages in India.

Village Panchayats:

The vehicle that was most ideal to initiate both political and economic democracy at the grassroots level was the Panchayat Raj system. Mahatma Gandhi's tours all across the country reinforced his convictions that India would benefit if the villages were governed by Village Panchayats based on the principal of "simple living and high thinking". These were village republics which were self-contained and self-reliant and having all that people want.

These were the institutions where minimum standard of living could be accorded to all human beings. An individual had maximum freedom and opportunity to develop his personality to the greatest extent. In these republics there would be a diminution of the state and the roots of democracy deepened. According to him centralization cannot be sustained as a system without adequate force.

The affairs are to be managed by Panchayats consisting of five persons elected annually. Gandhi aimed at the individual the centre of the local administration. People are expected to take personal interest and turn up in large numbers at the meeting to deliberate problems of common interest such as village industries, agricultural production, obligation and planning.

Village -unit of a decentralized system:

Gandhi made it very dear that concentration of either economic or political power would violate all the essential principles of participatory democracy. To check centralization, Gandhi suggested the institution of village republics both as institutions of parallel polities and as units of economic autonomy. Village is the lowest unit of a decentralized system. Politically a village has to be small enough to permit everyone to participate directly in the decision-making process. It is the basic institution of participatory democracy. The technical skills of the villages will be fully developed; there will be no dearth of men with high degree of skill and artistic talent. There will be village poets, village artists, village architects, linguists and research workers.

According to Mahatma Gandhi, utilization of the local resources is quite fundamental to the development of the Panchayat Raj system. The Panchayats with the Gram Sabhas should be so organized as to identify the resources locally available for development in the agricultural and industrial sectors. Gandhi wrote, “Democracy becomes an impossible thing until power is shared by all, but let not democracy degenerate into mobocracy”.

Each village a little republic, self-sufficient, enjoying maximum freedom for deciding the affairs of the locality. Gandhi also proposed a scheme of government under the Gandhian Constitution beginning from the primary unit the Village Panchayat to the level of the All-India Panchayat, with the powers being assigned to all levels of the government.

Panchayat Raj- Ashok Mehta Committee

In 1977, the Government of India appointed the Ashok Mehta Committee to suggest measures to revive and strengthen the declining Panchayati Raj system in India

The major recommendations were:

- The three-tier system of Panchayati Raj shall be replaced by a two-tier system, with ZilaParishad at the district level and the Mandal panchayat below it, consisting of a group of villages with a total population of 15,000 to 20,000.
- The district should be the first point for decentralization under popular supervision below the state level.
- Planning at the district level shall be carried out by ZilaParishad as the executive body.

- The Panchayati Raj institutions should have compulsory powers of taxation to mobilize their financial resources and there should be a regular social audit by a district-level agency.

Panchayati Raj- G V K Rao Committee:

It was appointed by the planning commission in 1985 to review the existing Administrative Arrangements for Rural Development and Poverty Alleviation Programmes.

It recognized that the phenomena of bureaucratization of development administration as against the democratization weakened the Panchayati Raj institutions and termed it as ‘grass without roots’.

Thus, it made some key recommendations such as:

- ZilaParishad should be the pivotal body in the scheme of democratic decentralization and be the principal body to manage the developmental programs at the district level.
- Each level of the Panchayati Raj system is to be assigned with specific planning, implementation, and monitoring of the rural developmental programs.
- A post of District Development Commissioner to be created, who will be the chief executive officer of the ZilaParishad.
- Elections to each level of Panchayati Raj systems should be held regularly.

Panchayati Raj- L M Singhvi Committee:

In 1986, the Government of India appointed the L M Singhvi Committee with the main objective of recommending steps to revitalize the Panchayati Raj systems for democracy and development.

The major recommendations by the committee were:

- The Panchayati Raj systems should be constitutionally recognized with establishing provisions to recognize free and fair elections to the bodies.
- It also recommended the reorganization of villages to make the gram panchayat more viable and stressed the importance of Gram Sabha.
- It recommended that village panchayats should have more finances for their activities and also be directed towards establishing Nyaya Panchayats.
- To adjudicate matters relating to the elections to the Panchayati Raj institutions and other matters relating to their functioning, Judicial tribunals are to be set up in each state.

Panchayat Raj- Thungon Committee:

In 1988, a sub-committee of the Consultative Committee of Parliament was constituted under the chairmanship of P.K. Thungon to examine the political and administrative structure in the district for the purpose of district planning.

It made the following recommendations:

- The Panchayati Raj bodies should be constitutionally recognized with a three-tier system- panchayats at the village, block, and district levels.
- ZillaParishad should be the pivot of the Panchayati Raj system and it should act as the planning and development agency in the district.
- The Panchayati Raj bodies should have a fixed tenure of five years with the maximum period of supersession of a body should be six months.
- A detailed list of subjects for Panchayati Raj should be prepared and incorporated into the Constitution.

- Reservation of seats in all the three-tiers should be based on population and there should also be reservation for women.
- A state finance commission should be set up in each state which would lay down the criteria and guidelines for the devolution of finances to the Panchayati Raj institutions.
- The district collector should be the chief executive officer of the Zilla Parishad.

Panchayati Raj- Gadgil Committee:

It was constituted in 1988 as the Committee on Policy and Programmes.

The committee made the following recommendations:

- Panchayati Raj institutions should be given Constitutional status.
- three-tier system of Panchayati Raj with panchayats at the village, block, and district levels.
- The term of Panchayati Raj institutions should be fixed at five years and the members of the Panchayats at all three levels should be directly elected. State Election Commission should be established for the conduction of elections.
- Reservation should be provided for SCs, STs, and women.
- The Panchayati Raj bodies should have the responsibility of preparing and implementing plans for socio-economic development and they should be empowered to levy, collect, and appropriate taxes and duties.
- State Finance Commission should be established for the allocation of finances to the Panchayats.

The recommendations of the Gadgil Committee became the basis for drafting an amendment bill aimed at conferring constitutional status and protection to the Panchayati Raj institutions.

73rd and 74th constitution Amendment Act Of 1992:

Due to the sustained effort of the civil society organizations, intellectuals, etc, the Parliament passed two amendments to the Constitution – the 73rd Constitution Amendment for rural local bodies (panchayats) and the 74th Constitution Amendment for urban local bodies (municipalities) making them institutions of self-government.

Significance of the Act:

- It added Part IX (Article 243 to Article 243 O) to the Constitution, “The Panchayats” and also added the Eleventh Schedule which consists of the 29 functional items of the panchayats.
- It provides shape to Article 40 of the Constitution which directs the state to organise the village panchayats and provide them powers and authority so that they can function as self-government.
- It gives constitutional status to the Panchayati Raj institutions and brought them under the purview of the justiciable part of the Constitution.
- The Act has two parts: compulsory and voluntary. The compulsory provisions must be added to state laws, which include the creation of the new Panchayati Raj systems. Voluntary provisions, on the other hand, maybe included at the discretion of the state government.
- It is a very landmark step in creating democratic institutions at the grassroots level in the country and has transformed representative democracy into participatory democracy.

Salient Features of the 73rd Constitution Amendment Act of 1992:

Gram Sabha:

It is a village assembly consisting of all the registered voters within the area of the panchayat, deemed to be the primary body of the Panchayati Raj system. It exercises powers and performs such functions as determined by the state legislature.

Three-tier system:

The Act provides for a three-tier system of Panchayat Raj in the states (village, intermediate, and district level). However, States with a population of not more than 20 lakhs may not constitute the intermediate level.

Election of members and chairperson:

The members to all the levels of the Panchayat Raj are elected directly while the chairpersons to the intermediate and the district level are elected indirectly from the elected members. Also, the Chairperson at the village level is elected as determined by the state government.

Reservation of seats:

It states that reservation is to be provided for SC and ST at all three tiers by their population percentage.

In the case of Women, not less than one-third of the total number of seats to be reserved for women. There is also a provision that not less than one-third of the total number of offices for chairpersons at all levels of the panchayat be reserved for women.

The act also authorizes state legislatures to decide on the reservation of seats in any level of panchayat or office of chairperson in favor of backward classes.

Duration of Panchayat:

- The Act provides for a five-year term of office to all the levels of the panchayat which can also be dissolved before the completion of its term.
- Further, fresh elections to constitute the new panchayat shall be completed:
- Before the expiry of its five-year duration. In case of dissolution;
- Before the expiry of a period of six months from the date of its dissolution.

Disqualification:

- A person shall be disqualified for being chosen as or for being a member of panchayat if he is so disqualified:
- Under any law for the time being in force for elections to the legislature of the state concerned.
- Under any law made by the state legislature. However, no person shall be disqualified on the ground that he is less than 25 years of age if he has attained the age of 21 years.
- Also, all questions relating to disqualification shall be referred to an authority determined by the state legislatures.

State Election Commission:

- It is responsible for superintendence, direction, and control of the preparation of electoral rolls and conducting elections for the panchayat.

- It consists of a state election commissioner appointed by the Governor. The Governor determines the conditions of service and tenure of office of the state election commissioner.
- The state legislature may make provisions concerning all matters relating to elections to the panchayats.

Powers and Functions:

The Panchayats may be endowed with such powers and authority as may be necessary to enable them to function as institutions of self-government by the state legislature.

Such a scheme may contain provisions related to Gram Panchayat's work concerning the preparation of plans for economic development and social justice and the implementation of the same.

Finances:

The state legislature may:

- Authorize a panchayat to levy, collect, and appropriate taxes, duties, tolls, and fees.
- Assign to a panchayat, the taxes, duties, tolls, and fees levied and collected by the state government.
- Provide for making grants-in-aid to the panchayats from the consolidated fund of the state.

