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BPR-001
Panchayats in India: The Context

Panchayats as Institutions of Self Government

3

"शिक्षा मानव को बन्धनों से मुक्त करती है और आज के युग में तो यह लोकतंत्र की भावना का आधार भी है। जन्म तथा अन्य कारणों से उत्पन्न जाति एवं वर्गगत विषमताओं को दूर करते हुए मनुष्य को इन सबसे ऊपर उठाती है।"

—इन्दिरा गांधी

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"Education is a liberating force, and in our age it is also a democratising force, cutting across the barriers of caste and class, smoothing out inequalities imposed by birth and other circumstances."

-Indira Gandhi

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Block

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BLOCK 3 PANCHAYATS AS INSTITUTIONS OF SELF GOVERNMENT

Block Introduction

India is a large country. For governing such a large country, it is necessary to have governments at different levels. Originally, the Constitution of India provided for governments at the National Level (Union Government) and also at the level of the State Level (State Governments). But for a long time after independence, there was no such government at the local level. The local governance remained the responsibility of the officials of state government. The officials were not directly responsible to local people. Theoretically, however, the state government was responsible to local people for local governance. But practically, accountability of people's representatives running the government for day-to-day administration of local affairs remained on paper. This need was filled by the 73rd and the 74th Constitutional Amendments that came into force in 1993. The 73rd Amendment introduced the panchayat system to take care of local governance of the rural areas. Under the 74th Amendment, the municipal bodies were similarly declared as *the institutions of self government* for *the towns and cities.* Thus, after the aforesaid amendments, the governance of India materialises at three levels, namely the centre, the states and the local level. At the local level, we have panchayats for the rural areas and municipalities for the urban areas. Activities involved in the formulation of policies with regard to them and management of these issues or services may be termed as local governance. There are a number of issues involved in rural local governance, which among others include decentralization of governance through panchayats, structural aspects of panchayats, role of panchayats in development, functions and resources of panchayats. These need to be discussed in detail and the five units of this block are aimed to achieve this.

UNIT 1 THE GOVERNANCE SYSTEM AND THE PANCHAYATS

Structure

1.0 Objectives

1.1 Introduction

1.2 Governance

1.3 Organising the Governance Functions

1.4 Justification for Local Government

1.5 Local Governance

1.6 Local Government System in India

1.7 Decentralisation of Governance

1.8 Principle of Subsidiarity

1.9 Panchayat in Local Governance

1.10 Let Us Sum Up

1.11 Check Your Progress-Possible Solutions/Answers

1.0 OBJECTIVES

After going through this unit, you should now be in a position to:-

- define 'governance' and identify its characteristics;
- understand the meaning and significance of local government and appreciate its role in local governance within the overall context of national and state governance;
- discuss the evolution of panchayati raj since its inception;
- distinguish between 'delegation' and 'devolution'
- explain the principle of 'subsidiarity';
- appreciate the constitutional status of panchayati raj under the 73rd and 74th Amendments; and
- evaluate the role of panchayati raj in the context of overall democratic system of governance of the country.

1.1 INTRODUCTION

In common parlance 'governance' is what government is expected to do, what it does and the manner in which it gets its work done. Sometimes the word is used to denote the act of exercise of sovereign power of the state or the act of controlling the behaviour of people through the exercise of authority. In the contemporary discourse, a distinction is made between governance and the government. The government is considered as an institutional means for undertaking certain activities affecting the lives of people. But there are other actors also who

discharge certain activities that may supplement or substitute or add to the activities of the state in order to achieve objectives that have relevance for the progress and welfare of the lives of people. Such activities of other actors also have to be taken into consideration in order to understand the process of governance. In this unit on the 'Governance System' and 'the Panchayats' an attempt is made to define the term 'Governance' from the point of view of development , identify its characteristics, discuss meaning and significance of local government and appreciate its role in local governance and also analyse the role of panchayati raj in the context of overall democratic system.

1.2 GOVERNANCE

If we have to define Governance from the point of view of development, it means the manner in which power is exercised in the management of a country's economic and social resources for development. Here, the emphasis is more on the management of resources.

In a broader perspective of development, 'governance' may be defined as a process which involves organizing and ordering of public life in a manner that expands the freedom and the range of choices of individuals in pursuing objectives that they have reasons to value. In other words, this is a 'set of processes through which a community decides upon and pursues its preferred future'. Viewed from this angle, governance covers not only the functions discharged by the government, but also such other functions in respect of public welfare or regulation of public behaviour as discharged by other actors, such as the civil society organizations, communities or the private sector. The government may be a major and arguably most important, institution in the process, but there are other actors also who are involved in activities that determine the manner in which people's lives are shaped. The actions of all such actors put together deliver public goods and services and create institutions and processes for dealing with the issues of public interest. Governance of a society at a specified time-period has to be understood and evaluated from the totality of actions of all such actors.

1.3 ORGANISING THE GOVERNANCE FUNCTIONS

One of the problems to which every state has to find a satisfactory answer is how to organize the governance functions. An important issue in this respect relates to the necessity of locating government at different levels. Should there be only one government within a state? Or whether there should be governments at different levels with clear allocation of functions and transparent accountability mechanism for each? In each country, obviously there shall be a government at the national level to exercise the sovereign powers of the state. But it is not enough to have government only at the national level. Historically this was not possible. For, in those places the nation was formed after the constituent units agreed to form one nation-state. In the process they agreed to give up their sovereign power in respect of certain matters only (for example, defence or foreign affairs), but retained some powers to govern (for example internal security or education or health services). This necessitated retention of the governments at the level of the states. In some other countries, which are large or where there are strong sub-national identities because of cultural or ethnic diversities, it becomes necessary

to have governments at the sub-national level also. Besides, from the point of view of efficient public service delivery, it becomes necessary to decentralize governance functions necessitating governments at different levels or spheres. In democracy, it is essential to ensure accountability of government to the electorate. It becomes easier for people to enforce accountability of government, if the government is located closer to people. This again provides justification for having governments at the sub-national levels.

This is the reason why many countries have adopted a federal system. Federalism is a system in which the sovereignty of a state (or power to govern) is shared by the national government and the governments at the level of constituent states or provinces. Generally, federation means a two-level government – the national government and the state (or provincial) government. But all federations have governments at the local level also. Hence, a trend is emerging to develop the concept of multi-level federalism in order to include the local government also within the federal framework. The local governments are considered necessary even in those countries which have no second-tier government. They operate under what is known as the unitary system. This system accommodates only one government, namely the national government. Even unitary states find it necessary to have governments at the local level, such as counrties, municipalities etc.

Thus, in a country there may be governments at different levels. The government at the national level is common for all nation-states. But below the national level, the number of levels as seats of government may vary. In small unitary states there may be only one level of sub-national governments, namely local governments (for example, United Kingdom). In large federal countries there may be multiple levels of sub-national governments - governments at the provinces and at the local level (for example, Canada). At each evel below the national level, the government of that level has a jurisdiction – an area of space or a part of the country's population – over which it has authority to govern. If the national government is called government at the first level, then the governments just below it may be called governments at the second level. The jurisdictions of the set of the governments at the second level are contained by the jurisdiction of the national government. Similarly the jurisdictions of the set of governments at the third level below one of the governments at the second level are contained by the jurisdiction of the latter government. Generally the governments at the second level are called governments of the 'provinces' or 'states' and the governments at the third level are called local government.

It is necessary to bear in mind that the term 'local' is a relative term. In a large and populous country, the local space and population contained within that space may be quite large. The character of the habitat patterns within the local space may have variations – some may be urban and some rural. In the context of the system of administration of our country, the 'local space' refers to a town or a city, a village or a group of villages, a Taluka or a Block or a district. As we shall see later, in our country at each such local space there is a provision for setting up an institution of representative government.

1.4 JUSTIFICATION FOR LOCAL GOVERNMENT

It is interesting to note that both under unitary system and the federal system necessity is felt to have a government exclusively for the local area. There are different reasons for this. First, as John Stuart Mill had argued, local government

creates opportunity for political education of citizens, which is essential for the success of democracy. Mill also argued that power to exercise control over bureaucracy in charge of local functions should vest not with 'national executives, but with the people of the locality'. This is possible only if elected local governments exist. Thirdly, local government is seen as an appropriate institutional means to ensure prompt and cost-effective service delivery at the local level. Fourthly, by bringing government at the door steps of citizens, governance is made more transparent, which in turn makes the governance system more accountable. Last but not least, local government enables citizens to participate in the process of making of public decisions that affect their day-to-day lives and thereby it enriches the practice of democracy.

Check Your Progress I

Note: *a) Write your answer in the space provided.*
b) Check your answer with the possible answer provided at the end of the unit.

1) Define 'Governance' from development point of view.

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2) What is the main justification for having governments at the sub-national levels?

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1.5 LOCAL GOVERNANCE

By having governments at different levels, the responsibilities of governance can be distributed among those levels without concentrating all responsibilities at the top level. The necessity of distribution of responsibilities among multiple institutions of government arises from the fact that the issues addressed or services provided by the government of a country involve tasks that vary in terms of scale and complexity. All of them cannot be discharged effectively and satisfactorily from one level. They may range from macro-level issues or services like foreign affairs of the country or controlling the national currency to micro-level issues or services like settling a village dispute or maintaining a village road or running the village primary school. In the former case, it is the national government which would be the appropriate authority to deal with a national-level issue like foreign affairs. But the services or public issues falling under the latter category are local level functions of the state, as the benefits of state actions in respect of such subjects are

confined within a small area and have impact over a small number of people. Activities involved in the formulation of policies with regard to them and management of these issues or services may be termed as **local governance**.

1.6 LOCAL GOVERNMENT SYSTEM IN INDIA

The present structure of local government system in India was built up during the colonial rule. In the post-independence period, it has undergone little change. Traditionally, district is considered as the unit of local governance. The entire country is divided into 600 odd districts. Most of the departments of the state government have field offices at the district head quarters headed by the officers of the respective departments. At each district, there are field offices of over two dozen line departments. A large number of them are engaged in the works of various development sectors, such as agriculture, fishery, cottage industry, social welfare, primary or secondary education etc. Some belong to regulatory departments, such as departments for collection of revenue and various law enforcement agencies and the police. For police, there is a chief officer of the police force of the district and large number of police stations spread over different parts of the district.

Originally, the Collector and District magistrate was considered as the principal officer of the district and the fulcrum of district administration. As his designation implies, this official was primarily responsible for two very important functions of the colonial government, namely, collection of revenue of which land revenue constituted the major source, and maintenance of law and order. But more than the substantive functions of his office, what made the district magistrate-collector almost a mythical figure was that he was considered as the representative of the imperial government at the district level. He was not a mere civil servant, but a ruler *par excellence* exercising not only statutory powers, but also substantial discretionary powers over people and institutions at the district level. This position gave him a kind of legitimacy to oversee and coordinate the functions of the district officers of other departments also. Gradually, however, this prerogative of the district magistrate got eroded, as the respective line departments started functioning independently and resented interference of anybody outside their departments.

Below the district, there are other administrative units, such as subdivisions and below subdivisions there are Blocks, which appeared first in district administration in early 1950s for executing community development programmes in rural areas. For revenue purpose, there are other administrative units, such as Talukas, Tehsils etc. Below Talukas, Tehsils or Blocks there are villages. Many line departments have offices at the Block level and some at other levels also. At the Block level, Block Development officer remains in charge of many developmental and welfare programmes.

As the above account shows, entire governance system at the district and sub-district level is run by bureaucracy. It is within this framework of district administration that the local-self government institutions were introduced in this country during the colonial rule. As expected, these institutions were not adequately representative being constituted on the basis of restricted electorates. They also lacked autonomy and were starved of financial and administrative resources, besides being compelled to work under the constant surveillance of the district bureaucracy led by the collector. The rural local government institutions were not designed to undertake major developmental functions. Their main role was to

provide civic services of minor nature. Whatever developmental or welfare functions the government was discharging remained at the hands of the district bureaucracy. Such was the state of rural local government institutions on the eve of independence. Even after independence, the position remained the same for a long time. Several attempts had, been made from time to time to institutionalize vibrant local government system at the district and sub-district levels giving birth to the three-tier panchayat system. But none of these attempts could succeed in altering the centralized and bureaucratic character of local administration. In most states, even the elected bodies ceased to exist, because elections were not held regularly.

Needless to say that the kind of structure as described above for local administration does not permit the bureaucracy in charge of local functions to be controlled by the local people through their representatives. They continue to be controlled by the government at the state level. This makes the entire structure opaque and non-accountable to people whom it serves. Such an administration looks anachronistic within the democratic framework of the country. The absence of democracy at the local level indicates the observation made by EMS Namboodiripad in his dissenting note to the Asoka Mehta Committee report that 'democracy at the central and state level, but bureaucracy at all lower levels' is the essence of Indian polity.

There are some other disturbing features of our inherited system of local governance. Firstly, all the local offices of district administration work under the centralized command structures with practically no decision making power of their own to take care of the local specificities. This creates enormous distortions at the implementation level. Secondly, all the local offices work individually under vertically organized command structures making horizontal coordination between them at the grassroots level extremely difficult, thus closing the possibilities of creating a synergy for addressing the local needs. Thirdly, being built on the premise of top-down decision making process, such a structure can hardly be *responsive* to the urgent needs of people at the grassroots.

Clearly local administration of the country, which has been inherited from the colonial regime, suffers from two major defects. First, it is undemocratic. Second, it is highly centralized.

1.7 DECENTRALISATION OF GOVERNANCE

The defects of our local administration as mentioned above can be remedied if governmental responsibilities are decentralized and elected governments at the local level are endowed with powers and resources to discharge responsibilities, which are local in nature. When governance is decentralized in this manner, it is called *democratic decentralization.* This involves political, administrative and financial decentralization. Political decentralization refers to a situation under which governance functions are given to an elected body that remains accountable to its electorate. Administrative and financial decentralization means that such a body has the requisite staff and financial resources to discharge the functions allocated to it. Only when these three elements are put in place together democratic decentralization becomes a reality. In such situation, a bureaucratic local governance system can be transformed into a system, which is democratic.

It is not enough, however, to create elected governments at local level. Whether they would be effective and relevant in local governance depends upon the nature of decentralization and the resources to which they are made entitled. There are

two ways of decentralization though the local governments. One is '*delegation*' which refers to the transfer of managerial responsibility for certain functions. Under such decentralization the higher level government retains the controlling power over such functions. Funds, staffing, choice of schemes or even the manner of management of functions are often determined by the higher level government. Besides, under such decentralization, the power delegated can be taken back by the authority that delegates such power.

An another kind of decentralization of governmental functions. This is known as *'devolution'*. Under devolution-type of decentralization, local governments are entitled to have autonomous jurisdictions of their own. It will be a sphere of independent action and the higher level governments are not expected to exercise any control over this sphere except giving general guidance and support. Autonomy may be an elusive concept. If there are 'governments' at multiple levels, then government at each level will enjoy only partial autonomy. How much autonomous jurisdiction can be carved out for the local governments is a matter of judgment. But it cannot be too small to make the concept of self-governing institution at the local level meaningless. In some cases they may also act as 'agencies' of the upper level government, but this sphere cannot be allowed to overshadow or diminish their distinctive character as the governments at their own levels. In countries where local administration is highly centralized and bureaucratic, as in India, this necessitates withdrawal of certain activities or functions from the higher level government and transferring them to the local governments.

To further elaborate the principles embedded in the devolution-type of decentralization, one may recall the observations of the Balwantrai Mehta Committee (1957) report on this issue. According to the committee, it is a "process whereby the government *divests itself completely* of certain duties and responsibilities and devolves them on to some other authority within its jurisdiction, reserving to itself only the functions of guidance, supervision and higher planning" (Emphasis added). Such view of decentralization has been advocated by a number of thinkers and activists. To quote Abdul Nazir Sab, Former Minister of Panchayati Raj in Karnataka and an ardent advocate of democratic decentralization: "democratic decentralization implies progressive devolution of decision making on all vital matters affecting people's lives. If the responsibility of development at the district level is left to bureaucratic hierarchy under the control of the ministry at the state level, democratic decentralization will remain an empty slogan".

1.8 PRINCIPLE OF SUBSIDIARITY

Which functions of the state should be decentralized in the form of devolution of responsibility to the local governments is a matter of policy. Ideally the distribution of functions among governments should be determined by the principle of subsidiarity. The Oxford dictionary defines subsidiarity as "a principle that a central authority should have a subsidiary function, performing only those tasks which cannot be performed at a more local level". According to this principle of distribution of inter-governmental responsibilities, whatever cannot be done from or performed/ discharged by the lower level may be pushed to the upper level. This also means that whatever can be done by the government at the lower tier should be done at that level, leaving matters that cannot be dealt at that tier to the government at higher level. In unit 4 we shall discuss in detail the matters relating to devolution of functions to the rural local governments, that is, panchayats.