Finance Commission:

A Finance Commission shall be constituted by the Governor of the state after every five years to review the financial position of the panchayats.

In that regard, it shall make the following recommendations to the Governor:

The principles that should govern the distribution between the state and the panchayats of the net proceeds of the taxes, duties, etc and also fees levied by the state and allocation of shares amongst the panchayats at all levels, the determination of taxes, duties, tolls, and fees that may be assigned to 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 and also any other matter referred by the Governor.

The composition of the commission, the required qualifications of its members, and the manner of their selection may be provided by the State Legislature.

The Governor is required to place the recommendations of the commission along with the actions taken on the report before the state legislature.

Continuance of existing law:

The states have to adopt the new Panchayati raj system based on the Act within the maximum period of one year from 24 April 1993, which was the date of the commencement of the Act.

It also has a provision that all the Panchayats existing immediately before the commencement of the Act shall continue till the expiry of their term, unless dissolved by the state legislature sooner.

PESA Act of 1996:

The 73rd Amendment Act does not apply to the states of Nagaland, Meghalaya and Mizoram, and certain other areas. Certain other areas include the scheduled areas and the tribal areas in the states, hill areas of Manipur for which

a district council exists, and the Darjeeling district of West Bengal for which Darjeeling Gorkha Hill Council exists.

However, Parliament can extend Part IX to the above-mentioned areas subject to the exception and modification it specifies. Thus, the Provisions of the Panchayats (Extension to the Scheduled Areas (PESA) Act was enacted.

Andhra Pradesh, Chhattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, and Telangana are the States with Fifth Schedule Areas that are covered under PESA.

As a result of the constitutional steps taken by the Union and State governments in bringing Panchayat Raj Institutions into the limelight, India has moved towards what has been described as multilevel federalism. It has also widened the democratic base of the Indian polity by bringing in governance and issue redressal to the grassroot levels in the country.

Nagar Palika act:

74th Amendment and Municipalities in India:

Constitution (Seventy Forth Amendment) Act, 1992 has introduced a new Part IXA in the Constitution, which deals with Municipalities in an article 243 P to 243 ZG. This amendment, also known as Nagarpalika Act, came into force on 1st June 1993. It has given constitutional status to the municipalities and brought them under the justifiable part of the constitution. States were put under constitutional obligation to adopt municipalities as per system enshrined in the constitution.

Nagar Palika : Municipality

Nagar Nigam : Municipal Corporation

Nagar Parishad : City Council

Nagar Palika :

Nagar Palika is classified as an urban centre with not more than 30,000 and less than 10,000 citizens. After every 5 years, members of a nagarpalika are elected as a representative. According to the population, towns are divided into wards and then accordingly the representatives of each ward are elected. The president is selected among themselves and to control the administrative affairs of the Nagar Palika, a chief officer, along with the officers, like engineers are appointed.

Definition of Metropolitan area:

Metropolitan area in the country is an area where population is above 10 Lakh. (Article 243P)

Three Kinds of Municipalities:

Article 243Q provides for establishment of 3 kinds of Municipalities of every state.

Nagar Panchayat: A Nagar Panchayat is for those areas which are transitional areas i.e. transiting from Rural Area to Urban areas. "Governor" will by public notice, will define these three areas based upon the population, density of population, revenue generated for local administration, % of employment in Non-agricultural activities and other factors. Further, a Governor may also if, he fits it necessary, based upon the industrial establishments, can specify the Industrial Townships by public notice.

Municipal Council: A Municipal council is for smaller urban area

Municipal Corporation: A municipal Corporation for Larger urban Areas

Composition of Municipalities:

All the members of a Municipality are to be directly elected by the people of the Municipal area and for the purpose of making the electorate; the municipal area will be divided into territorial constituencies known as Wards.

- Besides the seats filled by direct elections, some seats may be filled by nomination of persons having special knowledge and experience in municipal administration.
- Persons so nominated shall not have the right to vote in the meetings of the municipality.
- The Legislature of a State may, by law, also provide for the representation in a municipality of members of the House of the People and the members of the Legislative Assembly of the State representing constituencies which comprise wholly or partly the Municipal area and also the Members of the Council of States and the members of the Legislative Council of the State registered as electors within the municipal area.

The manner of election of Chairpersons of municipalities has been left to be specified by the State Legislature. { Article 243R }

Ward Committees:

There shall be constituted the ward committees consisting of one or more wards within the territorial area of all the municipalities with a population of 3 Lakhs or more. { Article 243S }

Reservation of Seats:

Reservation of the seats for the Scheduled castes and scheduled tribes in every municipality corporation has to be provided in proportion to their population to the total population in the municipal area.

- The proportion of seats to be reserved for SC/ST to the total number of seats has to be same as the proportion of the population of SC/ST in the municipal area.
- The reservation has to be made for only those seats that are to be filled by the direct elections. (This means no reservation for nominated seats)
- This article also provides that not less than one-third of the total number of seats reserved for SC/ST shall be reserved for women belonging to SC/ST. (Mandatory provision)
- In respect of women, the seats shall be reserved to the extent of not less than one-third of the total number of seats. This includes seats reserved for women belonging to SC/ST. These reservations will apply for direct elections only. (Mandatory provision)
- There are no bar on State Legislatures from making provisions for reservation of seats in any municipality or office of Chairperson in the municipalities in favor of backward class of citizens. {Article 243S}

Duration of Municipalities:

Duration of the municipality has been fixed at 5 years from the date appointed for its first meeting. Elections to constitute a municipality are required to be completed before the expiration of the duration of the municipality. If the municipality is dissolved before the expiry of 5 years, the elections for

constituting a new municipality are required to be completed within a period of 6 months from the date of its dissolution. { Article 243U }

Disqualifications of the members:

A member is disqualified to be chosen as a member of municipality if he / she is disqualified under any law to be elected as MLA. The minimum age to be qualified as a member is 21 years.

Powers, authorities and responsibilities:

As per Article 243 W, all municipalities would be empowered with such powers and responsibilities as may be necessary to enable them to function as effective institutions of self-government.

- The State Legislature may, by law, specify what powers and responsibilities would be given to the municipalities in respect of preparation of plans for economic development and social justice and for implementation of schemes as may be entrusted to them.

An illustrative list of functions that may be entrusted to the municipalities has been incorporated as the Twelfth Schedule of the Constitution. This schedule defines 18 new tasks in the functional domain of the Urban Local Bodies, as follows:

12th Schedule of the Constitution:

1. Urban planning including town planning.
2. Regulation of land-use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.

6. Public health, sanitation conservancy and solid waste management.
7. Fire services.
8. Urban forestry, protection of the environment and promotion of ecological aspects.
9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10. Slum improvement and upgradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital statistics including registration of births and deaths.
17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
18. Regulation of slaughter houses and tanneries.

As a result of the 74th CAA, the state governments amended their existing municipal acts or instituted newer ones, to reflect the changes introduced. For example, the much celebrated People's Plan Campaign in Kerala that decentralised the planning decisions to the local level has its origin in the post-74th CAA Kerala Municipalities Act, 1994 which conferred increased planning powers to the municipal governments.

In Uttar Pradesh, the 74th CAA was implemented through amendments introduced by the Uttar Pradesh Local Self Government Laws (Amendment) (UPLSGL) Act, 1994. Before the enactment of the UPLSGL Act, 1994, there were five categories of municipal governments in the state, which were changed into three post 74th CAA. This was done in accordance with the provision 243Q of the 74th CAA which constituted three kinds of municipalities as institutions of self-governance.

Pre-74th CAA:

- Nagar MahaPalika
- City Board
- Nagar Palika
- Notified Area Committee
- Town Area Committee

Post Panchayat:

- Nagar Nigam/Municipal Corporation
- Nagar Palika Parishad/Municipal Board
- Nagar Panchayat/Town Panchayat

Financial Powers:

Via Article 243X, the constitution has left it open to the Legislature of a State to specify by law matters relating to imposition of taxes. Such law may specify:

- Taxes, duties, fees, etc. which could be levied and collected by the Municipalities, as per the procedure to be laid down in the State law
- Taxes, duties, fees, etc. which would be levied and collected by the State Government and a share passed on to the Municipalities
- Grant-in-aid that would be given to the Municipalities from the State
- Constitution of funds for crediting and withdrawal of moneys by the Municipality.

Finance Commission:

Article 243Y makes provision that the Finance Commission constituted under Part IX for Panchayats shall also review the financial position of the municipalities and will make recommendations to the Governor.

- The recommendations of the Finance Commission will cover the following:
- Distribution between the State Government and Municipalities of the net proceeds of the taxes, duties, tolls and fees to be levied by the State
- Allocation of share of such proceeds between the Municipalities at all levels in the State
- Determination of taxes, duties, tolls and fees to be assigned or appropriated by the Municipalities
- Grants-in-aid to Municipalities from the Consolidated Fund of the State
- Measures needed to improve the financial position of the Municipalities.

Union Finance Commission also suggests the measures needed to augment the Consolidated Funds of States to supplement the resources of the panchayats in the states.

Audit and Accounts

As per article 243Z, the maintenance of the accounts of the municipalities and other audit shall be done in accordance with the provisions in the State law. The State Legislatures will be free to make appropriate provisions in this regard depending upon the local needs and institutional framework available for this purpose.

Elections Commission

Article 243ZA makes the provisions that the superintendence, direction and control of the preparation of the electoral rolls for, and the conduct of, all elections to the Panchayats and municipalities shall be vested in the State Election Commissions.

Application to Union Territories:

Article 243ZB makes provisions for applications of these provisions to the Union Territories. This article says that the provisions of Municipalities shall be applicable to the UTs in same way as in case of the states but the President by a public notification may make any modifications in the applications of any part.

Not applicability in some areas

Article 243 ZC says that provisions of part IXA are not applicable to

- Scheduled Areas referred in article 244. These include Assam, Meghalaya, Tripura and Mizoram.
- This part is also not applicable to the area covered under Darjeeling Gorkha Hill Council.

If the parliament makes any modifications in the scheduled areas , then the same restrictions would apply to those areas also.

Committee for District Planning

We have studied in the part IX that Planning and allocation of resources at the district level for the Panchayati Raj institutions are normally to be done by the ZilaParishad. As per the provisions of the Part IX-A, for urban areas, municipal bodies discharge these functions within their respective jurisdictions.

However, this gives rise to an important question that at the how the allocation of the funds has to be made. The Constitution has made provisions of creating two Planning Committees in the state.

- One is District Planning Committee at the district level with a view to consolidating the plans prepared by the Panchayats and the Municipalities and

preparing a development plan for the district as a whole and the other is a Metropolitan Planning Committee.

- As per Article 243 ZD, 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 option of composition and filling the seats has been left open to the states.
- District Planning Committee in preparing the Draft Development Plan shall have regard to:
 - Matter of common interest between the Panchayats and the Municipalities including spatial planning
 - Sharing of water and other physical and natural resources
 - Integrated development of infrastructure and environment conservation
 - Extent and type of available resources, whether financial or otherwise.

The Draft District Development Plan so prepared and recommended by the District Planning Committee shall be forwarded by the Chairperson of the Committee to the State Government.

Metropolitan Planning Committee:

Article 243 ZE says that 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. So for the areas with a population of 10 lakhs or more, a Metropolitan Planning Committee shall be constituted for preparing a draft development plan for the metropolitan area as a whole.

- The composition and filling of seats is open to the State legislatures.
- The Metropolitan Planning Committee shall take into account the following for preparation of the Draft Development Plan:
 - Plan prepared by the Municipalities and the Panchayats in the metropolitan area
 - Matter of common interest between the Municipalities and Panchayats including coordinated spatial plans of the area
 - Sharing of water and other physical and natural resources
 - Integrated development of infrastructure and environmental conservation
 - Overall objectives and priorities set by the Government of India and the State Government
 - Extent and nature of investments likely to be made in the metropolitan area by agencies of the Government
 - Other available resources, financial and otherwise.

Unit -3

Panchayat system (1600 AD – 1920AD)

With the advent of the British rule, the ancient Local Governance through village councils started disintegrating under the pressure of centralized British administrative system. Further rapid industrialization disturbed the delicate economic fabric in the rural areas and threw the village artisans and labourers into unemployment.

Local Self-Governance:

This ultimately shattered the basic structure of the Local Self-Governance. In course of time even the British administrators realized the significance of local – Governance. The origin of decentralized Local – Self Governance under the British rule can be traced to introduction of Towns Improvement Act XXVI of 1850 and the constitution of District road Fund in 1854.

Local Fund Boards were setup to construct, maintain and repair schools, roads, hospitals with in their area. “The process really began under the conservative Lord Mayo and not Liberal Lord Ripon. The major motive was to tackle financial difficulties by shifting changes for local requirement on to new local taxes.”

The next stage in the growth of Local Self – Government started when **Lord Ripon, the father of Local Self – Government**, became viceroy. His famous resolution of 1882 gave a greater and more real share in local Government to the people.

The main points of the 1882 resolution are;

- i) Local bodies should have mostly non – Government members and chairman.,
- ii) The State and Central Control over the Local bodies should be indirect rather than direct.,
- iii) These bodies must be endowed with adequate financial resources to carry out their functions. To this end certain sources of local revenue should be made available to the local bodies which should also receive suitable grants from the provincial budget,
- iv) Local Government personnel should operate under the administrative control of the local bodies. The Government personnel who are deputed to the Local Government are subject to this control,
- v)The resolutions of 1882 should be interpreted by the provincial Government according to local conditions prevalent in the country.¹⁰

The Madras Local Bodies Act, 1884:

This Act was passed by Lord Ripon in 1884. This Act was a milestone in the Development of Panchayat Administration, Three categories of local boards. That is District boards, Taluk boards and Union boards came into existence through this Act. Under the Union boards, major and minor unions were constituted. The District and Taluk boards were entrusted with a number of functions. The Union boards were constituted for a village or a group of villages. These boards would levy house tax. Their main function consisted of laying public roads. Maintenance of dispensaries, public health etc. The Government appointed a Royal Commission in 1907. Its report was released in 1909, which elaborated further the principles enunciated in the Ripon's

resolution. The commission recommended that “it is the most desirable, in the interests of decentralization and in order to associate the people with the local task of administration that an attempt should be made to constitute and develop village panchayats for the administration of local village affairs”.

Madras Village Panchayat Act 1920

In the year 1920, Madras Village Panchayat Act came into force. This brought about radical changes in the Panchayat System. The powers of taxation of all the three categories, i.e. District, Taluk and Unions boards were enlarged. The boards were authorized to levy professional tax on companies, as well as a pilgrim age tax.

Two tier system under Kamarajar:

The Government of Tamil Nadu believes that Village Panchayats and Panchayat Unions are the two tiers closest to the people, qualifying for the appellation ‘local’ and represent the ‘cutting edge’ of Local Self-Government. These two tiers need to be strong and vibrant and strengthened further.

K.Kamarajar :

K Kamaraj, a visionary Chief Minister for a decade, a transformational leader of All India Congress Committee for five crucial years to choose the Prime Minister for the country, a radical chief of the Tamil Nadu Pradesh Congress Committee for a period of ten years to transform the party from the hands of the zamindars to the ordinary workers, made a history of sorts worth emulation in all the spheres, despite his poor educational and socio-economic background. Of all the Chief Ministers of the Indian National Congress during his period, he was the one who laid the foundation for the social and economic development of a state (Tamil Nadu).He demonstrated through his action that

the development of a state could be achieved through a process of integrating both centralised and decentralised economic activities. But unfortunately, he has been glorified and worshipped for political advantage but totally the development framework evolved by K Kamaraj has been neither understood by the Chief Ministers of the Indian National Congress in other states nor the successors in the same state Tamil Nadu.

His framework of development consists of the following components; a) small government with big governance; b) probity and rectitude in administration; c) faster industrialization and rural transformation through a synergetic process; d) Integrated social development activities namely education and health; (e)public participation in social development activities through Panchayat Raj; and (f) Public-private partnership social development activities.

Two tier system:

Most significant work done by him which was the creation of a vibrant Panchayat Raj system to work for

- increasing agricultural production,
- animal husbandry,
- population control, and
- Establishing village industries to engage the people in development work.

He passed the ‘Panchayat Raj Act’, 1958. It is to be understood that Tamil Nadu was under the strong influence of landlordism, and feudalism and Tamil Society is hierarchical in thought and action.

During this period, district boards were under the influence of district bigwigs and they acted as district Rajas. Kamaraj wanted to reach out to the masses without any hindrance.

Therefore, he removed the district boards and kept the vibrant **two-tier Panchayat Raj system**. In order to activate the panchayats at the grassroots for transformative and critical development works, he chose Gandhian and freedom fighter, G Venkatachalapathy as Rural Development Commissioner by abdicating the practice of appointing IAS officials in the post. K Kamaraj brought Jawaharlal Nehru to Tamil Nadu to participate in the panchayat leaders' meet.

In such a way, he strengthened the Panchayati Raj system. Researchers compared the Panchayati Raj of Tamil Nadu during K Kamaraj with the constitutionally created panchayats of today and observed that the two-tier Panchayati Raj created by K.Kamaraj was more vibrant and stronger as compared to the present one.

Unit-4

SOURCE OF INCOME OF GRAM PANCHAYAT:

Tamil Nadu Panchayats Act, 1994:

In exercise of the powers conferred by section 90 and sub-section (1) of section 191 read with sub-section (1) of section 242 of the Tamil Nadu Panchayats Act, 1994 (Tamil Nadu Act 21 of 1994), and in supersession of the rules relating to Receipts and Expenditure, the Governor of Tamil Nadu hereby makes the following rules:-

Short title. – These rules may be called the Tamil Nadu Village Panchayats (Receipts and Expenditure and Maintenance of the Accounts of Village Panchayats) Rules, 2000.

Part I

Definitions. – In these rules, unless the context otherwise requires, -

“Act” means the Tamil Nadu Panchayats Act, 1994 (Tamil Nadu Act 21 of 1994).

“Form” means the Form appended to these rules.

Maintenance of accounts and registers. – Every village panchayat shall have as many accounts and maintain separate cash books and other registers for each one of the accounts as the Government may direct, from time to time, in the specified forms.

Collection and remittance of taxes. – (1) The house tax levied under sections 171 and 172 of the Act or the profession tax levied under section 198-A of the Act or the tax on agricultural land levied under sub-section (3) of section 171 of the Act or any other tax which may be levied in future shall be collected

from the assesses by granting a printed receipt, using double side carbon, in the form prescribed by the Government. As and when receipts are granted, the details of collection shall be entered in a collection register maintained for this purpose. The receipt for the collection of taxes shall bear the signature of the executive authority in the form of facsimile and shall be signed in ink by the Panchayat Assistant/Part-time Clerk of the village panchayat.

(2) The amounts collected shall be entered in the tax and miscellaneous items collection register and in the cash book. The amount collected shall be remitted to the credit of the village panchayat fund account. Whenever the remittances are made and credited to the fund accounts of village panchayat, the details of the remittance shall be entered on the debit side of the cash book on the date of remittance.