1.9 PANCHAYAT IN LOCAL GOVERNANCE

In terms of the landmark 73rd and 74th Amendments of the constitution in 1992, panchayat and municipality respectively have been defined as institutions of self-government [Article 243(d) and Article 243P(e) respectively]. Literally, 'self-government' means (a) government by its own people (that is, democratically elected institution) and (b) government without outside interference (that is, government which has autonomy in decision-making.). Thus, panchayats and municipalities have been constitutionally recognized as the governments for the areas under their respective jurisdictions. In other words, these two institutions can justifiably be called local governments for the rural and urban areas respectively. Since the 'local space' in our country refers to a town or a city, a village, a Taluka or a Block or a district, we have local governments at all these levels. Thus, we have a constitutionally recognized three-tier structure of rural local government – village panchayats for one village or a group of villages, intermediate panchayats at Taluka or Block levels and district panchayat (known as Zila Parishad in most states) for panchayat at district level. Their jurisdictions are only in rural areas. For urban areas, municipalities or corporations are local governments.

The constitutional provisions for panchayats and municipalities were a landmark event of India's Constitutional history. This does not mean that Panchayats and the municipalities owe their origin to the 73rd and 74th Amendments. As mentioned before, both rural and urban local governments were introduced during the British rule. Thus, the local government institutions have a very long tradition in this country. But they did not replace the bureaucratic local administration in any way. They did not have autonomy and they had to work under the surveillance of district bureaucracy. They had no constitutional status. These institutions were practically the creatures of the government. Since, they were superimposed upon the existing local administration, they were treated as not more than agents of the state government. The constitutional amendments have the promise of removing these deficiencies. The most serious implication of the amendment is that the panchayats (and municipalities) are now considered as integral part of the governance system of the country. This means that they cannot be treated as mere agents of the state government, but as a separate, autonomous government having an independent functional jurisdiction over which the upper level government would not normally interfere . If the amendments are implemented in true spirit, then a qualitative change would take place in the architecture of government in this country.

Originally, the Constitution envisaged that there would be governments at only two levels, namely the national level (union government) and at the level of the states (state government). The local affairs of the state remained the responsibility of the state government. As noted earlier, the state government took care of the local issues of governance through their officials making local administration bureaucratic and centralized in nature. Clearly it needed radical reform. The 73rd constitutional Amendments have clearly sent the message that the country needs a governance system in which there shall be representative governments not only at the levels of the union and the states, but also at the levels of districts and villages and the functions of the state should be divided among these multi-level governments. In fact, the constitutional recognition of local government has brought about a timely and much-needed change in the overall democratic system of government in India.

Whatever may be the constitutional intentions, in reality the task of replacing the bureaucratic local administration by democratic local government still remains unfinished. True, the status of the institution of panchayats is now far improved. But in respect of devolution-type of transfer of responsibilities and resources to these bodies, the progress is extremely poor. No substantive reform of local governance is possible without creating an autonomous space for the institutions of local government. It must start with the premise that the institutions of panchayats, being governments at their own levels, are an integral part of the country's governance system and therefore, they must replace the existing structure of the bureaucratic local administration in respect of the functions or activities devolved to them. While there may be necessity for the retention of some establishments of the state government including that of the Collector and District Magistrate at the local level, their functions and responsibilities should be confined to areas which are outside the jurisdictions of the local bodies. In respect of devolved functions, the local government institutions should have autonomy and must be free of bureaucratic control. Such view of the role of panchayts in local governance is also shared by the Second Administrative Reforms Commission, among others. The Commission makes a strong plea for empowering the panchayats properly, so that they can play an effective role in replacing a centralized and bureaucratic local administration. The Commission suggests that the transfer of powers, responsibilities and resources to the local bodies should take the shape of '*devolution*', as contrasted with '*delegation*'. Such 'devolution' should be based on the broad principle of subsidiarity, and the governments at the appropriate level should be vested with adequate powers and authority to enable them to function as institutions of self government in respect of *functions that can be performed at the local level.* Clearly the Commission is in favour of carving a substantial autonomous space for the local governments. Once this is done, the country's local governance system will start changing radically, enriching in the process the overall democratic system of governance of the country.

Check Your Progress II

Note: *a) Write your answer in the space provided.*

b) Check your answer with the possible answer provided at the end of the unit.

1) What is democratic decentralization?

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2) What do you understand by the principle of subsidiarity?

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1.10 LET US SUM UP

In this unit at the outset an attempt was made to define 'Governance' particularly from development point of view. The 'Governance' was defined as a process which involves organizing and ordering of public life in a manner that expands the freedom and the range of choices of individuals in pursuing objectives that they have reasons to value. Firstly, we discussed how to organize the governance functions. Secondly local governance system in India. It was realized that the local administration of the country, which has been inherited from the colonial regime, suffered from two major defects. First, it was undemocratic. Second, it was highly centralized, thus a strong need was felt for decentralization of governance. We then discussed principle of subsidiarity and related it to to the rural local governments, that is, panchayats.

1.11 CHECK YOUR PROGRESS - POSSIBLE SOLUTIONS/ANSWERS

Check Your Progress I

1) From the point of view of development Governance, means the manner in which power is exercised in the management of a country's economic and social resources for development. The emphasis here is more on the management of resources.

2) In democracy, it is essential to ensure accountability of government to the electorate. It becomes easier for people to enforce accountability of government, if the government is located closer to people. This provides justification for having governments at the sub-national levels.

Check Your Progress II

1) If governmental responsibilities are decentralized and elected governments at the local level are endowed with powers and resources to discharge responsibilities, which are local in nature. When governance is decentralized in this manner, it is called democratic decentralization.

2) It means that whatever can be done by the government at the lower tier should be done at that level, leaving matters that cannot be dealt at that tier to the government at higher level.

UNIT 2 STRUCTURAL ASPECTS OF PANCHAYATS

Structure

2.0 Objectives

2.1 Introduction

2.2 The Panchayat System

2.3 Number and size of Panchayats

2.4 Election

2.5 Autonomy of Panchayats

2.6 State laws on Panchayats

2.7 Authority Structure of Panchayats

2.8 Control Over Panchayats

- 2.8.1 Removal of Office-Bearers of Panchayats
- 2.8.2 Cancellation or Suspension of any Order/Resolution of Panchayat:
- 2.8.3 Dissolution of Panchayat

2.9 Panchayat Related Institutions

- 2.9.1 Gram Sabha
- 2.9.2 District Planning Committee
- 2.9.3 State Election Commission
- 2.9.4 State Finance Commission

2.10 Other Panchayat Related Institutions

- 2.10.1 Ombudsman
- 2.10.2 Tribunal for Local Government
- 2.10.3 District Council for Panchayats
- 2.10.4 State Panchayat Council
- 2.10.5 Other Councils

2.11 Restructuring District Panchayat

2.12 Let Us Sum Up

2.13 Check Your Progress - Possible Solutions/Answers

2.0 OBJECTIVES

After reading this lesson, you will be able to:

- describe structural features of panchayat bodies;
- explain election procedures;
- discuss autonomy of panchayats;
- analyse state control over panchayat bodies;

- understand about the functioning of panchayat related institutions like gram sabha, election commission, finance commission, district planning committee, and other important institutions that are closely related to the functioning of the panchayat institutions; and
- know the recommendations for restructuring of panchayat bodies by the Second Administrative Reforms commission.

2.1 INTRODUCTION

The understanding of the panchayats as institutions of self-governance , apart from understanding the concept of governance and decentralization of governance also involves study of structural aspects of panchayats. This unit is primarily aimed to promote such understanding. It is necessary for the learners to know about number and size of panchayats, autonomy, authority structure of panchayats, panchayat-related Institutions, district planning committee, state election commission, state finance commission, Other panchayat-related institutions. We also plan to discuss restructuring district panchayat towards the end of this unit.

2.2 THE PANCHAYAT SYSTEM

Previously the matters relating to the establishment of panchayats and holding of regular elections to these bodies were left to the discretion of the individual states. The 73rd and 74th amendments to the Constitution have prescribed that every state must establish panchayats in rural areas (and municipalities in urban areas). Hence, like before it is not possible for the individual states to choose the option of not establishing panchayats. This is now mandatory for each state. For all states with a population above two million, the panchayats will have a three-tier system at the village (a single village or a group of villages), intermediate level (usually block/taluka) and district levels. For states with a population of less than two million, there shall be only two tiers, namely village and the district. For these states, establishment of the intermediate level panchayat is optional. As of 2008, all the states, except Jharkhand, have established panchayats as mandated by the constitution. In Jharkhand, the process has been stalled because of certain legal problems

2.3 NUMBER AND SIZE OF PANCHAYATS

The numbers of multi-tier panchayats in different states are shown in table 1. It will be seen that as of April, 2004, there were 234676 village panchayats, 6097 intermediate panchayats and 537 district panchayats in the country. It will be seen that between the individual states, there is wide variation in the numbers of panchayats, particularly that of village panchayats. There are about 2.35 lakh village panchayats in the country. There are at least seven states, which have over 10,000 such panchayats. They are: Uttar Pradesh (52028), Maharashtra (28553), Madhya Pradesh (22029), Andhra Pradesh (21913),Gujarat (13819), Tamilnadu (12618) and Punjab (12445). Major reason for this is that the average size of village panchayats varies widely from state to state. According to the report of the Working group on Democratic Decentralization of Government of India (2006), the village panchayats can be classified into the following groups on the basis of average size of such panchayats.

Tiny village panchayats (Population below 2000): The panchayats of 7 states fall in this group. Smallest panchayats in this group are in Arunachal Pradesh with

average population of only 531 and the biggest panchayats are in Madhya Pradesh with average population of 2015.

Table 2.1 : Number of Panchayati Raj Institutions in different States/UTs as on 23.11.2010 (Based on information furnished by State/UTs)

Sr. No.	State Name	District Panchayats	Intermediate Panchayats	Village Panchayats
1.	ANDAMAN AND NICOBAR ISLANDS	2	7	69
2.	ANDHRA PRADESH	22	1097	21807
3.	ARUNACHAL PRADESH	16	161	1779
4.	ASSAM	21	185	2202
5.	BIHAR	38	531	8463
6.	CHANDIGARH	1	1	12
7.	CHHATTISGARH	18	146	9734
8.	DADRA AND NAGAR HAVELI	1	N.A.	11
9.	DAMAN AND DIU	1	N.A.	14
10.	DELHI	N.A.	N.A.	N.A.
11.	GOA	2	N.A.	189
12.	GUJARAT	26	224	13738
13.	HARYANA	21	119	6083
14.	HIMACHAL PRADESH	12	75	3243
15.	JAMMU AND KASHMIR	22	143	4131
16.	JHARKHAND	24	259	4438
17.	KARNATAKA	30	176	5628
18.	KERALA	14	152	999
19.	LAKSHADWEEP	1	N.A.	10
20.	MADHYA PRADESH	50	313	23012
21.	MAHARASHTRA	33	351	27920
22.	MANIPUR	4	N.A.	165
23.	MEGHALAYA	N.A.	N.A.	N.A.
24.	MIZORAM	N.A.	N.A.	N.A.
25.	NAGALAND	N.A.	N.A.	N.A.
26.	ORISSA	30	314	6234
27.	PONDICHERRY	N.A.	10	98
28.	PUNJAB	20	142	12800
29.	RAJASTHAN	33	249	9177
30.	SIKKIM	4	N.A.	163
31.	TAMIL NADU	31	385	12618
32.	TRIPURA	4	23	511
33.	UTTAR PRADESH	72	821	51914
34.	UTTARAKHAND	13	95	7541
35.	WEST BENGAL	18	333	3351
	Total	**584**	**6312**	**238054**

Source: *Ministry of Panchayati Raj, GOI*

***Small Village panchayats (Population between 2000 and 5000)*:** Panchayats of 8 states are in this category. Here average population size of panchayats varies between 2297 in Gujarat and 4718 in Rajasthan. Uttar Pradesh, Andhra Pradesh and Tamilnadu are also in this group along with 3 other states.

***Small Village panchayats (Population between 2000 and 5000)*:** Panchayats of at least four states fall in this category, namely, Orissa, Tripura, Karnataka and Bihar.

Large village panchayats (Population above 10000): There are 3 states in this category namely, Kerala, West Bengal and Assam. With an average population of 23789, Kerala's village panchayats are the largest, followed by those of West Bengal with average population of 17218 and Assam where average population of such panchayat is 10783.

Similarly, the size of intermediate panchayats also varies from state to state. The intermediate panchayats of 7 states have average population between 5500 and 10000. They may come under the category of small intermediate panchayats. There are at least 6 states where the intermediate panchayats are in the category medium sized intermediate panchayats with average population between 1 lakh and 1.5 lakh. Intermdiate panchayats of Kerala and Maharashtra are large with population of over 1.5 lakh.

2.4 ELECTION

Holding of election to the panchayats every five years is mandatory. The constitution provides that if any specific panchayat is superseded before the expiry of the term of the elected members, then fresh elections will have to be held for the remaining period of the term. Thus the states do not have any option to stall elections either on some pretext or others. (Previously, some states were found to have kept panchayat elections pending for year after year on some ground or other. This is not possible now). Now holding of elections to the local governments (panchayats and municipalities) every five years is a constitutional duty.

2.5 AUTONOMY OF PANCHAYATS

The panchayats have been declared as institutions of self-government. This means that the panchayats (and the municipalities) will have full autonomy in taking decisions in respect of clearly defined functions devolved to them. This also implies that certain substantial functions of government should be devolved to these bodies. With autonomous jurisdictions over functions earmarked for them, these institutions become governments at the third level of the Indian state. Panchayats (and municipalities) are, thus, parts of the governance system of the country.

2.6 STATE LAWS ON PANCHAYATS

The respective state legislatures were required to amend their existing Panchayat Acts or frame new Acts within the framework provided in the constitution. Subject to the mandatory provisions of the Constitution relating to the matters like the setting up of panchayats at different levels, their status, composition, reservation of seats for marginalized groups, elections, term of elected bodies, setting up of

supporting institutions etc, the state legislatures have been authorized to frame laws for constitution of panchayats and for determining their powers, functions, responsibilities etc. In respect of the latter, the constitution has only indicated its intentions or has laid down some principles, leaving the matters of details to the respective state legislatures. Accordingly, Panchayats draw their legitimacy from the constitution and function within the parameters of the respective state laws. That is why there is commonality in respect of constitution, elections, reservations etc among all panchayats of the country, but in respect other matters like spatial jurisdictions, functional assignments, fiscal capacity etc, they vary from state to state.

Check Your Progress I

Note: *a) Write your answer in the space provided.*

b) Check your answer with the possible answer provided at the end of the unit.

1) How and on what basis village panchayats can be classified in to groups?

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2) What do you understand by autonomy of panchayats?

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2.7 AUTHORITY STRUCTURE OF PANCHAYATS

Authority to take decisions of a panchayat body vests in its members. The panchayats at the intermediate level and district level consist of (a) members elected directly from territorial constituencies and (b) ex-officio members. There are two types of ex-officio members. The chairperson of the village panchayat and the chairperson of the intermediate panchayat are ex-officio members of intermediate panchayat and district panchayat respectively. Besides, Members of Loksabha and members of Legislative Assembly are ex-officio members of the panchayats at intermediate and district levels the areas of which fall, partly or fully, within their territorial constituencies. Members of the Rajyasabha or Legislative Council, if any, are also ex-officio members of similar panchayat bodies located

in the areas where they are registered as electors. In the constitution there is no provision for ex-officio members in village panchayat. But in West Bengal, members of the intermediate panchayat elected from the territorial constituencies falling within the area of a village panchayat are ex-officio members of that village panchayat.

The Acts of most states provide for the constitution of several standing committees consisting of members to deal with specific activities. For running day-to-day business, some administrative powers are given to the chairperson and vice chairperson.

2.8 CONTROL OVER PANCHAYATS

Due partly to the legacy of colonial rule and the need for supervision, control of state government over panchayats finds an important place in the various panchayat Acts of the country. The only exception to this general pattern is found in Kerala Act. Most of the state Acts provide for the following three major types of control mechanism.

2.8.1 Removal of Office-Bearers of Panchayats

All the state Acts except that of Kerala empower the state government to remove Presidents and Vice Presidents for any ostensible misconduct or failure in discharging duties, abuse of position etc. Using executive powers to remove an elected office bearer of the local government is patently undemocratic. What is more, in most states, the power of removal of the office bearers has been delegated to the officers of the state government. In some states even the collector is empowered to remove the office bearers of village panchayat. In Assam this power rests with intermediate panchayat in respect of the office bearers of village panchayat and with district panchayat in respect of the office bearers of intermediate panchayat.

2.8.2 Cancellation or Suspension of any Order/Resolution of Panchayat

In most states the law empowers the state government to cancel or suspend any order or resolution of a panchayat if it is passed 'illegally' or if it is 'in excess of power' or if the resolution is 'likely to cause breach of peace'. In all such cases, the authority to make subjective assessment as to whether the order or resolution in question suffers from such defects rests with the state government or officers to whom such power is delegated.

In contrast to such undemocratic practice, the provisions of the Kerala Act follow the spirit of the constitution in treating panchayat as institutions of self-government. The Kerala Act permits a citizen to move the state government for amendment/ cancellation of a resolution taken by a panchayat. The state government decides the matter after a reference to, and after consideration of the opinion of, either the Ombudsman or Tribunal constituted under the provisions of the Act. Unlike other state Acts, the Kerala Act does not give absolute power to any executive authority to cancel a resolution taken by a panchayat.