(3) No part of receipt received in cash shall be directly appropriated for any expenditure.

Fees for licence and permission. – (1) The fee payable in respect of every licence or permission granted under the Act or any rule or regulations made thereunder, shall be collected in advance when the application for the licence or permission is presented.

(2) The particulars relating to the collection of fee and the grant of such licence or permission shall be entered consecutively in the register of licences and permissions which shall be maintained in such form as may be laid down by the Government, from time to time.

Income from endowments and trusts. – (1) The executive authority of the village panchayat shall maintain or cause to be maintained in the office of the village panchayat, an up to date record of every endowment or trust managed by it.

Such record shall show – the authority under which the management of the endowment or trust was vested in the village panchayat; the assets and sources of income of the endowment or trust; and the expenditure chargeable to the endowment or trust

(2) The executive authority of the village panchayat shall, in addition to the record in sub-rule (a), maintain or cause to be maintained in the office of the village panchayat, a register of endowments and trusts showing in separate pages, the yearly transactions relating to each endowment or trust.

Contributions. – The receipt of contributions payable to a village panchayat from the Government, other panchayats, municipal councils, other local authorities and private persons shall be watched through the miscellaneous demand collection and balance register.

Sale proceeds of tools and plants, sweepings, old stores materials. – The orders of the village panchayat shall be taken for the disposal of old and unserviceable tools and plants, stores and materials, sweepings, wind fallen and withered trees and usufruct of avenue trees over which the village panchayat has control or ownership and they shall be sold in public auction unless otherwise ordered by the village panchayat, for specific reasons to be recorded. The sales shall be subject to confirmation by the village panchayat. The receipts from all such sales shall be shown in the register of taxes and miscellaneous items collection register.

Fees from markets, cart-stands, landing or halting places, slaughter-houses, fisheries and ferries. – The village panchayat shall collect fees in respect of the use of any market, cart-stand, landing or halting place, slaughter-house, fishery or ferry through lease by public auction as per the rules prescribed by the

Government. Collection of amounts due shall be watched through the miscellaneous demand register.

Collection of fees by village panchayat. – (1) Where any market, cart-stand landing or halting place, slaughter-house, fishery or ferry is managed directly by village panchayat, all fees levied in respect of the use thereof, shall be collected by means of tickets printed and supplied by the executive authority.

(2) The tickets shall be printed in foil and counter-foil in different colours for different rates of fees, the rates being printed in each case. Each kind of ticket shall be bound in books of 100 each and shall bear consecutive machine numbers. Before issue to the collecting officers, they shall be stamped with the common seal of the village panchayat in the presence of the executive authority or any person authorised by him in this behalf.

(3) A register in two parts shall be maintained in the office of the village panchayat in respect of these tickets.

The first part shall be a stock register, the entries for receipts being attested by the executive authority or an officer authorised by him and the entries for issue being attested by the collecting officer concerned.

The second part shall be a personal ledger account for each officer entrusted with the collection of revenue by means of these tickets. It shall be debited with the number and value of each kind of ticket issued to each collecting officer and shall be credited with the amount of the collections paid by him into the office of the village panchayat. Remittances shall be made by the collecting officer every day and shall be accompanied by the details of the number and value of each kind of ticket issued by him.

(4) Where any ticket book has been completely used, the counter-foil shall be sent to the office of the village panchayat for check with actual credits.

(5) The collecting officer shall also keep an account of the tickets entrusted to him and the collection made by him. The daily collections by each kind of ticket shall be entered in such account and the balances struck at the end of every day. The account and the stock of tickets shall be verified at regular intervals by the executive authority of any officer authorised by him who shall certify such verification.

Income from buildings, lands and other immovable property. – (1) If any building belonging to a village panchayat is rented out, then, prompt recovery of the rent of such building shall be watched through the miscellaneous demand collection and balance register.

(2) A register in such form as may be laid down by the Government, from time to time, shall be maintained in every traveller's bungalow, rest-house or chatram under the control of the village panchayat and the person occupying such traveller's bungalow, rest-house or chatram shall be required to fill the particulars specified in the register. Fees shall be charged for such occupation as prescribed by the village panchayat.

Advance collection for services to be rendered. – Save as otherwise provided in the Act, no work for any private individual or body shall be undertaken by a village panchayat unless the estimated cost and service charges thereof has been paid in advance.

Tax and miscellaneous item collection register. – All transactions relating to miscellaneous dues for which miscellaneous receipts are issued shall be recorded in the tax and miscellaneous item collection register.

Utilisation of moneys. – No moneys received on behalf of the village panchayat shall be utilised for its expenditure without first being brought into the concerned account. No part of any receipt received in cash shall be directly appropriated for expenditure.

Refunds of revenue. – (1) No item of revenue received by a village panchayat shall be refunded without the sanction of the village panchayat. The sanction accorded by the village panchayat shall lapse after one year from the date of grant thereof and, thereafter, a fresh sanction shall be necessary.

(2) Bills for refunds of revenue shall be drawn in V.P. Form 34 (Appendix-XIII). As soon as a refund is made, a note of the grant thereof shall be made against the original credit entry in the relevant accounts.

Sale of usufruct of trees, wind fallen trees, etc. – (1) All sales of –

- the produce or usufruct of trees;
- wind fallen and withered trees;
- sweepings;
- Tools and plants; and
- old stores and materials;

Belonging to village panchayats shall be effected by public auction by the executive authority of the village panchayat as per the procedure laid down by the Government.

(2) The sale proceeds realised by the executive authority of the village panchayat shall be remitted immediately in the village panchayat fund.

Security for collection of fees. – Security adequate in the opinion of the executive authority shall in all cases be taken for the due fulfilment of the terms

of a lease of the produce or usufruct of trees or of the right to collect fees in respect of markets, cart stands, landing places, halting places, slaughter-houses, fisheries or of any other similar right. The security so taken shall not be repaid to the lessee unless and until he has satisfactorily complied with all the terms of the lease. But, the amount of security may be adjusted towards the last instalment due under the lease.

Seignior age fees. – (1) The village panchayat shall receive a sum equivalent to the seignior age fees collected by the Government every year from persons permitted to quarry minor minerals in the panchayat village.

The District Collector shall adjust the seignior age fees to the village panchayat fund once a year.

Devolution grant by the State Government. – (1) Each village panchayat shall receive a devolution grant based on the recommendation of the State Finance Commission based on the norms fixed by the Government, from time to time. This grant shall be credited to village panchayat fund.

The Government may also sanction equalisation and incentive grant to the village panchayat based on the norms as may be fixed by the Government, from time to time.

Devolution grant by the Government of India. – (1) Each village panchayat shall receive a devolution grant based on the recommendation of the 1st Finance Commission as per the norms fixed by the Government of India, from time to time. The grant and other such amounts shall be credited to village panchayat Earmarked Funds.

Receipt of money. – All money received by the executive authority or under his authority by an officer or servant of the village panchayat including a

Government servant, whose services have been placed at the disposal of the village panchayat in his capacity as such, shall be brought into account as soon as they are received. All money so received shall be credited into the village panchayat office daily.

Payment into Co-operative Bank, Regional Rural Bank, Post Office Savings Bank or Nationalised Bank. – Every payment into a Co-operative Bank, Regional Rural Bank, Post Office Savings Bank or Nationalised Bank shall be accompanied by a chalan, which shall show the amount of the payment made, the nature thereof and the person or office on whose account it is made.

Application of capital receipts to ordinary expenditure. – No village panchayat shall apply its capital receipts, such as sale proceeds of land, building or machinery, to ordinary expenditure without the previous sanction of the Inspector.

Supply of collection book. – Every village panchayat servant or the Village Administrative Officer entrusted with the collection of revenue due to village panchayat shall be supplied with a collection book.

Collection of taxes and other revenues. – Collection of taxes and other village panchayat revenues made by Bill Collectors or Village Administrative Officer or his subordinates or any other person shall be remitted into the village panchayat office through the taxes and miscellaneous items collection register maintained in the village panchayat office.

Issue of receipts. – Receipts in the form laid down by the Government shall be given for all moneys received in the village panchayat office from the public except in the case of the receipts acknowledged in the taxes and miscellaneous

item collection register. Such receipts shall be signed by the executive authority or by official of village panchayat authorized by him.

30. Cash book and subsidiary registers. – The executive authority shall maintain or cause to be maintained such accounts and registers in the village panchayat office in such form as lay down by the Government.

Areas of Expenditure:

Payments from village panchayat. – All payments out of the village panchayat fund against bills presented to the village panchayat shall be made only after the bills are passed by the executive authority or by any person authorized by Government in respect of any particular scheme or fund.

Payments by cheque. – (1) Payments shall be made only by crossed account payee cheques drawn in favour of the parties as per the procedure laid down by Government, from time to time. The executive authority may draw amounts in self-cheque only in respect of the following payments: -

Salaries to the village panchayat staff;

Travelling allowance payable to the executive authority, members and staff of the village panchayat;

Petty office contingent expenditure; and

Advances to the staff for festival.

Drawal of cheques. – Where the executive authority or other person of a village panchayat who is authorised to draw cheques against the funds of the village panchayat hands over charges of the office either temporarily or permanently, he shall send a specimen of the signature of the relieving person

together with a certificate in the Form-I to the local official of the bank, or the post master or secretary of the co-operative bank, as the case may be.

Maintenance of cheque books. – Cheque books shall be kept in the personal custody of the drawing authority and when a transfer of charge takes place, a note shall be recorded in the cash book over the signature of both the relieved and the relieving persons showing the number of unused cheques and cheque books made over and received by them respectively.