2.8.3 Dissolution of Panchayat

Dissolution of an elected local government by the state government violates the principles of democratic governance. Yet, to tackle exceptional cases of failure of the local body to perform according to law or to overcome constitutional or

administrative deadlock, it may be necessary to dissolve an elected before the expiry of its term and hold fresh elections forthwith. Accordingly, in all the state Acts this power is given to the state government (or to other authorities to whom the power may be delegated) to dissolve a panchayat body after giving it an opportunity of being heard. In order to check arbitrary use of such power, the constitution has provided that in case of dissolution of an elected body, elections should be held to that panchayat within six months in order to enable the newly elected body to function for the rest of the unexpired term.

Power to dissolve an elected body is a drastic power and, as such, it should be used with great care and caution and only as a measure of last resort. Only in the rarest of rare cases, the state government should resort to a measure like dissolution. There are many instances of arbitrary use of power to dissolve panchayats. To prevent such arbitrariness in using the power of dissolution, Some state Acts have provided for some safeguards. For example, in Maharashtra, before dissolving a village panchayat, the state government has to consult the district panchayat. Besides the orders of dissolution of the intermediate panchayats and district panchayats have to be placed before both Houses of the Legislature. In Gujarat Act also, consultation with district panchayat is necessary before taking decision on dissolution of panchayats below the district level. The most progressive procedure has been laid down in the Kerala Act. Under this Act the state government will first hear from the concerned panchayat about its view on the charges brought against it. If the explanation given by the panchayat on the charges is not considered satisfactory, then the matter will be referred to the Ombudsman. The state government will have to act on the basis of the advice given by Ombudsman. Thus the final orders on dissolution may be passed only after going through a process of quasi-judicial enquiry. The Kerala Act also provides that all cases of dissolution should be placed before the Legislative Assembly which may annul the order of dissolution.

2.9 PANCHAYAT RELATED INSTITUTIONS

The Constitution has created several institutions to strengthen the democratic processes at the local level and to provide support to the local government institutions. They are Gram Sabha, District Planning Committee, State Election Commission and State Finance Commission. It is necessary to understand the roles of these institutions in the functioning of the panchayats.

2.9.1 Gram Sabha

All modern democracies consist of representative governments. Democracy is based on the premise that power resides in people. But people cannot perform the day-to-day business of governance. Hence people elect their representatives for a fixed term and these representatives run the government using such powers as are given to them by the constitution and other laws of the land. The representative governments have emerged in democracies over the years through a natural process. At the same time, representative governments are often rightly criticized because of little scope they provide to the citizens to participate in the matters of the state. This deficiency of representative democracy has been sought to be removed in the case of gram panchayat. Even though gram panchayat is a representative body, provision has been made in the constitution for creating a body called **Gram Sabha.** It is a unique forum that encourages and facilitates the practice of *direct democracy.*

Athenian Democracy

The term *direct democracy* is derived from the pattern of democracy developed in the Greek city state of Athens and surrounding territories of Attica around 500 BC. It remains a unique experiment where people do not elect *representatives* to run the government. People participate *directly* in governance. All adult male inhabitants who completed military training were considered as citizens and they were allowed to participate in decision making through Assembly and Council. The Assembly performed four major functions. These are: (a) making executive decisions, (b) election of officials, (c) framing legislation and (d) trial of political crimes. The Assembly used to meet usually 10 times a year and as and when needed. This unique experiment in direct democracy had, however, a negative feature. The 'slaves', who out numbered 'citizens', and women had no right to participate in the decision making process.

Gram Sabha is defined as a body consisting of persons registered as voters in the electoral rolls relating to an area comprised within the area of a village panchayat. Thus it is an assembly of all the citizens of the villages. The constitution envisages that the gram sabha should exercise some powers and discharge some functions. However the task of working out the details of such powers and functions of gram sabhas of a state was given to the respective state legislatures. Hence the manner in which gram sabhas function and their powers and activities vary from state to state.

- **Meetings**

  In some states, provisions have been made to convene gram sabha meetings at least 4 times in a year, not more than three months intervening between two meetings. In most states, however, minimum of two meetings of gram sabha in a year is compulsory. In one state, gram sabha meetings have to be convened for six times a year. Some State Acts have provided fixed dates for gram sabha meetings (for example, first Sunday of January, April, July and October).

  In most state Acts there are provisions for convening 'extra ordinary' or 'requisition' or 'special' meetings of gram sabha. The procedures for convening such meetings however vary from state to state. In some states, it should be convened if there is a requisition from $1/10^{th}$ of total gram sabha members. In some states President of the village panchayat may convene such meeting. Yet in some other states, such meetings have to be convened on requisition from the intermediate panchayat or district panchayat. In some states, the deputy commissioner or the state government may issue directions to convene special or extra ordinary meeting of gram sabha.

- **Quorum**

  Generally, one-tenth of total members form the quorum. In West Bengal, gram sabhas are very large. Here presence of one-twentieth (or 5 per cent) members is sufficient for the quorum. Some states have made the presence of certain percentages of women and SC/ST people among the participants compulsory to form the quorum. To convene gram sabha meetings regularly is one of the important duties of the chairperson of gram panchayat. Not to

convene gram sabha meetings regularly is considered as a serious instance of dereliction of duties on the part of the chairperson of the gram panchayat.

- **Participation of non-members /officials in gram sabha meetings**

Some of the state Panchayat Acts provide for participation of persons who are not members of the gram sabha. For example, in Karnataka and Kerala, President of the village panchayat may ask any official of the panchayat to attend gram sabha meeting. In Maharashtra, it is mandatory for all government and semi government officials working within the limits of gram sabha to attend such meeting. Besides, the Chief executive officer or the standing committee of the intermediate panchayat may authorize any officer to attend gram sabha meeting. In Rajasthan, the Block Development officer or his nominee has to attend gram sabha meeting. In Himachal Pradesh it is mandatory on the part of all village level functionaries working in the gram sabha area to attend the meetings of the sabha. Under Gujarat Act, any officer, if authorized by the intermediate or district panchayat, may speak and take part in the meeting. However, the non-members and the officials have no right to vote.

- **Powers and responsibilities**

Generally, the gram sabhas exercise and discharge the following powers and responsibilities respectively.

i) The gram panchayats are required to place the annual statement of accounts, annual administrative report and the audit report before the gram sabha. The members present in the gram sabha meeting are required to consider these reports and make recommendations and suggestions to the gram panchayat. By discharging such function, the gram sabha ensures the accountability of the panchayat to the local community.

ii) To select eligible persons from the panchayat area for beneficiary-oriented schemes (such as, Indira Awas Yojona, old age pension, widow pension etc) on the basis of the criteria fixed by the government.

iii) To generate proposals and determine the priority of schemes and development programmes to be undertaken within the area.

iv) To review the work of gram panchayat and to make recommendations for improving the functioning of gram sabha.

v) To conduct social audit of gram panchayat.

vi) To consider any other matter relevant for improving local governance.

Apart from the above, some state Acts confer some functions/duties to the gram sabha, which are somewhat innovative in nature. A few examples are as follows.

- To mobilize voluntary labour and contribution for development and supervision of development work through volunteer teams. (Karnataka, Kerala and Himachal Pradesh).
- To assist the activities of parent-teacher association and to assist public health activities (Kerala).
- To exercise control over institutions and functionaries engaged in social sector activities, such as primary schools, centres for the delivery of

health care services, NGOs engaged in social sector development etc. (Rajasthan and Madhya Pradesh).

- To exercise control over the panchayat and even government employees working in the village. Gram Sabha is authorized to make an evaluation of their performance and bring the same to the notice of their respective higher authorities.(Maharashtra)
- The gram sabha has been authorized to issue certificate after proper satisfaction that the funds earmarked for implementation of different programmes and projects in the area have been properly utilised by the gram panchayat. (Himachal Pradesh and Madhya Pradesh).

- **Sub-Gram Sabha bodies**

  As noted, the size of gram panchayats of the country is not uniform. In states where the gram panchayats are large, gram sabhas become too big to allow meaningful participation of people. Hence in some states like Karnataka or West Bengal, there is a two-tier structure. At the bottom there is a **Ward Sabha** for each constituency of the gram panchayat. Where there is a two-tier structure, most of the functions of gram sabha have been given to the ward sabhas. Other states which have created sub-gram sabha bodies are Orissa, which has a body called Palli-Sabha, Himachal Pradesh and Rajasthan where such bodies are called Up-Gram Sabha and Ward Sabha respectively. Kerala, where average population of a gram panchayat is around 24000, has a unique system. Here the assemblies at the ward level are called gram sabhas. Hence, unlike in other states, a village panchayat of this state contains not one, but a number of gram sabhas.

- **Executive body of gram sabha**

  Gram Sabha is a deliberative body. But in some states, attempts have been made to give executive powers to this body. The first experiment of giving executive powers to the gram sabha was made in Madhya Pradesh. Termed as *gram swaraj* (literally self-rule for village), a programme was launched on 26 January 2001 to transfer the powers of gram panchayat to the gram sabha. Under the new dispensation, the gram sabha was transformed into an executive body being empowered to take decisions on all matters coming under the purview of the gram panchayat. For implementing its decisions, the *sabha* would constitute eight standing committees and additional ad-hoc committees as and when required for execution of any specific work. All these committees would be responsible to the *sabha.* This experiment did not last long.

  In 2003, West Bengal amended its Panchayat Act to vest executive power to the ward sabha, which is known as Gram Sansad. It has been given important function of village-based planning. It also discharges some executive functions of gram panchayat through a committee constituted by it. This committee, which is known as gram unnayan samiti (Village development committee), is a partner of gram panchayat in planning and implementation of development programmes. Among many functions and duties of the gram unnayan samiti, a few may be specially mentioned:

  - Assisting the gram panchayat to identify the unutilized resources of the area and arrange their suitable utilization;
  - Augmentation of the fund of gram panchayat by utilizing local resources;

- Enhancement of people's awareness in the matter of health, nutrition, education, elimination of gender based discrimination etc;
- Encouraging people to constitute neighbourhood and users' groups;
- Implementation of small schemes.

The above system is still continuing.

- **Special powers of gram sabha in scheduled areas**

  In the 5th schedule areas, the gram sabhas have greater responsibilities, such as follows.

  - To safeguard and preserve the traditions and customs of people, their cultural identity, community resources and the customary mode of conflict resolution.
  - To issue utilization certificate in respect of funds spent by the panchayat for implementation of development programmes, projects etc.
  - To offer views on the proposal to acquire lands for development projects and on proposal to rehabilitate persons affected by such acquisition process.
  - To prevent alienation of land from the tribals and to initiate lawful action for restoration of alienated lands.
  - To exercise control over money lending to the members belonging to scheduled tribes.

- **Some observations on the functioning of gram sabhas:**

  Quite often reference is made to gram sabha in somewhat romantic terms. It is assumed that this forum of direct democracy would function ideally immediately after it is set up. In reality this does not happen. Many case studies show that examples of effective and vibrant gram sabhas are very rare. The nature of weaknesses of gram sabhas varies from place to place. In some places, the panchayat presidents would be reluctant to convene the gram sabha. In other places attendance in gram sabha meetings would generally be very poor. In some other places the local elites would be found to be dominating the discussions in the meetings. Participation of women is problematic in many places.

  These examples need not be seen in negative light alone. There are several reasons why gram sabhas are not functioning as they should. One may leave aside the administrative problem of failure to convene the sabha regularly by the GP. These are lapses which can be corrected by taking administrative actions.

  There are more serious reasons. First, in many places sufficient powers and responsibilities have not yet been devolved to the gram panchayats and, hence, it is possible that the villagers do not consider the village panchayat an important institution that can respond effectively to their problems. People have to believe that the panchayat has enough power and resources to respond to their urgent needs. Here the problem lies with the kind of agenda that is placed before the sabha for discussion. If the sabha is called for routine activities, villagers may not be interested. If on the other hand, urgent problems of the village are discussed for finding a solution that can be quickly implemented, the villagers might be motivated to attend the sabha.

Secondly, the social life of a village is often ridden with factionalism of various kinds. There is a need for building communities and enhancing the capacity of the communities to solve public problems collectively. In other words, there is need to expand the scope of community governance. Gram sabha will be vibrant if the community governance system of the village is strengthened. These are the issues to which the social activists, the non-governmental organizations (NGO) and the community based organizations (CBO) have to give more attention. Many case studies show that in places where the NGOs, and particularly the CBOs, take interest, attendance in gram sabha increases.

Gram Sabha is a very important institution for strengthening the quality of local democracy. Among others, the elected representatives of panchayats have the responsibility to make gram sabha an effective forum, also the local people have to take active interest to make the gram sabha really effective.

Check Your Progress II

Note: *a) Write your answer in the space provided.*

b) Check your answer with the possible answer provided at the end of the unit.

1) What is the laid down procedure for cancellation or suspension of any order/resolution of panchayat and how does Kerala Act differs from others?

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2) What is the laid down procedure for cancellation or suspension of any order/resolution of panchayat and how does Kerala Act differs from others?

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2.9.2 District Planning Committee

The Constitution provides that a District Planning Committee (DPC) should be formed in each district. The composition of this committee is to be determined by law to be framed by the respective state legislature, subject to the condition that 'not less than four-fifths of the total members of such committee shall be elected by, and from amongst, the elected members of the panchayat at the district level and of the municipalities in the district in proportion to the ratio between the population of the rural areas and of the urban areas of the district' [Article 243

ZD (2) (b)]. The state government may nominate some members to this committee, but the number of nominated members should not be more than one-fifth of the total members of the Committee.

The task of this Committee is to prepare a draft development plan for the district as a whole after consolidating the plans of individual panchayats and municipalities of the district. The draft development plan for the district should have regard to matters of *common interest* between the panchayats and municipalities that may include (i) spatial planning, (ii) sharing of water and other physical and natural resources, (iii) integrated development of infrastructure and (iv) environmental conservation.

In DPC one finds an innovative institution that is designed to serve two purposes. First, through this institution coordination could be achieved in preparing development plans between two streams of local governments, namely rural local governments and urban local governments. Secondly, through this body it would be possible to prepare a holistic plan for the district as a whole that deals with development needs of both rural and urban areas in an integrated manner to ensure both orderly urban growth and rural development.

In the light of the constitutional provisions, various states have passed separate legislations or amendments to the existing panchayat and municipal Acts in order to form DPCs and to lay down its powers and functions and procedure of work.

2.9.3 State Election Commission

In a democratic set up, conduct of election is a very important function. The body supervising the election has to be impartial and independent. For conducting elections to the Parliament and the legislative assemblies of the states, there is Election Commission. For the panchayats and the municipalities, the Constitution provides that each state should set up a State Election Commission for the 'superintendence, direction and control' in respect of the preparation of electoral rolls for, and conduct of, all elections to these bodies. The State Election Commissioner is appointed by the Governor of the State and functions independently. He cannot be removed from office except in like manner as a judge of a High Court.

In many states some of the election related functions, such as delimitation of constituencies, reservation and rotation of reserved constituencies, preparation of electoral rolls have been retained by the state government. This often creates difficulties for the State Election Commission to hold election on time. In 2007, the Government of India has circulated a model Panchayat Elections Bill. As per provisions of the bill, the powers of delimitation, notification of an election, reservation of seats as well as reservation of the offices of chairpersons have been proposed to be given to the State Election Commission.

2.9.4 State Finance Commission

In order to ensure financial viability of panchayats, provision has been made in the Constitution to constitute State Finance Commission every five years in each state. The purpose of the Commission is to review the financial condition of the panchayats and to recommend to the State Government measures to be taken in respect of the following matters.

- The principle that should govern distribution of state revenue among the state government and the panchayats.
- Assignment of taxes, fees, tolls etc to the panchayats, so that they can generate resources by using their fiscal powers.
- Principle of giving grants-in-aid to the panchayats.
- Other measures needed to improve the financial condition of panchayats.

Along with the provisions on SFC, Article 280 of the Constitution relating to the Union Finance Commission has also been amended in order to enable that body to consider 'measures needed to augment the Consolidated Fund of the State to supplement the resources of the panchayats ...(and) the Municipalities in the State on the basis of the recommendations made by the Finance Commission of the State'. Accordingly, the Tenth, Eleventh and the Twelfth federal Finance Commissions had made recommendations for allocating earmarked funds for Panchayats and Municipalities.

2.10 OTHER PANCHAYAT RELATED INSTITUTIONS

Apart from the constitutionally mandated institutions as stated above, some states have introduced various kinds of additional statutory bodies in order to support or improve the functioning of the panchayat system. Examples of some of such institutions are given below. The list, however, is illustrative, not exhaustive.

2.10.1 Ombudsman

The Panchayat Act of Kerala provides that an authority called Ombudsman should be constituted with the power of making investigations and inquiries in respect of charges and complaints against the panchayats and the public servants working under such bodies. Any person aggrieved against any decision or action of a panchayat or an official working there can make a complaint to the Ombudsman. Necessary powers have been given to this authority for conducting enquiries into such complaints and passing orders based upon its findings.

2.10.2 Tribunal for Local Government

In Kerala, the state government is required to constitute for every district or for more than one district, a Tribunal to consider and dispose of any appeal against the decision of the appellate authority for the executive decisions of the institution of local government. The Tribunal is also required to render its opinion in regard to the legality or sustainability of any decision of local government institution referred to it by the state government.

2.10.3 District Council for Panchayats

In West Bengal the panchayat Act provides that every district will have a District Council for panchayats. The chairman of the council will be the leader of the political party in opposition having the largest number of directly elected members in the district panchayat. The functions of the council will be, inter alia, to examine the state of financial discipline of the panchayats. The council will particularly look into the nature of audit objections and settlement of unsettled audit objections.

The role of the council in relation to panchayats is analogous to the role public accounts committee of the state legislature plays in relation to the state government.

2.10.4 State Panchayat Council

Under Karnataka panchayat Act, the state government is required to constitute State Panchayat Council. This is a forum for the elected representatives of panchayats and it enables them to voice their aspirations and offer their suggestions in order to improve working of the panchayati raj system in the state. Chief Minister of the state is the chairman of the council. It is a twenty-seven member body with adequate representation from panchayats. This forum may serve as a medium for exchanging views between the representatives of panchayats and the state government.

2.10.5 Other Councils

In Gujarat, the Act provides for the constitution of a State Council for Panchayats. The council advises the state government in matters pertaining to panchayat administration and on coordination of the activities of panchayats in the state.

The Orissa Act authorizes the state government to constitute a State Council of Parishads with the Chief Minister as the chairman and the minister for panchayats as vice chairman. The presidents of all district panchayats are the members of the Council. The function of the Council, inter alia, is to aid and advise the state government in the matter of improvement in the functioning of the panchayat system.

2.11 RESTRUCTURING DISTRICT PANCHAYAT

In the1980s the state of Karnataka had introduced the concept of district government. But the zilla parishad which was conceived as the district government remained confined to the rural areas only. In 1991, Kerala had introduced the concept of district council which was to have jurisdiction over entire district. The experiments did not last long. The Kerala experiment was a non-starter and the Karnataka zilla parishads could not complete even a full term.

In recent times, it has been observed in some quarters that at the district level it is not necessary to have a local government only for the rural areas. The needs of rural people for local government can well be met by the village and intermediate panchayats. On the other hand it is essential to have a body which can coordinate between the individual rural local governments and the local governments of the urban areas, namely the municipalities. The Second Administrative Reforms Commission (ARC) considered this question and observed as follows

"The institutional arrangement under which panchayats cater to the rural areas and the municipalities to the urban areas may work at the micro levels of villages and towns. When it comes to the level of district, the distinction disappears. A development plan for the whole district, for example, has to take into consideration both rural and urban areas. A district plan is something more than the two sets of separate plans - one consisting of micro plans of the rural areas and the other comprising plans for the individual towns. As one moves from the micro levels to the meso and macro levels, perspectives and priorities of plan change. The constitution recognizes this and accordingly prescribes that the district plan, as distinguished from the individual panchayat and municipal plans, should have regard

to the 'matters of common interest between the panchayats and the municipalities'. This in other words means that the development needs of the rural and urban areas should be dealt in an integrated manner and, therefore, the district plan, which is a plan for a large area consisting of villages and towns, should take into account such factors as 'spatial planning', sharing of 'physical and natural resources', 'the integrated development of infrastructure' and 'environmental conservation' [Article 243ZD (3)]. All these are important, because the relationship between the villages and the towns is complementary."

There is thus a need for a body which may coordinate the activities of individual rural and urban local bodies and at the same time take the responsibility of such tasks of local administration as cannot be discharged by the individual local bodies.

In consideration of the above, the Commission recommended that the district tier of local government should represent both rural and urban population. This body should be constituted in all districts with representation from both rural and urban areas. The present form of district panchayat should be replaced by a District Council that should cover the entire district and 'it should be empowered to exercise all powers and functions in accordance with Article 243G and Article 243W of the Constitution. In that event, the DPCs will either not exist or become, at best, an advisory arm of the District Council'. To facilitate such restructuring of district panchayat, amendments to the constitution will be necessary.

Check Your Progress III

Note: *a) Write your answer in the space provided.*

b) Check your answer with the possible answer provided at the end of the unit.

1) What is the basic task assigned to District Planning Committees?

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2) What is the main purpose behind constituting State Finance Commission?

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2.12 LET US SUM UP

In this second unit we discussed the various issues relating to the structures of panchayat bodies at different levels including control over panchayats. We identified

(a) constitutionally specified panchayat-related bodies such as gram sabha, district planning committees, election commission, finance commission etc., and (b) other panchayat-related institutions in different states such as ombudsman, tribunal for local government, district council for panchayats and state panchayat council..

We were also able to discuss some of the recommendations of the Second Administrative Reforms Commission regarding the restructuring of the district panchayat.

2.13 CHECK YOUR PROGRESS - POSSIBLE SOLUTIONS/ANSWERS

Check Your Progress I

1) The village panchayats can be classified in to following groups on the basis of population:

   - Tiny village panchayats (Population below 2000);
   - Small Village panchayats (Population between 2000 and 5000)
   - Small Village panchayats (Population between 2000 and 5000)
   - Large village panchayats (Population above 10000)

2) The autonomy implies that the panchayats will have full autonomy in taking decisions in respect of clearly defined functions devolved to them. This also implies that certain substantial functions of government should be devolved to these bodies. With autonomous jurisdictions over functions earmarked for them, these institutions become governments at the third level of the Indian state.

Check Your Progress II

1) In most states the law empowers the state government to cancel or suspend any order or resolution of a panchayat if it is passed 'illegally' or if it is 'in excess of power' or if the resolution is 'likely to cause breach of peace'. In contrast Kerala Act permits a citizen to move the state government for amendment/cancellation of a resolution taken by a panchayat.

2) Generally, one-tenth of total members form the quorum. In West Bengal, gram sabhas are very large. Here presence of one-twentieth (or 5 per cent) members is sufficient for the quorum. Some states have made the presence of certain percentages of women and SC/ST people among the participants compulsory to form the quorum.

Check Your Progress III

1) The task of this Committee is to prepare a draft development plan for the district as a whole after consolidating the plans of individual panchayats and municipalities of the district.

2) The purpose of constituting the State Finance Commission is to review the financial condition of the panchayats and to recommend to the State

Government measures to be taken in respect of the principle that should govern distribution of state revenue among the state government and the panchayats,assignment of taxes, fees, tolls etc to the panchayats, principle of giving grants-in-aid to the panchayats and other measures needed to improve the financial condition of panchayats.

UNIT 3 DEVELOPMENT AND PANCHAYAT

Structure

3.0 Objectives

3.1 Introduction

- 3.1.1 What the State can do for Development?
- 3.1.2 Focus of Development Programmes of the State
- 3.1.3 Poverty and Poverty Removal

3.2 Responsibility of Panchayats in Development:

3.3 Local Development Plans and Panchayats

3.4 Core Functional Areas of Panchayats

3.5 Social Sector Development

- 3.5.1 Education
- 3.5.2 Health Care
- 3.5.3 Welfare and Development of Weaker Sections

3.6 Infrastructure Development

3.7 Physical Assets for Development of Economic Sector

3.8 Civic Amenities

3.9 Special Programmes for the Poor

3.10 Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

3.11 Swarna Jayanti Gram Swarojgar Yojona (SGSY)

3.12 Indira Awas Yojona (IAY)

3.13 Programmes/Schemes for Reducing Non-Income Poverty

- 3.13.1 Education
- 3.13.2 Health
- 3.13.3 Water and Sanitation:

3.14 Planning and Panchayat

- 3.14.1 Special Features of Panchayat Plans
- 3.14.2 Objectives of Panchayat Plans

3.15. Indicators of Development

- 3.15.1 Human Development
- 3.15.2 Participation in Public affairs
- 3.15.3 Economic Indicators

3.16 Let Us Sum Up

3.17 Check Your Progress - Possible Solutions/Answers

3.0 OBJECTIVES

After studying this unit, you will get to know

- What is meant by 'development'?
- What are the development functions entrusted to panchayat bodies under the 73rd constitutional amendment, and what are, in fact, vested in them by the state governments;
- What roles the panchayat bodies can and do play in formulating local level plans for social and infrastructure development, poverty amelioration and development of the weaker sections of the community, education and health improvements etc.;
- What are the different national schemes in different sectors such as poverty amelioration, health improvement, housing provision etc.;
- What are the 'development indicators' with the help of which we can be sure that 'development' is or is not taking place in reality; and
- What is development?

3.1 INTRODUCTION

Development is often associated with economic development. The economic development is in its turn often measured in terms of more production of goods and services, such as, production of steel or cement or construction of more roads and flyovers. More commonly used yardstick for measuring economic development, however, is income. So, the quantum of GNP or per capita GNP is quite often considered as the most reliable and convenient indicator for assessing the state of development of a country. In the present discussion, we shall view development in a different perspective. We shall use the people-centric framework of development, as developed by Nobel Laureate Economist Amartya Sen (See his book *Development as Freedom).*

A little reflection will make it clear that goods and services are valuable, but they are not valuable in themselves. Similarly wealth is sought not for itself, but for achieving something else. Their value rests on what they can do for people, or rather, what people can do with goods and services. Similarly, wealth is sought not for itself, but for the sake of achieving something else. That is to say, people seek money to access goods and services, which in turn is sought, to *do* something or to *be* something. For example, food is sought in order to get well nourished; to protect oneself from nature's fury one tries to acquire a shelter; in order to be a good chess player one needs a computer. In these examples commodities like food, shelter or computer are not sought for themselves, but to *do* or *be* something. Money may be useful in acquiring or accessing such commodities. But the point to be noted is that the goods or wealth through which such goods may be acquired have only an instrumental value and not an end value. Their value rests in what people can *do* or *be* with them.

The range of things that people can *do* or can *be* is defined as 'functioning'. Certain functionings are elementary, such as, to be able to read and write, to lead

a long life free from avoidable morbidity, to reside in a reasonable shelter, to be well-nourished, to participate in an economic activity etc.

The range of functionings that a person can achieve is dependent upon his or her *capability*. 'Capability' refers to the freedom a person has to choose a set of functionings from the range of functionings he or she can achieve. In other words, capability determines the option a person has in determining what kind of life he or she would like to lead. Development may, therefore, be understood in terms of expansion of capability. More capability means more options or opportunities at one's command to lead the kind of life one values.

Income is one of the determinants of capability, but income alone cannot expand the capability. Take the case of an illiterate person who belongs to a family earning income above the poverty line. He or she has no option to take up a job in the organized sector, because he/she does not have education. In this case, lack of education or skill restricts one's range of options to participate in economic activity. Consider the case of a woman from a well-to-do family. She seeks to take part in the political activity, but is denied any opportunity to fulfill her desire, because of the social norms that discourage women to take part in public activities. Here, the social custom that treats women unequally is responsible for restricting her options to lead the kind of lives she values. In none of the cases, lack of capability can be ascribed to the lack of private income.

Therefore when we talk about development as expansion of capabilities, we attach a broader meaning to that term. Since income is an important means through which one can expand the range of capabilities, creating income opportunities is a very important part of the strategy to expand capabilities. But, income alone, as noted above, cannot expand the capabilities. It is necessary to attach importance to such other factors as education, health care, women's empowerment, removing social barriers that generate inequality in terms of caste or gender, social security arrangements, protection of environment etc. While such development in the social sector may itself contribute to the expansion of human capabilities, it may also be instrumental in enhancing people's capabilities to take part in the economic activities for augmenting private income by removing barriers that impede realization of human potentialities.

3.1.1 What the State can do for Development?

The capability perspective places human beings at the centre of development. Development becomes development *of* the people – expansion of individual capabilities. In this perspective, development has to be achieved *by* people. In other words, people are themselves *agents* of their development. Accordingly, development is not to be evaluated by what is done *for* the people, but by *what can people do* for themselves or for the society.

There are two kinds of problems in the way of people becoming agents of their own development. Many people in our country suffer from elementary deprivations. (Instances of such deprivations were indicated above). People who suffer from such elementary deprivations are in a disadvantageous position. It is not easy for them to remove such disadvantages through their self-help efforts alone. The state has to make *special efforts* to enable them to overcome the deprivations like poor health, lack of education, lack of employment opportunities etc.

Secondly, there are certain opportunities the absence of which restricts people's capabilities to develop themselves. There are many things, which only the state can provide in our country, such as, roads, bridges, electricity, irrigation facilities, drinking water, schools, higher education health care services and a host of other things. Without these facilities and opportunities, the individuals cannot develop themselves. Hence the state has to ensure that such public goods and services are available and can be accessed by people.

3.1.2 Focus of Development Programmes of the State

In the above perspective, the focus of the development programmes of the state should be to create social opportunities for people to enable them to expand their capabilities. Since, people are the *end* as well as the *agency* of development, *social opportunities* to acquire, at least, the elementary capabilities must be available to all. If inequality exists in respect of social opportunities rendering many to be deprived of the opportunity to acquire certain elementary capabilities, development ceases to take place. In such a situation, even if growth occurs in the generation of national income or in the production of goods and services, the same cannot be termed as development, as those suffering from the deprivations of such capabilities cannot convert the country's wealth, goods or services into functionings they like to achieve. Neither income nor the goods and services can be a measure of development, if they are unable to be effective 'in enriching the lives and liberties' of people. There has to be a close linkage between the concept of development and that of equity and social justice. In terms of public policy, social justice would mean creation of social opportunities for everybody to acquire, at least, certain basic capabilities.

3.1.3 Poverty and Poverty Removal

While talking about development, mention is often made about removal of poverty. Poverty is often interpreted in terms of less income. Not having enough income to buy food, shelter and other basic necessities is definitely a sign of poverty. But, there are other manifestations of poverty. We have defined development as expansion of the range of capabilities to do various things. There are certain capabilities which are elementary in nature. Deprivation of these capabilities should be called *poverty.* Examples of these elementary capability deprivations are as follows.

- *Lack of access to education*. It restricts one's freedom to participate in various kinds of social, cultural and economic activities.
- *Malnutrition, lack of health care facilities, sanitation, clean drinking water*. These deprivations deny people their basic right to live long lives free of preventable diseases.
- *Lack of income opportunities*. This is what is generally called poverty. It denies one's capability to lead a decent standard of life.
- *Social barriers*. Women or SC/ST people of our country suffer from many kinds of social discriminations and oppressions. They are not often allowed to participate in social interactions with rich or high-caste people. Women are often prevented from participating in economic activities outside their homes.

- *Environmental degradation*. Degradation of environment can take place in various ways. Air or water Pollution is one of them. If environment gets polluted, it hurts the capability of people to lead healthy lives. Destroying natural resources (for example, forest) is another form of environmental degradation. It affects the capability of people to derive various benefits from natural resources. Environmental degradation hurts not only the present generation, but also future generations.

Large numbers of people in our country suffer from these basic deprivations restricting their capability to lead satisfying lives. Hence the focus of development programmes should be to ensure that everybody develops capabilities to overcome such deprivations. Poverty may be seen as deprivation of the elementary capabilities of people. Poverty removal means removal of these deprivations.

Following UNDP's *Human development reports* and the consensus that has been built up over the years, both in literature and in policy, the elementary capabilities, which should be within the reach of *everybody*, may be as follows.

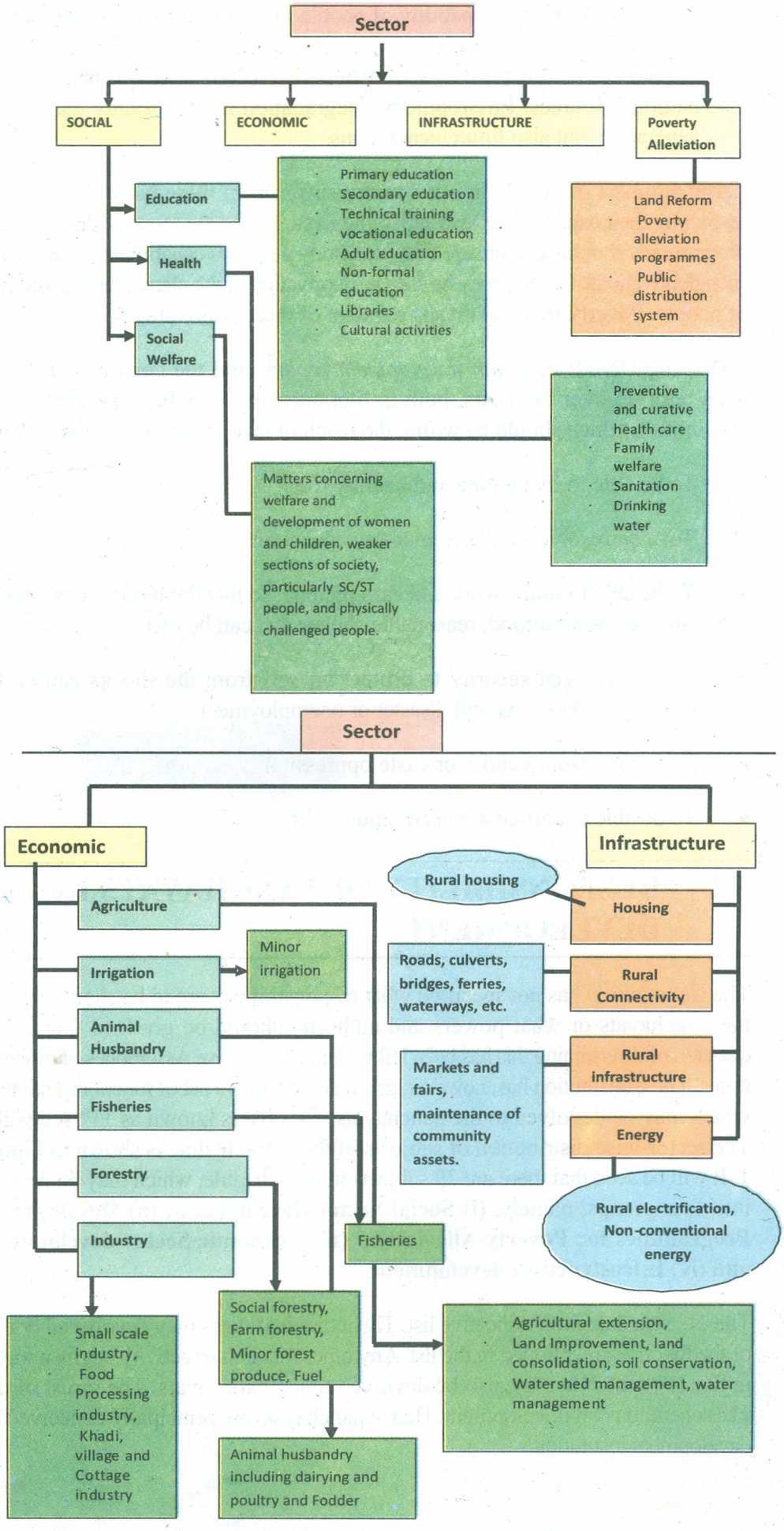
- To be able to live a long and healthy life.
- To acquire, at least, the elementary education.
- To be able to find a work and earn income, so that the basic necessities of life like enough food, reasonable shelter etc. can be met.
- To enjoy social security to protect oneself from the shocks caused by prolonged illness, natural disaster or unemployment.
- To be free from gender or caste oppression.
- To be able to participate in community life.