Procedure for claims against the village panchayat fund. – (1) Every person having any claim against the village panchayat fund shall present a bill in village panchayat office.

Wherever possible, printed forms shall be used in preparing bills.

Where a claimant presents a bill in a form different from the form provided for the purpose, a separate bill in the proper form shall be prepared by the officer incurring the expenditure and the claimant's bill shall be attached thereto as a sub-voucher.

Every bill shall be presented to the executive authority of the village panchayat who shall enter it in the register of bills and then check and examine the bills as regards its admissibility with reference to sanction or other documents, the propriety of the claim and the arithmetical accuracy. If, on such check and examination, the bill is found to be correct, the executive authority shall pass the bill.

In respect of any scheme or fund, where the bill is to be scrutinized and passed by a person authorized by Government, the executive authority shall send such bill to the authorized person, who shall thoroughly scrutinize the bill as aforesaid and if the bill is found to be correct and in order, pass and send it back

to the executive authority within three days for drawing the cheque for the amount passed by the notified person.

Acknowledgments for incurring of money. – (1) Separate acknowledgments (stamped where necessary) shall be taken in the acquittance register from each officer or servant of the village panchayat to whom any salary or allowance is paid except where the drawer of the bill is the sole payee and has already furnished a receipt (stamped where necessary), on the bill itself.

Where any officer or servant of a village panchayat makes any payment from any sum drawn by him, he shall unless a receipt (stamped where necessary) has been furnished on the bill itself obtain and attach to the bill a separate receipt (stamped where necessary).

Sanction of expenditure. – Where any item of expenditure requires the sanction of any authority higher than the officer or servant drawing the bill, such sanction shall be obtained and the terms thereof shall be quoted on the bill.

Certificate for sanctioning of expenditure. – (1) No item of expenditure shall be sanctioned by a village panchayat unless a certificate furnished by the executive authority in Form II.

If there is no budget provision under the head concerned and the executive authority of the village panchayat decides to find the amount by re-appropriation from another head, the words “by re-appropriation” shall be added after the word “met”.

The certificate shall be entered in the agenda, circulated before the meeting and if accepted by the village panchayat need not be written again as part of the resolution in the minute’s book. If, however, the village panchayat makes any alteration either in the amount of expenditure or in the head from which the

expenditure is to be met, the certificate shall form part of the resolution of the village panchayat and be entered as such in the minutes book.

A sanction for any fresh charge which has not been acted on for a year shall be held to have lapse unless it is specifically renewed:

Provided that this sub-rule shall not apply to a expenditure on works which shall be governed by the provisions laid down in sub-rule (3).

The sanction to an ordinary annual maintenance estimate shall lapse on the last day of the financial year to which it relates. If, however, inconvenience would arise in any exceptional case from stoppage of the work on that date, the repairs may be carried on to completion, the expenditure incurred after that date being treated as expenditure against a fresh repair estimate for the next financial year.

Estimate for special repairs shall remain current till the completion of the repairs in the same manner as estimates for original works.

The approval of sanction to an estimate for any public work other than annual maintenance shall, unless such work has been commenced, cease to operate after a period of three years from the date from which it was accorded.

Limitation of claims. – No claim made against a village panchayat other than one relating to any officer or servant of the village panchayat which will be governed by rules separately framed in that behalf, shall be laid –

where the bill is presented more than six months, but not more than one year from the date on which the claim became due without the order of the executive authority; and

Where such bill is presented more than one year from the date on which the claim became due without the order of the village panchayat.

Over payment. – The responsibility for the over payment shall rest primarily with the drawer of a bill who shall be required to make good the over payment and in cases where the bill is passed by a person notified by Government in respect of any scheme of fund, the over payment shall be recovered from such notified person.

Defalcation or loss of moneys or stamps. – (1) Any defalcation or loss of moneys or stamps belonging to a village panchayat shall be reported immediately after discovery by the president or any one of the inspecting officer to the Inspector and Auditor appointed under section 193 of the Act. A further and complete report shall also be submitted to such auditor as soon as may be after the matter has been fully enquired into, by such inspecting officer setting for the nature and the extent of the defalcation or loss. The errors or neglect of rules by which such defalcation or loss was rendered possible, and the prospects of effecting a recovery.

Loss by theft or otherwise of any property belonging to a village panchayat shall also be reported by the president or inspecting officer to the auditor, if the purchase value of the property exceeds rupees one thousand.

The submission of the reports prescribed by sub-rules (1) and (2) shall not be deemed to debar the village panchayat or the executive authority from taking such further action as may be considered necessary.

Loss of property due to other causes. – (1) Any loss caused to any immovable property belonging to village panchayats due to calamity, such as,

fire or flood or cyclone other than wear and tear shall be reported to the Inspector and auditor appointed under section 193 of the Act in Form III.

In case of loss by way of damage to any portion of any immovable property belonging to village panchayats, it shall not be necessary to write off the value of the damaged portion, if the damaged portion is replaced or reconstructed within a period of two years from the date of such damage.

For the purpose of write off, the value of the temporary structures damaged or destroyed which have served the period intended for and which are therefore not proposed to be replaced or reconstructed, the value of such structures shall be assessed by the Block Engineer/Assistant Engineer (Rural Development) as on the date of damage or destruction.

Establishment bills. – Pay bills shall be prepared in such form as may be laid down by the Government, from time to time. The monthly pay bill of the establishments shall be supported either by an absentee statement in such form as may be laid down by the Government, from time to time, or by a certificate in the bill that no leave has been granted to any member of the establishment.

Increment certificate form. – To the first pay bill in which a periodical increment is drawn, an increment certificate in such form as may be laid down by the Government, from time to time, shall be attached.

Drawal of pay of officers. – The pay of an officer or servant lent by the Government to a village panchayat or transferred to it from any other local body shall be drawn only after the receipt, of the last pay certificate which shall be in such form as may be laid down by the Government, from time to time, granted by the head of his former office. Such certificate shall be attached to the first pay bill drawn after such loan or transfer.

Payment due to a deceased officer or servant. – (1) Pay, leave salary and allowances may be drawn for the day of death of an officer or servant of the village panchayat. The hour at which death takes place does not affect the claim.

Payment due to a deceased officer or servant of a village panchayat shall not be made except on the production of an authority of the nature specified in clauses (i), (ii), (iii), (iv) or (v) of sub-section (1) of section 214 of the Indian Succession Act, 1925 (Central Act XXXIX of 1925):

Provided that payment may be made without the production of such authority –

To the extent of Rs. 250 under the orders of the village panchayat, if it is satisfied after such enquiry as it may consider sufficient, about the right and title of the claimant; and

Above Rs. 250 under the orders of the Inspector on the execution of an indemnity bond with such security or securities as he may require if he is satisfied, after such enquiry as he may consider sufficient, about the right and title of the claimant and considers that undue delay and hardship would be caused by insisting on the production of such authority.

Drawal of arrears of pay. – Arrears of pay shall be drawn not in the monthly bill, but in a separate bill which shall quote the bill from which the charge was omitted or withheld or on which it was refunded by deduction.

Authority to sign and pass pay bills. – Pay bills shall be signed and passed by the executive authority.

Date of payment of salaries and allowances. – Payment of salaries and fixed allowances shall be made on the last working day of the month to which the payment relates:

Provided that in the event of an officer or servant finally quitting the service of the village panchayat or being transferred to the service of another local body or the Government, payment may be made on the date of such event.

Responsibility of the drawer of a bill. – The drawer of a bill for salary and allowances shall be personally responsible for the amount so drawn until it has been disbursed to the proper person or persons concerned and their acquittances have been obtained. If the payee does not present himself within thirty days from the date of drawal of moneys, the amount drawn for him shall be refunded by short drawal in the next bill. The amount of salary and allowances drawn shall not, in any circumstances, be placed under deposit.

Audit register. – In order to facilitate the check of monthly bills for recurring charges, such as establishment, house-rent and conveyance, an audit register shall be maintained in the office of every village panchayat.

Drawal of travelling allowance. – Travelling allowance other than fixed travelling allowances shall be drawn in a separate bill in such form as may be laid down by the Government, from time to time.

Drawal of conveyance allowance. – Conveyance allowance shall be drawn in the pay bill of the officer or servant concerned and not on travelling allowance bills. To every bill for conveyance allowance, a certificate shall be attached that the conveyance was actually maintained in good condition and used by him during the month.

Placing of all bills before the village panchayat. – All bills for expenditure incurred in a month, whether with or without the sanction of the village panchayat, shall be placed before it as early as possible for being passed after such scrutiny as it may be consider necessary.

Panchayat Finance:

The Panchayat Raj Ministry in a meeting with the 15th Finance Commission has pitched for a fivefold increase in funding for rural local bodies. Know in detail about the 15th finance Commission on the link provided here.

The Panchayat Raj Ministry has asked for Rs 10 lakh crore to be allocated for the 2020-21 to 2025-26 period, in comparison to the Rs 2 lakh crore allocated under the 14th Finance Commission. Details on Panchayati Raj System in India are available on the given link.

Need for increased funding to Panchayats:

The panchayats gained prominence as crucial nodal points during the COVID-19 as they ran isolation centres, medical camps, and contact tracing. However, they faced a lot of challenges during the lockdown period as for most panchayats it was difficult to provide food at short notice. Hence, the Panchayat Raj Ministry has proposed to set up community kitchens in each panchayat that will be operated by the local self-help groups (SHGs). Know in detail about the Self Help Groups on the linked page.