3.2 RESPONSIBILITY OF PANCHAYATS IN DEVELOPMENT

The Constitution has not specified what responsibilities are to be shouldered by the Panchayats or what powers and authority should be given to them. The question of determining this has been left with the Legislative Assemblies of different states. The Constitution has, however, given an illustrative list of functions/activities which may be devolved to the panchayats. This list is known as 11th schedule. The sector-wise distribution of subjects of the 11th schedule is shown in Figure 1. It will be seen that there are 29 subjects in the schedule, which may be divided into four groups, namely, **(i) Social Sector development, (ii) Development Programmes for Poverty Alleviation (iii) Economic Sector development and (iv) Infrastructure development**.

The 11th schedule is an indicative list. The individual states may devolve all or any of the functions mentioned in the list. Any other function or activity not mentioned in the 11th schedule may also be devolved to the panchayats. The thrust of the 11th schedule is on development. Hence panchayats are principally conceived as development institution.

Figure 3.1: Sector-wise distribution of subjects of the 11th Schedule



3.3 LOCAL DEVELOPMENT PLANS AND PANCHAYATS

Article 243G of the Constitution provides that it is the duty of the panchayats at every tier to prepare plans for 'economic development and social justice' and to implement schemes emanating from such schemes. The term 'economic development' should be understood in the framework of the 11th schedule of the constitution. As such, this expression should be interpreted in the broader sense of 'development', as already explained. It is significant that out of the 29 items of the 11th schedule, at least 16 relate to social sector development meant to expand the capabilities of people. They relate to such subjects as education, health, drinking water, welfare and development of children, elimination of social discrimination against women etc. The term 'economic development' as used in the constitution should also include development of physical infrastructure like roads, irrigation, electricity etc. Without development of these spheres, it will be difficult to create opportunities for economic development. Hence the term 'economic development', as used in Article 243G, has a broader meaning and should not be interpreted literally. The local level plans should accordingly aim at expansion of choices and opportunities of people to develop themselves.

It is also necessary to remember that the term 'social justice' has been used along with the term 'economic development'. These two words are inseparable. This means that development should be accompanied by social justice. In other words, plans prepared and schemes implemented by the panchayats should aim at removing the conditions that cause injustice to the poor, deprived and underprivileged people. At the same time it has to be ensured that the benefits of development plans and schemes reach them. Thus there can be no plan of panchayats, which do not have concern for social justice. The twin goals are to be pursued simultaneously and they are two sides of the same coin. In other words, the issue of *social justice* remains embedded in the development planning of panchayats and municipalities. Therefore, the panchayat/municipal plans have to reflect the interest of the poor and other socially marginalised groups.

Keeping the above principles in mind, panchayats should prepare development plans at different levels – village, Block and district. The gram panchayat will prepare plans for the village or a group of villages. The plan of the intermediate panchayat would cover several gram panchayats under its jurisdiction. The zila parishad's plan will cover the rural areas of the entire district. The 74th amendment of the constitution has given similar responsibility of local planning to the municipalities. As mentioned in unit 2, the individual plans of rural and urban local government institutions of a district are consolidated by the District Planning Committee in order to prepare district plan. Introduction of local level planning is an important addition in the institutional arrangements of development planning in the country. Its implications will be discussed later in this unit. Before that we may elaborate further the role of panchayats in the development of people of rural areas.

3.4 CORE FUNCTIONAL AREAS OF PANCHAYATS

There are certain development subjects where substantial involvement of panchayats is considered essential. Most important subjects among them are elementary

education, primary health care, drinking water, sanitation, disaster management, civic services, and rural infrastructure. A consensus is growing gradually that the Panchayats should be involved more closely in these activities and they should constitute the core functional area of panchayats..

Check Your Progress I

Note: *a) Write your answer in the space provided.*

b) Check your answer with the possible answer provided at the end of the unit.

1) What are those two problems which come in the way of people becoming agents of their own development?

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2) What are those elementary capability deprivations which contribute to the growth of poverty?

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3) The 29 subjects of the 11th Schedule have been categorized in to four groups. Name them.

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3.5 SOCIAL SECTOR DEVELOPMENT

There are three areas of social sector in which involvement of panchayats is considered necessary. These are education, primary health care services and welfare and development of weaker sections including women and children.

3.5.1 Education

To demand from the State educational facilities for children is now a fundamental right. Article 21(A) of the Constitution provides that the 'State shall provide free and compulsory education to all children of the age group of 6-14 years'. At 14

years, a child completes standard VIII. Thus the constitutional right extends up to elementary education. But the economic activities of modern age require trained human resources. In order to make people capable of taking part in modern economic activities, it is necessary that opportunities for education are widened further to cover the age-group of 14-18. It is necessary that children of this age-group get the opportunity of secondary, vocational or other skill education also.

We are far behind the above goals. Even the Constitutional requirement to provide elementary education to all children has not yet been fulfilled. Governments at all levels will have to do a lot of work to fulfill these goals. Accordingly the three-tier PRI system also has responsibility in this respect.

In the 11th schedule, there are as many as 8 subjects, which are related to education. These are: primary education, secondary education, Technical training, vocational education, Adult education, non-formal education, Libraries and cultural activities. This shows that a lot of activities relating to education are expected from panchayats. While gram panchayats may concentrate on primary education and related activities, the Intermediate Panchayats and Zilla Parishads may give more attention to secondary education, vocational and skill education.

3.5.2 Health Care

In the 11th schedule, there are 4 subjects related to health. One of them covers the subject of 'health' in general. It includes 'hospitals, primary health centres and dispensaries'. This means the panchayats can be given responsibilities in respect of both preventive and curative health care services. The other subjects in the 11th schedule are family welfare and sanitation. One may include drinking water supply and sanitation also in the health care group, because no programme of health care can be complete without assuring people of these important services.

Every panchayat may take up various schemes for drinking water supply and sanitation. In many states they may not be given responsibilities in respect of curative side of health services (such as management of hospitals and primary health centres). But in respect of preventive services, panchayats may plan and execute various activities including immunization, family welfare, health education and nutrition in cooperation with the Health department of the State Government.

3.5.3 Welfare and Development of Weaker Sections

The 11th schedule mentions about functions relating to welfare and development of weaker sections of people. Included among them are (i) women, (ii) children, (iii) people belonging to scheduled caste and scheduled tribe categories, and (iv) physically challenged people. There are various government schemes for them. For implementation of many such schemes panchayats are involved in many states, particularly in the matter of beneficiary selection, disbursement of benefits like old age pension etc. It is necessary for the panchayats to get acquainted with such schemes and reach the benefits of such schemes to deserving people.

Panchayats should take special interest in the running of Anganwadi centres. These centres can play very important roles in the development of children. In some states, panchayats have been given the responsibility of managing these centres. Even where they have not been given such responsibilities, they should assist the concerned department of the state government in running these centres properly.

3.6 INFRASTRUCTURE DEVELOPMENT

Panchayats may play important role in the development of rural infrastructure. Most important area within the same is rural connectivity. The 11th schedule mentions about functions relating to 'roads, culverts, bridges, ferries, waterways and other means of communication'. The gram panchayats and intermediate panchayats may do a lot in developing and maintaining village roads, culverts etc. In some states, the Zila Parishads are engaged in developing district roads. Other areas where panchayats at different levels may make useful contribution are development of markets, warehouses, construction and maintenance of community assets like community halls.

3.7 PHYSICAL ASSETS FOR DEVELOPMENT OF ECONOMIC SECTOR

Panchayats may undertake various public works to facilitate economic activities in the farm sector. It will be seen later that one of the objectives of employment guarantee scheme is also to create public assets for boosting economic activities in rural areas. (Panchayats have been given important responsibilities in implementing this scheme).

Examples of physical assets that can be created by panchayats for improving farm sector activities are as follows.

Small Irrigation: Construction of rain harvesting structures, irrigation wells and ponds, small check dams, excavation of field channel, clearing silt from and re-excavation of canals etc.

Land Improvement and Soil Conservation: Making waste lands fit for agriculture or horticulture; various soil conservation works.

Tank Fishery: Improving existing ponds or digging new ponds for fishery

Social Forestry: Creating village woodlot, plantation of road side trees, etc.

3.8 CIVIC AMENITIES

To provide civic amenities is one of the basic functions of gram panchayats. Most important among them are water supply and sanitation. Mention has already been made about them while discussing the functions relating to the development of health care services. Other civic amenities, which panchayats, especially gram panchayats, are expected to provide are: street lights, development and maintenance of drains, solid waste disposal, preventing encroachment on public roads and controlling construction of unauthorized buildings.

3.9 SPECIAL PROGRAMMES FOR THE POOR

Over the years, the central government has introduced many programmes and missions to reduce poverty and backwardness. There are several centrally-sponsored schemes for alleviation of poverty. Among them, the following schemes are aimed at reducing income-poverty directly.

For generation of wage-employment: National Rural Employment Guarantee Scheme (NREGS).

For generation of self- employment: Swarna Jayanti Gram Swarojgar Yojona (SJSY).

Housing for the poor: Indira Awas Yojona (IAY).

Panchayats have a responsibility to ensure that these schemes are implemented properly. In respect of some schemes panchayats have direct responsibility in implementation. It is, therefore, necessary to have an idea about these schemes.

3.10 MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME (MGNREGS)

MGNREGS is a landmark scheme. This is a scheme which is totally demand-driven. That is to say, funding is no constraint in this scheme. For, this is the only scheme, which is run in accordance with an Act, called Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which came into force in September, 2005. The Act provides a legal *guarantee* of 100 days of wage-employment in a year to every rural household whose adult members volunteer to do unskilled manual work at the statutorily fixed minimum wage rate. If the concerned authority cannot find jobs for such people, then unemployment allowance would be provided to them. Other important features of the scheme are as follows.

- A job card is necessary for demanding employment under MGNREGA.
- To get a job card, a family must apply for it to the local gram panchayat for registration under MGNREGA.
- A job card will be issued to a family that applies for registration within 15 days by the gram panchayat after verification.
- A job card holding family may demand employment for a total number of 100 days.
- Unskilled manual work has to be provided within 15 days of demand.
- All adult members whose names are on the job card can apply for employment.

The MGNREGA has clearly identified the Panchayati Raj institutions as primarily responsible for implementation of the scheme. It has also defined the roles of these institutions as follows

- At least 50% of works must be done by the Gram Panchayat.
- Gram Sabha has to identify the individual works to be taken up on a priority basis and also finalize the list of job card seekers.
- The Gram Panchayat is responsible for providing the work and generating community assets. The Panchayat employees are responsible to make payment to laborers.
- The job seeker from each family will have to apply to the gram panchayat which will issue the job card. Intimation about job will have to be communicated by the G.P.
- Gram Sabha has been given the responsibility of social audit of the works.

Thus the Gram Panchayats have been given the primary responsibility for NREGS. The NREGA has also given important roles to the district and intermediate Panchayats. In fact, without the involvement of panchayats, it would not have been possible for the national government or any state government to undertake such a gigantic task.

No doubt, the major objective of MGNREGS is to reduce economic poverty by creating wage-employment. But, its other objective is to create community assets. While 60 per cent of MGNREGS fund has to be utilized for wage payment, at least 40 per cent of such funds are available to meet material cost of public works schemes. Hundreds and thousands of public works schemes like construction of roads, excavation of canals, improvement of lands, digging of ponds, social forestry are being designed and executed in thousands of villages under MGNREGS.

3.11 SWARNA JAYANTI GRAM SWAROJGAR YOJANA (SGSY)

Under the SGSY, assistance is given to the poor families living below the poverty line in rural areas for taking up self-employment. The persons taking up self-employment are called swarozgaris. They may take up an economic activity either individually or in Groups. They are given assistance under the scheme in various forms. For example:

- Organizing and nurturing the groups,
- Providing skill and managerial training,
- Providing bank credit and subsidy,
- Providing infrastructure, like godown,
- Providing marketing facilities etc.

For successful self-employment, it is necessary to take up the *right activity*. For this purpose, 4 to 5 activities are selected in each Block based on local resources, availability of market and skill of local people. These are called 'Key Activities'. The activities should be selected in such a way that they can give the Swarozgaris an income of at least Rupees 2000 per month.

Under SJSY, economic activities through self-help groups are encouraged. A Self- Help Group (SHG) may consist of 10-20 persons. However, in difficult areas with scattered and sparse population, this number may be less. Generally all members of the group should belong to families below the poverty line. However, in exceptional cases, up to a maximum of 30% of the members in a group may be from families marginally above the poverty line. The APL members of group, however, will not be eligible for subsidy under the scheme.

3.12 INDIRA AWAS YOJANA (IAY)

The objective of the scheme is to provide shelters to the homeless families living below poverty line. The beneficiaries of the scheme are provided assistance to construct new houses or to up-grade their houses, which are not fit for habitation. At least 60 per cent of total IAY allocation has to be spent for SC and ST BPL families.

3.13 PROGRAMMES/SCHEMES FOR REDUCING NON-INCOME POVERTY

A very important programme has been launched by the Government of India in the health sector. Known as National Rural Health Mission (NRHM), this programme aims at ensuring health for all with particular emphasis on women and children by making 'architectural correction of the health system'. A major strategy of this 'architectural correction' is decentralization of health management at the local level. For this the Mission has given several important roles to the panchayats, particularly gram panchayats. This includes preparation of village health plan, management of sub centres, and integration of health care services with drinking water supply, sanitation, improvement of personal hygiene and environmental cleanliness and nutrition.

Some other important centrally-sponsored poverty alleviation schemes in the social sector are as follows.

3.13.1 Education

Sarva Sksha Abhiyan (SSA): This scheme aims at universal elementary education. For this purpose programmes are being taken up for improving the physical infrastructure, training of teaches, encouraging universal enrolment etc.

Mid-day Meal Programme: Under this scheme, meal is provided to the students in schools.

3.13.2 Health

Integrated Child Development Services (ICDS): This is, by far, the most important scheme for improving health of, providing additional nutrition and pre-school education to the children in the age-group of 6 months to 5 years. .For this purpose Anganwadi centres have been established in large numbers throughout the country.

3.13.3 Water and Sanitation

Swajaldhara: This is a scheme for augmentation of drinking water supply.

Total Sanitation Campaign (TSC): The aim of TSC is to ensure that each household has a sanitary toilet.

Different states have involved panchayats in the execution of above schemes in varying degree. In some states, SJSY, IAY, Swajaldhara, TSC etc are fully managed by the panchayti raj institutions. In some other states panchayats are involved in the selection of beneficiaries and in supervision of schemes. In most states, panchayats are principal actors in the execution of NRHM. In some states the intermediate and district panchayats are collaborating with the state government institutions in executing schemes like Remote Village Electrification Programme, Rajiv Gandhi Vidyutayan Yojona and Pradhanmantri Gram Sadak Yojona.

In many states, panchayats play key role in managing primary schools and child education centres. In Kerala, management of institutions like Anganwadi centres, PHCs and Health Sub Centres, Veterinary centres, Krishi Bhavan etc has been handed over to the panchayats at different levels. In West Bengal, the panchayat institutions play key role in managing natural disaster like flood or cyclone and

targeted public distribution system. In almost all states, selection of beneficiaries for individually oriented poverty alleviation schemes is done by the gram panchayat in consultation with gram sabha.

Thus panchayats have an important role to play in poverty reduction programmes.