The utilization rate for Finance Commission grants between 2015 and 2019 stands at 78% and the allocations had tripled between the 13th and 14th Commissions. Know in detail about the Finance Commission of India on the link provided here.

The role of panchayats becomes more important post lockdown period because now the newly returned migrant workers will also depend on them to generate employment under the Garib Kalyan Rojgar Abhiyan.

Know other employment schemes of the government of India on the links provided below-

Pradhan MantriRojgarProtsahanYojana (PMRPY)

Prime Minister's Employment Generation Programme (PMEGP)

The 2.63 lakh panchayats across the country have 29 functions under their ambit, according to the 11th Schedule of the Constitution.

Road construction, its maintenance and drinking water supply are the major projects carried out by panchayats using FC grants.

Seventy-Third Amendment Act, 1992:

Granted constitutional status and protection to the Panchayati Raj institutions.

For this purpose, the Amendment added a new Part-IX entitled as 'the panchayats' and a new 11th Schedule containing 29 functional items of the panchayats.

Garib Kalyan Rozgar Abhiyan:

It is an employment scheme to provide jobs to the migrant workers and creates infrastructure in rural areas with Rs. 50,000 crore investments.

The campaign is of 125 days, that will work in mission mode, will involve intensified and focused implementation of 25 different types of works

The Ministry of Rural Development is the nodal Ministry for this scheme and it will be implemented in close coordination with the State Governments.

The Abhiyaan will be a coordinated effort between 12 different Ministries/Departments, namely, Rural Development, Panchayati Raj, Road Transport & Highways, Mines, Drinking Water & Sanitation, Environment,

Railways, Petroleum & Natural Gas, New & Renewable Energy, Border Roads, Telecom and Agriculture.

Gram Panchayat Funds:

A major portion of Part IX of the Constitution covering Articles 243C, 243D, 243E, 243 G and 243 K deals with the structural empowerment of the PRIs but the real strength in terms of both autonomy and efficiency of these institutions is dependent on their financial position (including their capacity to generate own resources). In general, Panchayats in our country receive funds in the following ways:

Grants from the Union Government based on the recommendations of the Central Finance Commission as per Article 280 of the Constitution

Devolution from the State Government based on the recommendations of the State Finance Commission as per Article 243 I.

Loans/grants from the State Government:

Programme-specific allocation under Centrally Sponsored Schemes and Additional Central Assistance

Internal Resource Generation (tax and non-tax)

Across the country, States have not given adequate attention to fiscal empowerment of the Panchayats. Panchayats' own resources are meagre. Kerala, Karnataka and Tamil Nadu are the states which are considered to be progressive in PRI empowerment but even there, the Panchayats are heavily dependent on government grants. One can draw the following broad conclusions:

Internal resource generation at the Panchayat level is weak.

This is partly due to a thin tax domain and partly due to Panchayats' own reluctance in collecting revenue.

Panchayats are heavily dependent on grants from Union and State Governments.

A major portion of the grants both from Union as well as the State Governments is scheme specific. Panchayats have limited discretion and flexibility in incurring expenditure.

In view of their own tight fiscal position, State Governments are not keen to devolve funds to Panchayats.

In most of the critical Eleventh Schedule matters like primary education, healthcare, water supply, sanitation and minor irrigation even now, it is the State Government which is directly responsible for implementation of these programmes and hence expenditure. Overall, a situation has been created where Panchayats have responsibility but grossly inadequate resources.

For fiscal decentralization to be effective, finances should match expenditure assignments related to the transferred activities. This calls for a two-fold approach – first demarcation of a fiscal domain for PRIs to tap resources directly both Tax and Non-tax and second devolution of funds from the Union and State Governments.

In the Indian context, the concept and practice of local government taxation have not progressed much since the early days of the British rule. Most of the revenue accrual comes from taxation of property and profession with minor supplement coming from non-tax receipts like rent from property and fees for services. It is high time that a national consensus emerges on broadening and

deepening the revenue base of local governments. A comprehensive exercise needs to be taken up in this sector on a priority basis.

The exercise will have to simultaneously look into four major aspects of resource mobilization viz.

- Potential for taxation
- Fixation of realistic tax rates
- Widening of tax base and
- Improved collection.
- Devolution of funds from the higher tiers of the government forms a major component of the Panchayat's resources.

Own Resource Generation:

Though, in absolute terms, the quantum of funds the Union/State Government transfers to a Panchayat forms the major component of its receipt, the PRI's own resource generation is the soul behind its financial standing. It is not only a question of resources; it is the existence of a local taxation system which ensures people's involvement in the affairs of an elected body. It also makes the institution accountable to its citizens.

In terms of own resource collection, the Gram Panchayats are, comparatively in a better position because they have a tax domain of their own, while the other two tiers are dependent only on tolls, fees and non-tax revenue for generating internal resources.

The taxation power of the Panchayats essentially flow from Article 243 H which reads as follows: “the Legislature of a State may, by law”

- Authorise 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 the withdrawal of such moneys therefrom as may be specified in the law.”

State Panchayat Raj Acts have given most of the taxation powers to Village Panchayats. The revenue domain of the intermediate and District Panchayats (both tax as well as non-tax) has been kept much smaller and remains confined to secondary areas like ferry services, markets, water and conservancy services, registration of vehicles, cess on stamp duty and a few others.

A study of various State Legislations indicates that a number of taxes, duties, tolls and fees come under the jurisdiction of the Village Panchayats. These inter alia include octroi, property/house tax, profession tax, land tax/cess, taxes/tolls on vehicles, entertainment tax/fees, license fees, tax on non-agriculture land, fee on registration of cattle, sanitation/drainage/conservancy tax, water rate/tax, lighting rate/tax, education cess and tax on fairs and festivals.

Local Government Financial Budgeting:

Financial budgeting is a planning tool that enhances local government accountability and service delivery, and sets out their legal expenditure authority. Legislation establishes requirements and deadlines for adoption of financial plans, and a local government may amend its plan during the year for unexpected expenditures.

Legislated Requirements:

Local governments must annually adopt a financial plan in accordance with the Local Government Act and the Community Charter. The planning period for the financial plan must include the current fiscal year and the next four fiscal years (five-year plan). At a minimum, the plan must include:

Proposed expenditures (operating, capital, interest and principal payment on debt), funding sources (for example, taxes, fees, grants, new borrowing and debenture debt), and transfers to and from reserve funds and surplus

Objectives and policies for the fiscal year regarding distribution of funding sources, the distribution of property taxes amongst various property classes, and the use of any permissive tax exemptions

A local government must not budget for a deficit (planned expenditures and transfers to funds cannot exceed planned revenues, transfers from funds, and other cash contributions). However, if actual expenditures and net transfers from the previous year exceed that year's revenues and contributions, the resulting deficiency must be carried forward to the current year's financial plan as expenditure.

Municipalities must adopt their financial plans before they adopt their annual tax rate bylaws (which must be adopted before May 15 each year). Regional districts must show their accounting for each service separately and must adopt their financial plans by March 31 of each year. The earlier date for regional districts is to provide them time to prepare their annual tax requisitions for their member municipalities and the Provincial Surveyor of Taxes.

Public Consultation:

Prior to adopting the financial plan a local government must undergo public consultation. The level of public consultation is not defined in legislation, and may include opportunities for citizens to review, comment and pose questions regarding the financial plan at a local government meeting.

Proposed Finances:

Proposed expenditures for a local government may include the amounts required

- To pay interest and pay principal on debt
- For capital purposes
- To cover a prior year deficiency
- For other purposes (all other expenditures that do not fall into one of the prescribed categories)

Proposed revenue sources may include:

- Property value taxes
- Parcel taxes
- Fees and charges
- Grants and transfers
- Development cost charges

- Borrowing and liabilities
- Interest earned on investments

Proposed transfers between funds may include the:

- Amount to be transferred to and from each reserve fund
- Aggregate amount to be transferred to and from accumulated surplus

Limit on Expenditures:

The financial plan establishes a local government's expense authority. Thus, a local government cannot make an expenditure that is not included in the financial plan. If an unexpected expenditure arises in the year, the financial plan must be amended prior to the expenditure taking place. This amendment requires the local government to undergo public consultation prior to adopting the amendments.

Emergency Expenditures:

If an emergency expenditure arises that was not contemplated in the financial plan, a local government may make an expenditure for the emergency but must, as soon as practicable, amend the financial plan to include the expenditure and the funding source for the expenditure.

A local government should have established procedures to authorize emergency expenditure and provide a report for such an expenditure to the municipal council or regional district board at a regular meeting.

Unit-5

Panchayat meeting:

In exercise of the powers conferred by section 90 and sub-section (1) of section 94 and clause (vii) of sub-section (2) of section 242 of the Tamil Nadu Panchayats Act, 1994 (Tamil Nadu Act 21 of 1994) and in supersession of the rules relating to Proceedings of Panchayats and Committees of Panchayats, the Governor of Tamil Nadu hereby makes the following rules: -

Short title. – These rules may be called the Tamil Nadu Panchayats (Quorum and Procedure for the Convening and Conduct of Meetings of Village Panchayat) Rules, 1999.

Definitions. – (a) “Act” means the Tamil Nadu Panchayats Act, 1994 (Tamil Nadu Act 21 of 1994);

All other words and expressions used in these rules, but not defined therein shall have the meanings respectively assigned to them in the Act.

Duration between the meetings. – (1) The village panchayat shall meet in its office at least once in every month for the transaction of business on such days and at such times as it may arrange and also at such other times as often as a meeting shall be called by the President.

No meeting shall be held on any day declared by the Government as holiday and other local holidays declared by the Collector.