Check Your Progress II

Note: *a) Write your answer in the space provided.*

b) Check your answer with the possible answer provided at the end of the unit.

1) What are those three main areas which constitute social sector for involvement of panchayats?

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2) What is the basic objective of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)?

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3.14 PLANNING AND PANCHAYATS

For long we have been used to the centralization of development planning in this country, with the Planning Commission as the supreme think-tank. Over the years, the limitations of such kind of development planning have been gradually realized. The complaints are often made that the planned programmes are not responsive to the urgent needs of people or are out of tune with the realities of the ground and, what is more, in the entire process of decision making there is no scope for participation of people for and on behalf of whom development plans are made.

In the above context, the need for introducing decentralized planning process was being strongly felt. The 73rd and the 74th constitution amendments recognized this gap and mandated the panchayats and the municipalities to prepare area plans to achieve development and ensure social justice. Planning at the national and state levels has always been an important tool of the state to achieve similar goals. Mandating the local councils to prepare plans to pursue the same goals is an admission of the fact that the macro-level plans remain incomplete unless they are built upon the plans prepared at the micro level through participatory method. The Constitutional provisions have thus recognized the local government institutions as partners of higher level governments in making public interventions for removing poverty and social injustice and to usher in a process of inclusive development.

With these constitutional provisions, the country has entered into a regime of multi-level planning in which each level is entitled to exercise autonomy within a common framework that evolves through constant bottom-up and top-down interactions and flow of information among different levels. (This process of bottom-up and top-down interactions for achieving developmental goal is depicted in Figure 1). This is, indeed, an innovative architecture of development planning for a vast country where people live in nearly six hundred thousand villages and over five thousand towns and cities.

3.14.1 Special Features of Panchayat Plans

The plans at the panchayat level have certain features which are quite unique. These need to be highlighted.

- First, Plans of panchayats will be in the nature of 'area plans' in which the different sector programmes would converge to meet the development needs of the concerned areas. They are holistic plans, as distinguished from the stand-alone plans of individual sectors.
- At the panchayat level, it is possible to involve the local community in preparing development plans. This is particularly relevant for gram panchayat level planning where gram sabha may be adequately empowered to play active role in planning, implementation and monitoring of development programmes. The constitution also intends that the village panchayats should encourage participation of people in its decision making process.
- The constitution also lays special emphasis on the participation of the weaker sections of the rural community, particularly women and the SC/ST. By giving positive directions about participation of village communities, including those belonging to the weaker sections, in panchayats' activities, the constitution seeks to send the message that people's role in development is not one of recipients only, but also one of partners. Hence, panchayat's planning exercise cannot and should not be reduced to a bureaucratic ritual. Widest possible participation of people particularly that of those belonging to weaker sections, is necessary.

3.14.2 Objectives of Panchayat Plans

Following the capability perspective of development and after taking into consideration the nature of functions earmarked for panchayats in the 11th schedule of the constitution, one may define the objectives of panchayats' development plans as follows.

(a) To ensure public health care facilities for everybody. This includes, apart from the normal health-related activities, provisioning of sanitation, water supply, clean environment etc.

(b) To ensure universalisation of elementary education. (Improving school buildings, drive for enrolment, preventing drop outs, arranging mid-day meals etc)

(c) Enhancing the potentialities of sustainable employment opportunities locally. (Activities like formation of new skill or upgradation of existing skill are also included in this, if those have the prospect of expanding employment opportunities.)

(d) Removing gender or caste oppressions. (To enable women and the members of the marginalized sections of people to take part in the community activities is also a part of such social development initiative.)

(e) Ensuring social security through such initiatives as public distribution system, old age or widow pension, preventing starvation or severe malnutrition, management of natural disaster like flood or drought.

(f) Creation of physical infrastructure/ public assets and maintaining them to achieve any or all of the above objectives. (It may be noted that objectives mentioned in (a) to (e) above are the ends, while the present objective is in the nature of means to attain certain objectives. This distinction requires to be kept in mind, because, quite often, investments on creating physical assets are made without considering the relevance it has in realizing the ultimate objectives.)

3.15 INDICATORS OF DEVELOPMENT

Finally, how does one know that development is taking place? Development was defined as expansion of capabilities of people. Poverty removal was defined as removal of basic deprivations like hunger, lack of education, lack of income opportunities etc. Hence we should measure development in terms of the effect of development programmes on people. Some of the indicators that may be used for this may be as follows.

3.15.1 Human Development

- Literacy
- Skill development.
- Percentage of children between 6-14 years enrolled in school.
- Participation in community level development activities.
- Loss of person-days due to illness or physical weakness. (Lesser loss of person-days indicates reduction of avoidable morbidity).
- Number of deaths of children under 5 years of age (less number of deaths means improvement in the health of children and mothers).
- Number of married couple using contraception (extent of family planning measures adopted by people is another indicator of the condition of their health).
- Status of women: Women's participation in community level activity. Women's position in taking decision on family expenditure.

Social status of persons belonging to SC and ST communities; nature of their participation in collective decision-making process.

3.15.2 Participation in Public Affairs

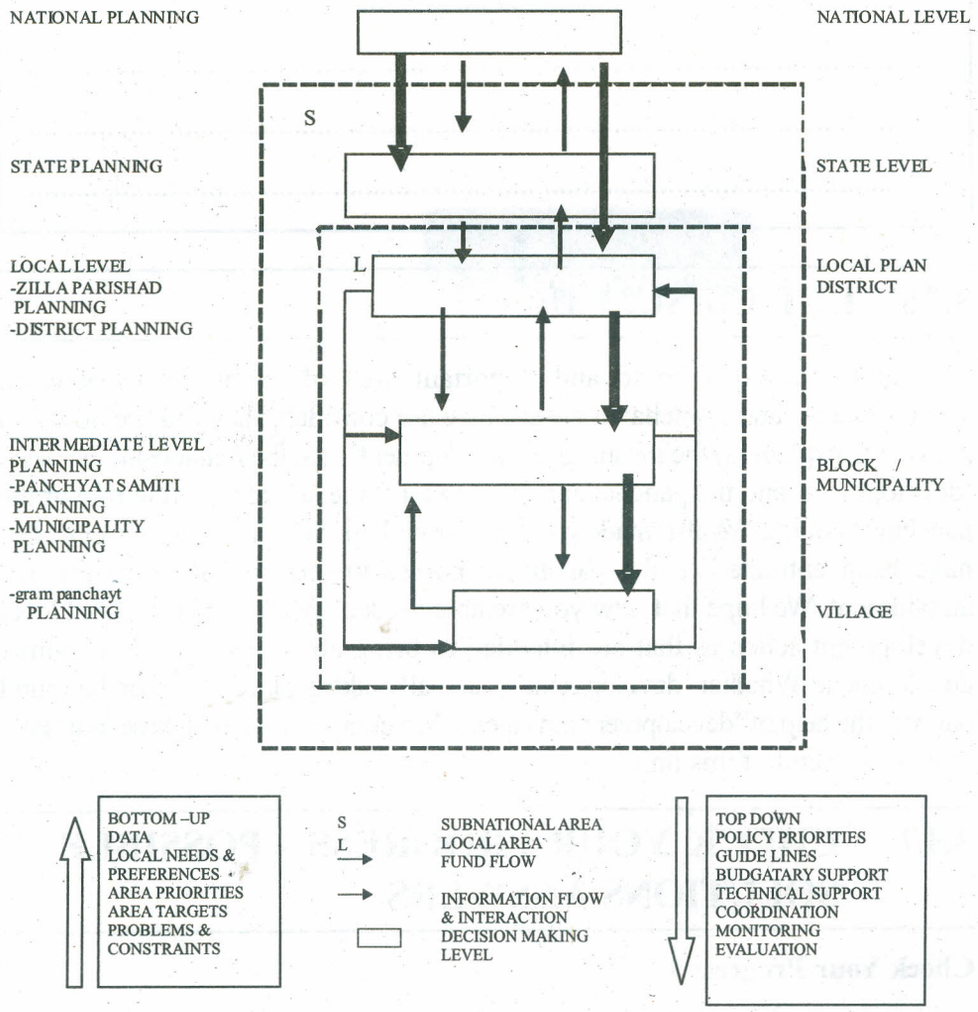
- Progress with regard to creation of fora for participation, such as, beneficiary committee, users' committee etc. or organisations of the poor for pursuing economic activities, such as self-help groups, cooperative society etc.

- Number of gram sabha meetings held, attendance and participation in such meetings of poor households, including women of those households. Whether development activities are discussed in such meetings.

3.15.3 Economic Indicators

- Number of households below poverty line.
- Increase in the income of poor families: quantity of increase and percentage of increase.
- Quality of assets owned by the beneficiaries of anti-poverty programmes.
- Operation and maintenance of community assets.
- Per capita expenditure on food, clothing and shelter whether increasing and by what percentage?
- Whether women's earning has increased. How many women are now involved in economic activity – is their number rising?

Fig. 3.2 : Multi-level planning system



***Source** : Adapted from K.V.Sundaram (1997), Decentralised Multi-level Planning: Principles and Practices*

Check Your Progress III

Note: *a) Write your answer in the space provided.*

b) Check your answer with the possible answer provided at the end of the unit.

1) What are special features of Panchayat plans?

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2) List four economic indicators.

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3.16 LET US SUM UP

This unit covered a broad and important area of relationship between 'development' and 'panchayat system'.we are confident that you are now in a position to explain (a) the meaning of 'development'., (b) the relationship between 'development' and the panchayat bodies and, (c) the actual planning role of the panchayat bodies. We also made you familiar with the wide functional 'fields' that have been entrusted to the panchayat bodies under the 73rd constitutional amendment. We hope that now you are able to identify the major national level development schemes that are intended to bring about social and economic development. Whether 'development' is actually taking place or no can be found out with the help of 'development indicators'. We discussed in detail these indicators towards the end of this unit.

3.17 CHECK YOUR PROGRESS - POSSIBLE SOLUTIONS/ANSWERS

Check Your Progress I

1) Firstly in our country many people suffer from elementary deprivations *and* it is not easy to remove them through their self-help efforts alone. The state has to make *special efforts* to enable them to overcome the deprivations like poor health, lack of education etc. Secondly, there are certain opportunities the absence of which restricts people's capabilities to develop

themselves, such as, roads, bridges, electricity, irrigation facilities, drinking water etc. Hence the state has to ensure that such public goods and services are available and can be accessed by people.

2) These are lack of access to education; malnutrition, lack of health care facilities, sanitation, clean drinking water; lack of income opportunities and; social barriers.

3) These are (i) Social Sector development, (ii) Development Programmes for Poverty Alleviation (iii) Economic Sector development and (iv) Infrastructure development.

Check Your Progress II

1) There are three areas of social sector in which involvement of panchayats is considered necessary. These are education, primary health care services and welfare and development of weaker sections including women and children.

2) The Act provides a legal *guarantee* of 100 days of wage-employment in a year to every rural household whose adult members volunteer to do unskilled manual work at the statutorily fixed minimum wage rate. If the concerned authority cannot find jobs for such people, then unemployment allowance would be provided to them.

Check Your Progress III

1) The special features of panchayat plans are that these plans will be in the nature of 'area plans' in which the different sector programmes would converge to meet the development needs of the concerned areas. Secondly, at the panchayat level, it is possible to involve the local community in preparing development plans. Thirdly, special emphasis is on the participation of the weaker sections of the rural community, particularly women and the SC/ST.

2) These are : umber of households below poverty line;increase in the income of poor families: quantity of increase and percentage of increase; quality of assets owned by the beneficiaries of anti-poverty programmes; operation and maintenance of community assets.

UNIT 4 FUNCTIONS AND RESOURCES OF PANCHAYATS

Structure

4.0 Objectives

4.1 Introduction

4.2 Nature of the Functions of Panchayats

4.3 Functional Devolution

- 4.3.1 The Constitutional Scheme
- 4.3.2 Principles of Functional Devolution
- 4.3.3 Progress in Functional Devolution
- 4.3.4 Activity Mapping

4.4 Fiscal Devolution

- 4.4.1 Panchayats and Finance
- 4.4.2 Fiscal Decentralization
- 4.4.3 Resources of the Local Government Bodies
- 4.4.4 Mobilization of Own Resources
- 4.4.5 Transfer of Resources from State Government
- 4.4.6 Parameters of ResourceTransfer from the State Government
- 4.4.7 State Finance Commissions

4.5 Let Us Sum Up

4.6 Check your progress - Possible Solutions/Answers

4.0 OBJECTIVES

After studying this unit, you shall be able to:

- describe principles of functional devolution;
- explain the nature and importance of 'fiscal devolution';
- discuss the role and functions of the State Finance Commissions; and
- analyse recommendations of the Central Finance Commission, and the Second Administrative Reforms Commission.

4.1 INTRODUCTION

This Unit, as the title suggests, deals with the 'functions' and 'financial resources' of the panchayat bodies. So, you will get to know from a close reading of this Unit the functions of different tiers of the panchayats, and how actually the different states have devolved functions on to these bodies.

The other important aspect covered in this lesson is 'fiscal devolution'. For proper discharge of their responsibilities, the panchayats need adequate finances. You will get to know how the constitution has looked at this issue, and how, in reality, the states have been devolving funds on them.

You will realize how important is the the role and functions of the state finance commissions in this context. Also, you will get to know how in reality the state finance commissions have been examining local finance and making recommendations for financial devolution to the panchayats.

4.2 NATURE OF THE FUNCTIONS OF PANCHAYATS

In most parts of the world the role of local government remains confined only to the delivery of civic services, such as, roads, street lights, solid and liquid waste disposal, water supply, fire control etc. They also get involved in functions relating to elementary education or primary health care services. The constitution has given bigger role to the panchayats of this country. As noted in unit 3, panchayats are considered as partners of the higher level governments for achieving the national goals of social and economic development. The 11th schedule of the constitution, which gives a list of functions intended to be brought under the functional domain of panchayats, covers a broad spectrum of development activities ranging from the activities in the social and economic sectors to the development of infrastructure and institutions necessary for social and economic development. The thrust is obviously on development. In conceiving panchayat as development institution only, the constitution followed a tradition that has been developed in this country after independence. (When imperial rulers introduced local-self government institutions in this country, they assigned only the functions relating to the civic services to these bodies.) In 1957, the Balvantrai Mehta committee had recommended creation of the three-tier panchayat system for successful implementation of the community development programme. Subsequently the Asoka Mehta committee, which played an important role in reviving the panchayat system in a few states, also lent support to the view that the panchayats are for development purpose only.

However, there has always been an alternative view on the question of the kinds of functions that may be discharged by the panchayats. This view found eloquent expression in the note of E.M.S. Namboodiripad in Asoka Mehta Committee report (1978). "I cannot … think of panchayati raj institutions", he said, "as anything other than the integral parts of the country's administration with no difference between what are called the 'developmental' and 'regulatory' functions. What is required is that, while certain definite fields of administration like defence, foreign affairs, currency, communication etc, should rest with the centre, all the rest should be transferred to the states and from there to the districts and lower levels of *elected administrative bodies*".

Despite such a more broad-based alternative vision, the view that the panchayats are for development purpose only seems to be dominant. As mentioned, the development motif of panchayats is also endorsed by the Constitution. However, in practice panchayats are performing some regulatory functions also. For example, in most states permission has to be obtained from the panchayat for construction of buildings. Village panchayats of some states have been given powers under Cattle Trespass Act or powers to control encroachment in public property. In Gujarat, the Panchayat Act empowers the state government to delegate functions like registration of cooperative societies, approval of amendments to bye-laws, convening of special general meetings of cooperative societies to the panchayats at Taluka level or district level. The second Administrative Reforms Commission

has also recommended that some regulatory functions in such areas as rural policing, issue of birth, death, caste and residence certificates, enforcement of regulations pertaining to weights and measures etc may be assigned to the panchayats for enhancing public convenience and for effective enforcement of law.

4.3 FUNCTIONAL DEVOLUTION

4.3.1 The Constitutional Scheme

In Unit 1, it has been shown that the 73rd constitution amendments envisage panchayats as parts of the governance system of the country. Accordingly, it was necessary that the governmental functions should be divided between three levels of government, namely union government, state governments and the local governments. Governments at each level will have autonomy in discharging responsibilities in respect of functions assigned to each of them. The Constitution has not specified what responsibilities are to be shouldered by the Panchayats or what powers and authority should be given to them. The question of determining this has been left with the Legislative Assemblies of different states. The division of functions between the union government and the state governments is already laid down in the constitution in its 7th schedule. This list does not contain any list of functions for the local governments. After the coming into effect of the 73rd amendments, it had become necessary for each state to transfer some of its own functions to the panchayats (and municipalities). The point to note is that such transfer of functions from the state government to the local governments should be in the form of 'devolution' and not in the form of 'delegation'. In the former case, the local governments would have autonomy over the transferred functions and, hence, once transferred the state government should withdraw from discharging those functions. In the latter case no real decentralization of the responsibilities of the state government takes place, because the ultimate responsibility for a function 'delegated' to other authorities remains with the government that delegates powers and resources to a lower level unit of government.

4.3.2 Principles of Functional Devolution

In view of the above, the principles that should ideally guide devolution of functions may be as follows.