Notice of the meeting. – (1) Notice of not less than three clear days shall be given before the day of the meeting specifically indicating the date and time, the place of meeting and the business to be transacted thereat.

In cases of urgency, the president may convene a meeting on, giving notice of not less than twenty-four hours, clearly indicating the reasons of such urgency, and the place, date, and time of the meeting including the business to be transacted thereat.

Special meeting. – A subject which is to be decided only in a meeting specially convened for a particular purpose as per the provisions of the Act, shall be decided only in a special meeting and no other subject shall be placed and decided at such a meeting.

Agenda. – (1) The agenda for the meeting shall be prepared by the president. The members may also bring agenda for discussions in the meeting and shall furnish details to the president not less than seven days prior to the date of meeting. The president, with his views thereon, shall place the agenda for discussion in the meeting.

The president, while preparing the agenda for the ordinary meeting, shall invariably include among others, the following subjects: -

a statement showing the monthly receipts and charges of the village panchayat under all accounts up to the month;

progress of all schemes, programmes and works up to the month;

administration report of the village panchayat for every financial year within three months in the next year;

Audit report of the village panchayat with explanatory notes thereon at the first meeting of the village panchayat after the receipt of the same;

Tour reports and inspection reports of every higher officer who inspected the schemes, programmes and works of the village panchayat at the first meeting of the village panchayat after their receipts, preparation of development plan for village panchayat.

In order to ensure the successful participation of the members in the administration of village panchayat, the president shall place various instructions, guidelines issued from time to time, by the Government of India, Government of Tamil Nadu, Director of Rural Development and the Collector of the District concerned before the village panchayat in the agenda.

Service of notice of meeting and agenda. – The notice of meeting with the agenda shall be served on a member following the procedure specified below, in the order in which it is specified: -

by giving or tendering the notice, of meeting to the member concerned in person; or

in case personal service could not be effected, by tendering it to an adult member of his family; or if no adult member of his family is also available for service, the notice of meeting shall be sent by registered post with acknowledgement due, or by affixing it on the conspicuous place of his last known address in the presence of the Village Administrative Officer of that village.

Validity of meeting. – The entire proceedings shall be invalid if the notice of meeting with the agenda is not served to any member of the village panchayat.

Requisition meeting. – (1) The president shall, on the requisition in writing, of not less than one-third of the members, convene a meeting of the village panchayat provided that the requisition specifies the date on which and the purpose for which the meeting is to be held. The requisition shall be delivered at the village panchayat office during office hours to the president, or any other person who may, then, be in-charge of the office not less than seven clear days before the day of the meeting.

If the president fails within forty-eight hours from the delivery of such requisition to call a meeting on the day specified therein, or within three days thereafter, the meeting may be called by all the members who signed the requisition on giving the notice as provided in rule 4 to the other members.

Meeting open to public. – All meetings shall be open to the public provided that the presiding member may at his discretion or at the request of the village panchayat shall, in any particular case for the reasons to be recorded in the minutes, direct that the public generally or any particular person shall withdraw.

Attendance of the meeting. – The members and the presiding member attending the meeting shall sign in the attendance register. At the closure of the meeting, the presiding member shall close the attendance register by specifying the number of members attended in the register and sign at the end.

Quorum. – (1) No business shall be transacted at a meeting unless there be present at least three members or one-third of the number of member then on the village panchayat whichever is higher throughout the duration of the meeting.

(2) If within half an hour after the time appointed for a meeting, a quorum is not present, the meeting shall stand adjourned unless all the members present agree to wait longer.

(3) If the meeting stands adjourned for want of quorum, the president shall give a fresh notice for such adjourned meeting, as; provided in rule 4.

Adjournment of the meeting for other reasons. – (1) The presiding member, while transacting business at the meeting may adjourn any meeting of a village panchayat with the consent of the majority of the members for valid reasons to be recorded in writing in the minutes. When once a meeting is adjourned sine die for valid reasons, it shall not continue its meeting.

(2) While transacting the business, if a meeting is validly adjourned by the presiding member with the consent of the majority of the members present at the meeting, the meeting held on adjourned date shall, for all purposes, be a continuation of the original meeting and no fresh notice shall be necessary for such an adjourned meeting.

(3) If the president adjourns the meeting contrary to the wishes of the members present and thereby interrupts or leaves unfinished, the business for which the meeting was convened, the remaining members may lawfully continue the business. In the absence of president, the vice-president, in the absence of vice-president, a member elected from among themselves may preside over the meeting and continue the business. Any business which was duly notified in the notice for the meeting shall alone be transacted to completion and if it is so transacted, it shall be valid.

Passing of resolution. – Every question which may come before the village panchayat at any meeting shall be decided by a majority of the members present

and voting at the meeting and, in every case of equality of votes, the presiding member shall have and exercise a second or casting vote. In the case of any resolution not carried unanimously, the names of the members who voted for and against it shall be recorded in the minutes.

Modification or cancellation of resolution. – No resolution shall be modified or cancelled within three months after the passing thereof except at a meeting specially convened in that behalf and by a resolution supported by not less than one-half of the sanctioned number of members.

Minutes. – Minutes of the proceedings of each meeting shall be drawn up and entered in a book to be kept for that purpose and as soon as the discussions on a subject are over, the presiding member shall record the decision of the village panchayat then and there, read the text of the decision to the members present and affix his signature immediately below the last line of the resolution. At the end of the meeting, he shall record in the minutes that all the resolutions passed have been readout in the open meeting and then only he shall sign at the end of the minutes and shall also obtain the signatures of all the members present at the meeting.

Custody of records. – The president shall have the custody of the proceedings and records of the meetings of the village panchayat and may grant copies of any such proceedings and records on payment of such fees as the village panchayat may, by general or special order, determine. Copies shall be certified by the president as provided in section 76 of the Indian Evidence Act, 1872 (Central Act 1 of 1872), and copies so certified may be used to prove the records of the village panchayat in the manner as they may under clause (5) of section 78 of the said Act, be used to prove the proceedings of that body.

Community Development Schemes and Programme:

The community development programme has for its objectives economic development, social change and democratic growth. These three objectives are to be promoted jointly and in such a manner that they support one another. In India, the objective behind the community development programme is to develop the resources of the people and to assist each village in planning and carrying out the integrated agricultural production. Like this, the major objectives of this project are:

- To change the outlook of all village people.
- To improve existing village crafts and industries and organizing new ones, providing minimum essential health services and improving health practices.
- Providing required educational facilities for children and adults as well as recreational facilities.
- Improving housing and family living conditions of villagers.
- To develop a responsive village leadership, village organization and institutions.
- To develop village people so that they become self reliant and responsible citizens.
- To help people that they can increase their income and quality of life.
- Organizing or arranging trainings for voluntary local leaders like members of panchayats, village and block advisory committees etc. and professional community development workers like village level workers, extension officers, block development officers.

Jawahar Rozgar Yojana:

The Government of India has made and keeps making provisions to improve the quality of life for rural India through its five year plans and many other schemes generally termed as Yojana's. Rozgar Yojana is an important move towards wage employment programme. JawaharRozgarYojana was introduced by the Indian government with an agenda of attaining self-sufficiency in providing sustainable employment to the rural population and helps remove poverty to the extent possible in less time.

Evolution of Scheme:

Jawahar Rozgar Yojana or JRY in itself is not a new scheme, it's the merger of two important programme of National Rural Employment Programme (NREP) and Rural Landless Guarantee Programme (RLGP) which was given birth on 1st April 1989 with the condition of sharing the cost in the ratio of 80:20 between the central government and the State Government.

Objectives of Jawahar Rozgar Yojana:

- Providing employment reinforcement to unemployed and under-employed population in the rural areas.
- Enhancing the rural Infrastructure and establishments for the benefits of the rural areas.
- With an Aim inclined towards BPL families' preference were given to the OBCs, SC/STs etc.
- Special reservation for women almost up to one third of the employment opportunities.
- Focus to cover every possible village with the help of Panchayati Raj.

National rural employment programme (NREP):

NREP was the programme used by the Government of India to provide food and work to the rural population. The main agenda was to take stern steps and action to eradicate poverty. The programme was started in 1980 which was later merged with Rural Landless Employment Guarantee Programme in 1989.

Rural Landless Employment Guarantee Programme (RLEGP):

RLEGP guaranteed 100 days employment in a year to the rural people, its purpose was to strengthen the infrastructure of rural areas and fulfill the growing requirements of the rural economy. RLEGP came into effect on 15th August 1983. The main objective of the scheme was to provide a job to at least one member of a landless household for a guaranteed period of 100 days in a year. The programme was funded by the central government, a total amount of 500 crore was sanctioned in the first phase and the onus of utilizing the fund was imposed on the state and union territories.

In the seventh Plan, a cash flow of INR 1,250.81 crore's were sanctioned for NREP in the Central Sector which will be matched and distributed equally by the states. A cash flow of INR 1,743.78 crore's were provided in the seventh Plan for RLEGP which will be sanctioned entirely by the Centre.

Provisions:

The scheme has special provision for women where 30 percent of the work is reserved for women, it will also benefit nomadic tribes, schedule caste, landless families, while preferences would also be given to the people living under poverty line.

The budget of 2100 crore has been allocated for this scheme, where the Panchayat will be the implementing body thus eliminating the role of middlemen, again the investment will be shared between the central government and state government in the 80:20 ratio

Implementation:

The programme is implemented by Yojana's Panchayati where the funds allocated to them would be Eighty thousand to One lakh to implement the Yojana's. The objective is to provide employment to one member from each family of four hundred and forty lakh families and the responsibility will be on the village Panchayati on how they spend the funds allocated to them. The funds allocated to village will also depend upon the number of household below poverty line and its backwardness.

Its main purpose was to allocate funds to backward areas and develop them, though the Yojana's was successful , it had also some positive sights , like a person can now know how much fund was allocated to his village for the programme, and how many people are working with him under same programme.

Since April 1, 1999 this Yojna was replaced by Jawahar Gram samridhiYojna. Later from September 25, 2001, Jawahar Gram SamridhiYojna was merged with SampoornaGrameenRozgarYojna.

Integrated Rural Development Program:

Integrated Rural Development Programme Origin:

The Community Area Development Programme (CADP), Drought Prone Area Programme (DPAP), Small Farmer Development Agency (SFDA), and Marginal Farmers and Agricultural Labourers Agency (MFALA) were merged into the Integrated Rural Development Programme (IRDP) by the Janta government in 1978-79.

The central government's National Common Minimum Programme (NCMP) reaffirms the key importance of villages to the country's overall development and commits to striving to develop rural communities.

IRDP's major goal is to eliminate poverty, hunger, and unemployment in rural India.

The integrated rural development initiative was initially limited to 2000 blocks out of the country's total of 5004 development blocks.

Other Relevant Links:

- Jawahar Gram Samridhi Yojana: National Old Age Pension Scheme (NOAPS)
- Rural Housing – Indira Awaas Yojana Sampoorna Gramin Rozgar Yojana (SGRY)
- Food for Work Programme NRLM – National Rural Livelihood Mission (Deendayal Antyodaya Yojana)
- National Urban Livelihood Mission Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005
- Pradhan Mantri Kaushal Vikas Yojana National Food Security Act

- Pradhan Mantri Jan Dhan Yojana Gram Swaraj Abhiyan
- Pradhan Mantri Awas Yojana – Gramin Pradhan Mantri Adarsh Gram Yojana
- Pradhan Mantri Awas Yojana – Urban (Housing For All) Pradhan Mantri Kisan Kshetra Kalyan Yojana
- Transformation of Aspirational Districts SVAMITVA scheme
- National Rurban Mission (NRuM) Sansad Adarsh Gram Yojana
- Pradhan Mantri Gram Sadak Yojana
- National Social Assistance Programme

Integrated Rural Development Program: Aims

- To assist people with self-employment opportunities.
- In the form of a subsidy, provide help to a target group of rural poor families who fall below the poverty line. Laborers, craftsmen, scheduled castes, scheduled tribes, sharecroppers, and marginal and small farmers are among the IRDP's target groups.
- To implement measures in the village for the development of livestock and poultry, as well as fisheries and social forestry (sectoral integration).
- To encourage the village's cottage industry.
- To increase the targeted groups' per capita income.
- To improve the living conditions of the poorer portions of the rural population. Opportunities for employment.
- Integrated Rural Development Program Objectives:
- The IRDP's goal is to assist families who are living in poverty to improve their standard of living.

- Empower the disadvantaged by assisting them in their development on all levels.
- By providing its target groups with productive assets and inputs.
- The assets, which could be in the primary, secondary, or tertiary sectors, are given to these families as financial support in the form of government subsidies as well as loans or credit from financial organizations.

Aspects of IRDP:

IRDP has several aspects that can be classified into the following categories:

(1) Cumulative Sectoral Integration

This is the first and most important section of the IRDP, and it focuses on the sectors where development is needed, such as health, education, and hunger, as well as the rate of development.

(2) Integration of Space:

There is always a connection between the source of raw materials and the location of production, and few sectors require more attention than others. This section of the IRDP identifies the areas that require special attention. The term “spatial integration” refers to the integration of economic flows.

(3) Integration of Individual and group development:

Only a small percentage of the population benefits from development, while the bulk continues to suffer. This section of the IRDP outlines how development funds should be distributed so that the majority of people benefit equally.

(4)Integration of Socio-Economic and Environmental Development Conflicting Goals:

Food, shelter, education, and health benefits could be provided to alleviate poverty in rural areas. While achieving the above objectives, resources and the environment must be balanced in order to protect the interests of future generations.

(5)IRDP: The sixth five-year plan period:

The IRDP was designed primarily as an anti-poverty initiative. This goal is recommended to be met by assisting the poorest households to obtain productive assets, technologies, and skills that will enable them to sustain their economic activity.

Social services such as health, education, and housing will also be required for these families.

The National Rural Development Programme (NRDP), the Minimum Needs Programme (MNP), and others are examples of prominent Integrated Rural Development Programmes.

The Swarnjayanti Gram SwarozgarYojna, which replaced the IRDP and its related schemes with the Swarnjayanti Gram Swarozgar Yojna (SGSY), was established by the Indian government in 1999 as a restructured poverty alleviation program for rural areas.

The Panchayat Samitis was in charge of implementing the scheme.

(6)Beneficiaries of the Integrated Rural Development Program:

The following are the people who will benefit from this program:

- Artists from the countryside
- Laborers
- Farmers on the Brink
- Scheduled castes and tribes are castes and tribes that have been designated by the government.
- Economically disadvantaged people with a yearly income of less than Rs 11,000

(7)Subsidies provided under IRDP:

Subsidies are available to the following individuals:

- Small-scale farmers (25 percent)
- Agricultural laborers and marginal farmers (33.33 percent)
- Families with SC/ST, children, and persons with disabilities (50 percent)
- For SC/ST households and differently-abled persons, the maximum subsidy amount has been set at Rs 6,000, Rs 4,000 for non-DPAP and non-DDP locations, and Rs 5,000 for DPAP and DDP localities.
- Women and differently-abled individuals are given subsidies of 50%, 40%, and 3%, respectively, from this category of SC/ST candidates.
- First preference is also given to people among this group who have been awarded ceiling surplus land, as well as Green card holders who fall under the categories of free bonded laborers and family welfare programs.

Implementation of IRDP:

The following organizations are in charge of implementing the Integrated Rural Development Program:

Block personnel at the grassroots level District Rural Development Agencies (DRDAs)

State Level Coordination Committee (SLCC) at the state level

Ministry of Rural Areas and Employment (who are responsible for the release of funds, formation of policies, program evaluation, monitoring, and guidance).

Integrated Rural Development Program Funding:

The Integrated Rural Development Program is a centrally sponsored scheme that is split 50:50 between the union government and the states.

Since 1980, the plan has been in operation in all of the country's blocks.

Central funds are distributed to states based on the proportion of rural poor in each state to the overall rural poor in the country under this plan.

Financial institutions such as commercial banks, cooperatives, and regional rural banks provide assistance in the form of government subsidies and term credit supplied by financial institutions such as commercial banks, cooperatives, and regional rural banks.

Targeted areas for IRDP:

- Madhya Pradesh and Orissa Tribal Areas
- Punjab, Haryana, and Andhra Pradesh are agriculturally developed areas.
- Eastern Uttar Pradesh and Maharashtra are agriculturally underdeveloped areas.
- Jammu and Kashmir's, West Bengal's, and Tamil Nadu's hilly regions
- Desert areas of Rajasthan have well-run administrations in Gujarat, Kerala, and Karnataka, while Bihar, Himachal Pradesh, and Madhya Pradesh have inadequate administrations.

Evaluation of Integrated rural development program:

For planning, the Ministry of Rural Development advocated establishing the District Rural Development Agency (DRDA). However, there was no set-up procedure that was followed consistently.

Poor planning results from a lack of resource surveys in local communities.

Due to a lack of prerequisite training for dealing with officers, improper implementation occurs.

Some states refused to share the weight of the 50 percent obligation.

Inadequate credit infrastructure, as well as basic facilities in locations where benefits can be demonstrated

There was no follow-up for asset upkeep.

Over 6 lakh families have benefited from the IRDP in the 44 years since it was launched, with 60 percent coming from scheduled castes and scheduled tribes. The main purpose of such a program is to promote equality and diversity in society. The Indian government has been working on IRDP in stages. Despite criticism for its poor execution on the ground, the initiative has been mainly successful in eliminating poverty. As a result, it has played a significant role in lowering poverty levels.

People's Participation through Panchayats:

The installation of the government in 1977 brought about a remarkable change in the attitude of the government to panchayats. The Left Front had initially three

Tasks on the rural front

Revitalization of panchayats.

Regeneration of stagnant rural economy

changing the correlation of class forces infavour of the poor.

The government spelt out its intention (a) to make panchayats political institutions,

(b)To utilize them not only as instruments of development but also as platforms for fighting against rural vested interests and raising the hopes of the people thereby

To establish the powers of the people curbing that of the administrative officers and

(d)To make the people realize through the experience of their participation about the limitations inherent in the existing socio-economic structure and then to unleash the struggles for implementation of an alternative development strategy.

Promote Democratic Representation:

The PRI system generally consists of three level: Gram Panchayat at the village level, Block Panchayat or Panchayat Samiti at the intermediate level and Zilla Panchayat at the district level

This scheme of the PRI system increases cooperation among people, democratic participation and decentralization.

Effective and Efficient Planning:

The 2.5 lakh Gram Panchayats (GPs) in the country have been entrusted to provide basic services in the villages and plan for local economic development.

The Gram Sabha (GS) discusses the development work plans of the GP called Gram Panchayat Development Plan (GPDP) and the elected representatives execute the plans. Formulation of GPDP improves efficiency of public services.

Ensures Good Governance:

‘Consensus oriented’ and ‘Participation’ are two important pillars of Good Governance and the PRI helps in ensuring both these pillars.

For example, GS is a channel to include the less privileged section of society and ensure their participation in the village level governance wherein they can advocate their developmental aspirations.

This bottom-up approach is meant to reflect the needs of various stakeholders.