- There should be an independent sphere of action for each level of panchayats. The state government should not exercise any control over this sphere, except giving general guidance. This means that the panchayats will have to take *full responsibility* of delivering such specific services or performing such duties as are assigned to them.
- There may also be a sphere where panchayat institutions would act as *agencies* for implementing state or central government schemes or programmes. Principal responsibility for such schemes or programmes lies with the upper level governments. The panchayats' responsibilities are confined to the exercise of such powers and discharge of such activities as are *delegated* to them.
- Panchayats should not be given *only* agency functions. They must have substantial amount of 'devolved functions' for which they will have full responsibility and which can be discharged by them independently. The

'agency' or 'delegated' functions' of panchayats should not be allowed to overshadow the domain of their 'devolved functions'. It has to be remembered that it is in the latter sphere that the panchayat can have *autonomy* which is the hallmark of self-government.

- Panchayat at each level is an institution of self-government. Hence there cannot be a hierarchical relationship (superior-subordinate relationship) between a higher level panchayat and the lower level panchayat. In other words, panchayat at every level should work autonomously within the limits of its powers and responsibilities. Overlapping of functions among different tiers should be avoided.
- Transfer of functions and responsibilities should be accompanied by simultaneous devolution of financial and administrative resources. Without adequate funds and staff, it is not possible for panchayats to discharge the functions assigned to them.

4.3.3 Progress in Functional Devolution

In practice, the above principles of devolution have been ignored. The Constitutional scheme of establishing adequately empowered local government institutions (LGI) has not yet been fully implemented. In most states autonomous functional space of the panchayats is either non-existent or remains very restricted. They are also starved of financial and administrative resources. A review of state Acts on panchayats reveal the following picture.

With the exception of a very few states, none else seems to have tried to grapple with the concept of self-government. Looking at the state Acts it seems that the village panchayats have some exclusive functions relating to the delivery of civic services. These are age-old functions of panchayats. These functions remain exclusive for panchayats, because there is no department or agency of the state government that may discharge the responsibilities of maintaining village roads, drains or street lights. Even though the panchayats have some kind of functional autonomy in this sphere, acute constraints of funds and staff cripple their capacity to make meaningful contribution in efficient delivery of civic services in rural areas.

In many state Acts, the 'subjects' mentioned in the 11th schedule have been incorporated in the lists of functions drawn up for panchayats. The 'subjects' thus placed under their functional domain vary from a few in number in some states to the entire 11th schedule in some other states. But such 'transfer' of functions is totally illusory. For, the state governments' line departments do not withdraw from these fields. They remain in charge of such functions; the staffs are with them and budgetary allocations of funds for discharging the functions are made to them. The result is that the rural local governments are sharing with the state government responsibilities under a kind of concurrent jurisdiction in which the latter have all the resources and administrative authority. Hence the impressive lists of various functions that most panchayat Acts provide for panchayats remain practically sterile. They are not taken seriously by anybody. The intention of the Constitution to carve out 'exclusive' functional domain for the panchayats backed up by resources remains largely unfulfilled.

Apart from the above deficiency which is common for almost all states, the functional mapping of panchayats in the Acts of various other states is found to have violated the letter or spirit of the constitution. For example, planning for

development is the mandate given to the panchayats by the constitution. (See unit 3). Yet, in some states, the Acts do not make any mention of planning function for panchayats of the lower tiers. In many State Acts the government has been given the power to add to or remove from the list of functions any item. Such provision violates the legal principle that the executive orders cannot override provisions of the Act. Besides, the power of assignment of functions to the panchayats was given to the legislatures of the states by the constitution. This power cannot be usurped by the government.

In some Acts the responsibilities of gram panchayats have been divided into obligatory, discretionary and assigned activities. The assigned activities are those which are given to the panchayats by the state government. It is very difficult to discern any rational principle or criteria in dividing the functions in these three distinct categories. In almost all Acts specific activities have not been identified. The functions have been specified in generalized terms. For example, when a subject like 'primary education' is mentioned as a function it is not made clear which of the 'activities' (among many activities beginning from formulation of syllabus to the management of school) are being transferred and which activities are retained by the state government. Besides, attempts to delineate specific responsibilities among different tiers are hard to find. Accordingly the responsibilities for one tier often overlap with that of the other tier.

Overall, it appears that the panchayats have merely been *permitted* to work in certain developmental areas, which remain as before under the jurisdiction of the various development departments of the state government. In such cases the panchayats may work in those fields *in addition to* what the state government departments are doing. There is no question of the state government *withdrawing* from the performance of certain activities and transferring them to the panchayats in order to create an *exclusive functional jurisdiction* for the latter.

It is also observed that parastatal organizations are created by the government to discharge development activities in respect of matters listed in the 11th schedule of the constitution. Parastatals are institutions or organizations which are partly or wholly managed by the government. They may be formed either under specific enactment or they may be bodies registered under Societies Registration Act. Some of the important parastatals now operating in the field of rural development are: District Rural Development Agency (DRDA), District Health Society (DHS), District Water and Sanitation Committee (DWSC). For all practical purpose, they are extended arms of the state government, though in form they are separate entities. Funds for most of the centrally sponsored poverty alleviation schemes are allotted to the DRDA. DWSC deals with rural water supply and sanitation schemes. DHS has been created to look after the health care programmes of National Rural Health Mission (NRHM). At the grass roots level also parallel structures have been created to look after matters that normally fall within the domain of the panchayats. Examples of such organizations are: Village Education Committee (VEC) under Sarba Sisksha Abhiyan programme, Village Water and Sanitation Committee under the centrally sponsored rural water supply scheme, Committee for Mid-day Meal programme etc. In most cases all these parastatals work independently. They run *parallel* to panchayats, even though constitutionally their functions should have been devolved to the panchayats. All these parallel bodies weaken the status of panchayats as institutions of self-government. They should either be merged with the panchayats or should be restructured to have an organic relationship with the panchayats.

4.3.4 Activity Mapping

In order to make devolution to the local governments real and effective, it is necessary to adopt the following procedure. .

- To identify firstly the services in the delivery of which the panchayats should be required to shoulder responsibility. There are some core services where involvement of panchayats is considered essential for improving service delivery, such as, elementary education, primary health care, drinking water, sanitation, disaster management, civic services, and rural infrastructure. Devolution may start with such services.

- To unbundle the services, responsibility for which will have to be shared by the local governments, into discreet activities. For example, within the service known as 'elementary education', there may be activities like preparing syllabus, writing text books, recruitment of teachers, training of teachers, construction of school building, management of primary schools so on and so forth. This exercise is called *activity mapping*.

- Having done the exercise of activity mapping, the state government may decide which are the activities they would retain with themselves and which activities should be devolved to the local governments. Since the rural local governments have three tiers, it has also to be determined which activity should be assigned to which tier. Such distribution of responsibilities for discharging specific activities among different levels of government must be based on certain objective criteria.

There should be clear delineation of functions for each level of local government. This cannot be done unless the above exercises are undertaken. At the initiative of Government of India, a consensus was reached among all the states that serious attempts would be made to transfer functions to the three-tier panchayats on the basis of activity mapping exercises. Most states are reported to have taken up this exercise. Some states claim to have completed this exercise, but have not taken any action on the proposed distribution of functions. Some states claim to have issued orders devolving activities to different tiers in terms of the activity mapping. But such orders are in almost all cases remain ineffective. First, nowhere state panchayat Acts have been amended to redraw the functional domain of the panchayats in terms of the new activity maps. Secondly, in most cases transfer of functions was not accompanied by transfer of funds and staff necessary for discharging these activities. Devolution is not complete unless 3-Fs (Functions, Funds and Functionaries) are devolved together. Thus progress in respect of devolution-type of decentralization of governance by suitably empowering the LGIs is not yet satisfactory. .

This does not mean, however, that the panchayats are not performing useful functions. As noted in unit 3, they have a great role to play in development. They are already playing important roles in the execution of various centrally-sponsored or state-sponsored developmental and welfare programmes. Though these are agency or delegated functions, they may expand, at least to some extent, their independent sphere of action, if they utilize the tied schematic funds available to them skillfully and in innovative manner. Another route to expand their independent sphere lies in augmentation of financial resources, especially untied funds. It is therefore necessary to examine the state of fiscal devolution to the panchayats.

Check Your Progress I

Note: *a) Write your answer in the space provided.*

b) Check your answer with the possible answer provided at the end of the unit.

1) Briefly explain principles of functional devolution.

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4.4 FISCAL DEVOLUTION

4.4.1 Panchayats and Finance

Finance follows functions. Hence devolution of functions or activities must be accompanied by the devolution of resources. In fact, the capacity of a panchayat to play its role effectively is dependent to a large extent on its fiscal capacity. Fiscal capacity is the ability of a unit of government to raise resources from the sources earmarked for it. The panchayats must have reasonable fiscal capacity to enable them to respond to the civic and the developmental needs of the people of the area. They must also have control over such resources, so that they can choose their own priorities and spend the funds at their disposal on them. They can have full control over financial resource, if the same is available to them in 'untied form'. When most of the funding to the panchayats is done against specific schemes of the state or central government, their power to take up projects or activities of their own choice gets limited. If on the other hand a panchayat has resources on which it has full control, it enjoys greater freedom to provide such public services and goods and in such manner as are considered by it to be more beneficial for the people of the area.

4.4.2 Fiscal Decentralization

Fiscal empowerment of lower tiers of government is understood as fiscal decentralization. An idea about the role played by the local government in the governance of the country can be made by assessing the state of fiscal decentralization. There are some measures of assessing it, such as, expenditure decentralization ratio (EDR), tax revenue decentralization ratio (TRDR) and financial autonomy ratio (FAR).

EDR refers to the percentage of local government spending to total state government expenditure. Taking the expenditure of both rural and urban local government institutions together, EDR works out to 10 to 15 per cent in most states of this country. The ratio is very low indicating that sufficient fiscal decentralization has not taken place. In many Western countries, the local government expenditure is between 25 and 35 of the total government expenditure.

TRDR is the percentage of local government tax revenue to total state government tax revenue. An estimate shows that in most states the tax revenue of local bodies (panchayats and urban local governments) constitutes less than 5 per cent of the total tax revenue of the state government. In some states, it is higher, but less than 10 per cent. Unlike the developed countries, where the local governments account for about 25 per cent of total government revenue, options available to the local bodies of this country for generating revenue from local sources including tax revenue is very limited. Even these minimal options are not properly utilized.

The FAR, which represents percentage of locally raised revenue (tax plus non-tax revenue) to the total local expenditure, is a measure of local government's independence from the upper level governments. The problem with this measure is that if the total expenditure happens to be low, then the ratio will give a wrong indication about the ground reality. For, in such case the local bodies are working at a low scale, despite the high FAR.

4.4.3 Resources of the Local Government Bodies

The decentralization scheme should take into account the financial requirement of the local bodies in relation to the functions assigned to them. There has to be a match between the two. Having decided on the devolution of activities, it is necessary to estimate the resources necessary to discharge such functions. Such resources may come from the following sources:

- Taxing powers of local government.
- Power to raise non-tax revenue, such as, fees, rates or tolls, user charges, beneficiary contributions, donations.
- Sharing of specific taxes levied and collected by the state government (such as land revenue, entry tax, surcharge on the fee for transfer of property, entertainment tax, motor vehicle tax etc.).
- Sharing of net revenue of the state government. (This may include additional grants from the central government for the local bodies, as per recommendations of the federal finance commission).
- Sharing of plan funds in untied form. This has been done in Kerala where 35 to 40 per cent of the total plan allocations are transferred to the rural and urban local government bodies in untied form with only broad directions in respect of sectoral distribution of the fund.
- Schematic funding to the local government bodies. (for example, funds given to the panchayats for implementing the National Rural Employment Guarantee scheme).
- Power to borrow from the financial institutions.

These sources may be divided into three major groups, which are as follows.

- Own source revenue (OSR): This consists of tax revenue and non-tax revenue generated by the local government institutions.
- Transfer from state government [through sharing of (a) revenue from specific taxes, (b) sharing of net state revenue augmented by central finance commission recommendation-based grants (c) sharing of plan funds]: Such transfers may be made in the forms of (i) specific purpose grant, for example grants for paying salaries to staff; (ii) Block grants or untied grants, (iii) schematic funds for implementing schemes.
- Borrowing: The local government may also borrow funds from the government and also from the financial institutions, if they have the capacity to service the loans.

The financial independence of the panchayats will depend on the command they have over untied funds. This may come from two sources, namely OSR and transfer of untied funds from the state government. Unless the latter comes as entitlement endorsed by suitable legislative provisions, the flow of such funds would depend on the discretion of the upper level governments. Hence the financial independence of the local bodies is principally dependant on their capacity to raise their own source revenue or OSR.

4.4.4 Mobilization of own Resources

As mentioned, the 7th schedule of the constitution does not contain any list of functions for local government. Hence in assigning taxes to the panchayats (and municipalities), some taxes have been taken away from the state list and given to them. Generally, the gram panchayats have been given the taxing power. Instances of taxes levied and collected by the panchayats are given below.

— Tax on building;
— Tax on entertainment;
— Profession tax;
— Land cess;
— Advertisement tax (for example tax on billboards);
— Tax on land;.

Octroi (The tax is on entry of commodities brought within the local government area. The transporters resent imposition of this tax, because their vehicles carrying the goods are stopped by the local bodies for collecting tax, thus causing enormous hazards and delay to them. To avoid this criticism, it has been suggested by the Kerala State Finance Commission that instead of octroi, tax may be levied on goods sold in the locality.);

— Tax on commodities sold within markets of a panchayat area.
— Surcharge on duty for transfer of immovable property

Among the above sources, tax on buildings or house tax is most important. For panchayats of many states, this is the main source of gram panchayat revenue. In some states, profession tax is assigned to the district panchayat. In some states, both profession tax and entertainment tax are administered by the state government. In general, neither the district panchayat nor the intermediate panchyat levies or collects tax. The principal duty to levy and collect local tax lies with the village panchayat.

Tax is one of the sources of OSR. The other source is non-tax revenue or NTR. Generally, NTR is collected in the form of fees, rates, tolls, user charges etc. Some instances of such sources of NTR are as under:

— Fees, for making sanitary arrangement in fair/mela;
— Fees for issuing trade license;
— Fees for registration of vehicles (other than motor vehicle);
— Fees for grazing cattle on GP land;
— Water rate, lighting rate;
— Toll on roads/bridges;
— Ferry;
— Fees for obtaining permission for construction of building;
— Fees for issuing miscellaneous licenses.

Apart from the above, panchayats may collect user charges from the public goods they produce or services they provide. For example, they may charge water charges from the farmers who benefit from the irrigation scheme of the panchayat. Similarly user charges may be taken form such facilities as public toilets, recreation parks, cycle stands or parking lots in public places, health centres etc. There are also many remunerative projects which may be self-financing, such as construction of markets, warehouses of agricultural products etc. NTR may be generated at all the levels of panchayats.

It has been observed in several quarters that the fiscal powers of the panchayats are not adequate. Taxes assigned to them are not buoyant and are difficult to administer. In impoverished rural areas, the scope of NTR also is said to be limited. At the same time, it is true that the panchayats of most states are found to be negligent in utilizing properly whatever fiscal powers they have. This has led to a situation where mobilization of local resources is at a very low level leading these bodies to be primarily dependant on grants from the state government. Within an overall scenario of low level of revenue generation efforts by the panchayats, there is much variation among the states in the matter of mobilization of local resources. For example, around the year 2000 or thereabouts, the per capita property tax revenue of gram panchayats varied from as low as Rupees 2 in West Bengal to Rupees 13 in Kerala.

Borrowing was cited as one of the sources of local government revenue. Some state Acts authorize the panchayats to borrow from the financial institutions. The Finance Commissions of some states have also recommended that the panchayats should have powers to borrow from the financial institutions. However, as of now the instances of the panchayats utilizing this source to augment their financial resources are extremely rare. Borrowing involves servicing of loans. Hence panchayats may resort to borrowing only if they venture in investments on remunerative projects. This is not easy for them and, hence, this source is unlikely to be exploited by the rural local bodies in near future.

In sum, capacity of panchayat to raise resources from their own sources is very low, either because the sources of revenue generation are weak or because they do not utilize the existing revenue sources optimally or because of both. Reforms are necessary to enable these bodies to enhance their financial autonomy. At the same time it is also necessary to emphasise that they have also a claim on the revenue generated by the state or central government. This is recognized by the Constitution. The amendment to Article 280 of the Constitution authorizes the

central Finance Commission to recommend measures needed for augmenting the consolidated funds of the states in order to supplement the resources of the panchayats. This means that the panchayats are entitled to make legitimate claim on the divisible pool of the central and the state government revenue.

4.4.5 Transfer of Resources from State Government

The above account shows that transfer of resources will be an important element in improving the fiscal capacity of panchayats. Previously, transfer system for the rural local bodies was dominated by grants and sharing of the proceeds from certain specific taxes. It has been observed that the grants were 'unsystematic, ad hoc' and 'too many in number'. Various State Finance Commissions have tried to systematize the grant regime. Sharing the proceeds of certain taxes also form a part of the transfer package in most states. The taxes which are generally earmarked for this purpose are: land revenue and cess on land revenue, motor vehicles tax, entertainment tax etc. The SFCs have also brought the concept of 'revenue sharing', under which the entire tax revenue of the state is brought under the divisible pool. A certain percentage from this 'pool' will be the entitlement of the local bodies. The total amount is to be divided among the urban local bodies and the three-tier panchayat system and within the latter, among its different tiers, according to a transparent formula.

4.4.6 Parameters of Resource Transfer from the State Government

In sum, the principles to be followed in the matter of transfer of resources from the state government to the panchayats may be as follows:

- Whatever may be the volume of the resources to be transferred from the state government to the panchayats, it must be clear, unambiguous and based on the entitlement of the local bodies, and not on the whims of the state government. The parameters of entitlement should be transparent.
- The package of inter-governmental transfer should be designed in such manner that the local government bodies can have a substantial amount of untied funds.
- Entitlement of each local body to the untied and schematic funds in a particular year should be incorporated in the state budget. This was introduced in Kerala in 1997-98 and the system is still continuing.
- There must be inter-panchayat equity in the transfer of resources.
- The fiscal powers of the panchayats should be strengthened to enable the local bodies to augment their resources and they must be encouraged to utilize these powers effectively. A system of incentives and disincentives may be built into the structure of resource transfer to encourage local resource mobilization.
- The local government bodies must operate within the limits of the resources available to them. Disincentives should be used in the matter of transfer of resources for those panchayats, which indulge in reckless expenditure.

4.4.7 State Finance Commissions

In the course of last one-and a-half decade, at least two SFCs have worked in all states and in many states, reports of the third SFCs are available at present.

The approaches of the different SFCs for strengthening the fiscal health of the panchayats have been different and that is quite natural. The quality of reports of SFCs has, however, been uneven. Even though some new ideas like, for example, creation of a divisible pool of state resources, innovative proposals for tax assignments etc have been put forward by some SFCs, the overall impact of the commissions on panchayat finance has not yet been significant. One of the reasons for this is that many state governments have not implemented some valuable recommendations of the state commissions.

The Central Finance Commissions (particularly 12th Finance Commission) and the Second Administrative Commission have come up with suggestions for improving the functioning of SFCs after plugging some loopholes that have come to their notice. Some of these suggestions are as follows.

- The principal recommendations of the SFCs should be accepted by the government as is the case with the recommendations made by the Central Finance Commission.
- The Action Taken Report on the recommendations of the SFC must compulsorily be placed in the concerned State Legislature within six months of submission and followed with an annual statement on the devolution made and grants given to individual local bodies. The implementation of other recommendations of the commission should be reported annually to the concerned legislature.
- The SFCs should follow the procedure adopted by the Central Finance Commission for transfer of resources from the centre to the states.
- SFCs should evolve objective and transparent norms for devolution and distribution of funds. The norms should include area-wise indices for backwardness. Devolution of funds should be linked to the level/quality of civic amenities that the citizens could expect.
- Formation of SFCs should not be viewed as a mere constitutional formality. Each state should prescribe through an Act the qualifications of persons eligible to be appointed as members of the SFC. (In this regard, the central legislation and rules prescribing the qualifications for the chairperson and members of the Central Finance Commission may serve as a guide).
- SFCs should carry out a thorough analysis of finances of the local bodies and make concrete recommendations for improvement in their working.

Check Your Progress II

Note: *a) Write your answer in the space provided.*

b) Check your answer with the possible answer provided at the end of the unit.

1) What do you understand by fiscal decentralization and define tax revenue decentralization ratio (TRDR)?

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2) Among the six, state first two principles to be followed in the matter of transfer of resources from the state government to the panchayats.

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3) What happens to the Action Taken Report on the recommendations of the SFC?

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4.5 LET US SUM UP

Panchayats have been entrusted with both developmental and civic functions. This makes it imperative that these institutions should be able to raise adequate resources, and to efficiently manage their finances in order that they can properly discharge their heavy responsibilities. Higher level governments, both state and central, will surely be devolving resources to support local level functions, yet, the panchayats themselves have to try and mobilize as much resoures as possible from their assigned sources and through local people's donations. Too much dependence on the higher level governments may not be helpful for their autonomy, as the higher level grant-givers always like to impose conditions on the local bodies. In this unit we have been able to discuss the kinds of functions that the panchayat bodies have been entrusted with and what kinds of functions they actually discharge. We also discussed the nature and importance of 'fiscal devolution'. We also outlined the role and functions of the State Finance Commissions, as they are constitutionally discharging their responsibilities in terms of working out the scheme of devolution of funds from the state level. Finally we discussed the recommendations of the Central Finance Commission, and the Second Administrative Reforms Commission regarding improving the functioning of the state finance commissions.

4.6 CHECK YOUR PROGRESS - POSSIBLE SOLUTIONS/ANSWERS

Check Your Progress I

1) These include the following: a)There should be an independent sphere of action for each level of panchayats. b) There may also be a sphere where

panchayat institutions would act as *agencies* for implementing state or central government schemes or programmes. c) Panchayats should not be given *only* agency functions. They must have substantial amount of 'devolved functions' d) there cannot be a hierarchical relationship between a higher level panchayat and the lower level panchayat. At every level should work autonomously, and e)Transfer of functions and responsibilities should be accompanied by simultaneous devolution of financial and administrative resources.

Check Your Progress II

1) Fiscal empowerment of lower tiers of government is understood as fiscal decentralization. TRDR is the percentage of local government tax revenue to total state government tax revenue.

2) Among others these are: a) it must be clear, unambiguous and based on the entitlement of the local bodies, and not on the whims of the state government and b) The package of inter-governmental transfer should be designed in such manner that the local government bodies can have a substantial amount of untied funds.

3) The Action Taken Report on the recommendations of the SFC must compulsorily be placed in the concerned State Legislature within six months of submission and followed with an annual statement on the devolution made and grants given to individual local bodies. The implementation of other recommendations of the commission should be reported annually to the concerned legislature.

UNIT 5 FUNCTIONARIES OF PANCHAYATS AND THE ROLE OF OFFICIALS

Structure

5.0 Objectives

5.1 Introduction

5.2 Organizing Personnel System of Local Government

5.3 Requirement of Human Resources in Panchayats

5.4 Panchayat Personnel Structure

5.5 Personnel Policy for Panchayats

5.6 Difficulty of Transferring Government Officials to the Panchayats

5.7 Government Bureaucracy and Panchayats

5.7.1 Panchayt System and the Role of Officials

5.7.2 Interface Between the Panchayat System and the Units of State Government

5.8 Let Us Sum Up

5.9 Check Your Progress - Possible Solutions/Answers

5.0 OBJECTIVES

This Unit deals with the importance of panchayat personnel in discharging the functions devolved on the panchayats. You will get to know from the material prepared in this Unit

- how to organize the personnel of the panchayat system;
- how, for different kinds of functions, the panchayat bodies need different kinds of personnel;
- how the different states in India have responded to the important issues of proper staffing of panchayat bodies;
- what kinds of difficulties are faced when government servants are deputed to work in panchayat bodies; and
- since the panchayats have to work in close collaboration with state government – particularly with the officials of the state's line departments – what should be the policy in this regard, and how can a 'culture' change be effected to promote harmonious working between the state field officials and panchayat leaders and functionaries.

5.1 INTRODUCTION

After functions and funds, comes the issue of the functionaries. To perform its functions, an organization needs human resources. As an institution of government, panchayats will not be able to discharge the responsibilities assigned to them

unless they are endowed with adequate staff and given the administrative authority to exercise control over them. Till now no clear pattern of the provisioning of human resources for the institutions of panchayat has emerged. The issue requires to be examined from several dimensions and these are discussed below.

5.2 ORGANIZING PERSONNEL SYSTEM OF LOCAL GOVERNMENT

There are three varieties of personnel system for the local government institutions in India namely, (a) separate, (b) unified, and (c) integrated. Under the separate system, each local government unit has full control over matters concerning recruitment, control and discipline of staff. Under the unified system, state-wise or region-wise common cadres of some or all categories of staff of local government are constituted. Such cadres are generally managed by the state government. The staff members of such cadres are government employees, but meant exclusively for the services under local government units. Gujarat and Maharashtra have built up the unified cadres for panchayats in a manner that is different from the general pattern. In these states, cadres are created for each district and they are managed by the zilla parishad, subject to rules framed by the state government regulating such matters as mode of recruitment, creation of posts, broad service conditions etc. In the integrated system, the state government employees and the local government employees come from common cadres managed by the state government. For example, the posts of the chief executive officer of the district panchayat and intermediate panchayats are filled by officers belonging to the Indian Administrative service or the State civil service.

It is only in separate system that the local government institution has total control over its staff. In the integrated system, on the other extreme, it has no power to recruit or to dismiss its staff and even in the day-to-day management, its power to control staff is negligible. In the state government-managed unified system also, the local government institutions have no power in matters concerning recruitment of and awarding major punishment to staff. Even in other matters of administrative control over staff, its power is somewhat limited under the unified system, unless the staffs belong to the panchayat service.

5.3 REQUIREMENT OF HUMAN RESOURCES IN PANCHAYATS

Panchayats require different kinds of personnel. On the administrative side, there is requirement of administrative officers, office assistants, accountants etc. At the field level, there are requirements for guards, messengers, mechanics. etc. In the technical side, panchayats at different tiers would require junior and senior engineers and extension officers in various development areas, such as, agriculture, animal husbandry, fishery, forestry etc. What category of employees will be required at which level and in what number would, of course, depend upon the activities assigned to the concerned level. As noted in unit 4, at present panchayats discharge principally agency functions, because devolution-type of transfer of functions has not taken place in most states. Despite this, panchayat at all the levels have some exclusive tasks to perform, such as running office, arranging meetings, mobilizing resources, maintaining records and accounts, taking up development works from their own funds. Even at the present level of activities, panchayats require staff of

the right type and in right number for discharging their own functions and the agency or delegated functions. With devolution, this requirement would increase.

Check Your Progress I

Note: *a) Write your answer in the space provided.*

b) Check your answer with the possible answer provided at the end of the unit.

1) What are three varieties of personnel system for the local government institutions and which one will be useful for panchayats.?

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5.4 PANCHAYAT PERSONNEL STRUCTURE

Among all the tiers, the village panchayats are most understaffed. In most states, the VP has only one employee, namely secretary. In many places, the VPs do not get even the full time services of such employee, one secretary serving a number of panchayats. This position is totally unacceptable. In any devolution scheme, village panchayats have to be given many functions because of their nearness to the village communities. Even presently, they have been given major responsibility in implementation of National Rural Employment Guarantee programme and National Rural Health Mission. Hence the question of providing adequate human resources to this body has to be given serious consideration.

The intermediate tier is supposed to be serviced by the staff of the Development Block. But this arrangement does not work. For, the Block staffs are government officials. They are not deputed to the panchayat body and hence they feel no obligation to remain accountable to it. In many states the Block development officer together with some other Block officers are given ex-officio positions in the intermediate panchayat. Under this arrangement also the elected representatives cannot exercise effective control over them, because their substantive appointment is with the government. In states where intermediate panchayat is not coterminous with Block, the former is practically denied any service of the Block staff. In such cases, some staffs are exclusively provided for the intermediate panchayat. But they are government servants and the elected representatives have limited control over them.

Some of the district panchayats are well staffed, but some are not. In most district panchayats, senior positions like Chief Executive Officer, Secretary, Executive Engineer, Accounts officer etc are filled by deputation of senior officers of government. Junior positions like junior engineer, supervisors, office assistants etc are filled by direct recruitment.

In some states, District Magistrate is the ex-officio chief executive officer (CEO) of zilla parishad. In other states, CEO is a separate post and it is filled by deputation of officers from the state government. In the intermediate tier, BDO is the CEO or Secretary in many states.

Some states (West Bengal, Karnataka and Kerala) have merged District Rural Development Agency (DRDA) with zilla parishad. Consequently, DRDA staff work under the district panchayat in these states.

Gujarat and Maharashtra are the only states where there are separate district-based panchayat services controlled and managed by the respective district panchayats. All employees belonging to class III and class IV categoties in different levels of panchayats belong to such services. All other members of the staff are government employees deputed to the panchayats.

Ideally a self-government should have a separate personnel system. It is significant that the local government institutions created during the British period, such as, municipalities, District Bards and Union Boards enjoyed practically full powers in respect of recruitment, control and discipline of staff. The present day panchayats, on the other hand, depend principally upon the government for getting staff support, whatever may be the arrangement – unified system or integrated system. This undermines their autonomy substantially. Some state panchayat Acts give powers to the local bodies to recruit their own staff up to a certain level. But because of bureaucratic control and because of inability of these bodies to pay adequate compensation to the staff from their own source income, this power remains grossly under utilized or non-utilized.

To sum up, the panchayats, in general, do not have adequate human resources. Secondly, staffs available to the panchayats are mostly government servants. The local bodies do not have full administrative control over them. Thirdly, even though some state Acts empower the local bodies to recruit staff, this power remains practically unutilized. Lastly, excepting two states, no other state has yet built up panchayat service.

5.5 PERSONNEL POLICY FOR PANCHAYATS

The above account shows that not much thinking has gone into the issue of providing human resources for the local government system. Lack of capacity to access human resources and to exercise administrative control over them is a major impediment for the panchayats to achieve autonomy. There are two dimensions of this issue. First it is necessary to assess and review the manpower requirements at each of the three levels. The Second Administrative Reforms Commission has also suggested that 'a detailed review of the staffing pattern and systems' may be undertaken in all states 'over the next one year'. Secondly, having done this exercise, it will be necessary to put in place appropriate human resource management structure/systems for the panchayats. In this connection the ARC is of the view that 'panchayats should have power to recruit personnel and regulate their service conditions, subject to such laws and standards as laid own

by the state government'. Thus the commission is in favour of the separate system. But the separate system may not work in the lower levels of panchayats as previous experience shows. In that case one may conceive of district-based panchayat service for certain categories of posts, as has been done in Maharashtra and Gujarat. For certain superior posts, there may be state-level panchayat service also. On both such services panchayats should have full control, subject to such laws as may be enacted.

5.6 DIFFICULTY OF TRANSFERRING GOVERNMENT OFFICIALS TO THE PANCHAYATS

Any transfer of functions to the panchayats should be accompanied by devolution of both financial resources and human resources. Depending on the types of functions assigned, the panchayat system would require the services of various kinds of skilled personnel. After devolution of activities, the state government staff attached to such activities would be surplus. Till panchayats build up their own cadres, such staff may be sent to the panchayats on deputation. No further recruitment should be made to the posts rendered surplus at the state government level because of transfer of functions or activities to the local governments. Future recruitment to such posts in the post-devolution period should be made for the panchayats and they would be panchayat employees, not government employees.

However, transfer of functions together with the staff attached to them is posing problem. But the employees are resisting such transfer on the ground that this amounts to violation of their service conditions. Sometimes the judiciary has also come to hold the same view. Thus there have been practical problems in placing the services of government staff with the panchayats. The controversy persists in several states and no state has yet been able to transfer the services of government employees effectively. Even where this has been done, the cadres of the transferred staff have not been abolished, recruitment to the vacant posts of the cadres continues to be made by the state government, the functional and administrative control over employees including their transfers, posting, promotion or disciplinary matters is still being retained by the state government. This kind of dyarchy in respect of panchayats' personnel management functions is proving counterproductive. What is necessary is full-scale transfer of services of staff from the state government to the panchayats and stoppage of further recruitment to the posts under government.

5.7 GOVERNMENT BUREAUCRACY AND PANCHAYATS

The advent of panchayats as institution of self-government together with devolution of substantial functions to these institutions signals a radical change in the architecture of local governance. For, this will mean passing out of the age-old 'rule of bureaucratic administration' and the coming in of the new system of 'democratic self-governance'. The officials will have to adjust with this new system.

The change-over to the new system of democratic governance at the district and sub-district levels is not going to be easy. In the past, a part of the blame for the failure of the first and second generations of panchayats (1950s/1960s and 1980s)

had been laid at the door of bureaucracy. For example, Asoka Mehta Committee (1978) comments: "They (that is, officials) would, on one hand, be averse to PRIs (panchayati raj institutions) being entrusted with additional functions and on the other would not easily get adjusted to working under the supervision of elected representatives". Another committee had noted that the bureaucracy was unfriendly to the panchayati raj institutions. It has also been observed that administrators did not like flourishing local leadership and found it to be a serious threat to their authority, influence and power.

The above comments are harsh, no doubt. The blame for the failure of earlier experiments with panchayat system has to be shared not only by the bureaucrats, but by other actors also. There are many instances where bureaucracy could adjust itself to the new situation. There is some truth in the observation that the bureaucrat is a well-trained 'horse' and it has to be driven well. If the 'horse' is not performing well or is not responsive and is impersonal, then not the 'horse' alone, the 'rider' has also to be blamed. Nevertheless, as local democracy takes root, the bureaucrats at the district and sub-district levels will have to prepare themselves for serving well under the new system of democratic governance at the local level.

5.7.1 Panchayt System and the Role of Officials

It was noted earlier that till panchayat services are well organized, there will be need for the services of the government officials in different levels of panchayats. There will be two categories of such employees. Firstly, there will be group of employees rendered surplus in government consequent upon devolution of activities to the panchyats. For them joining panchayat is the only option to keep their job secured, for they would have no work in the government. They may form the first stream of entrants to the panchayat service. Secondly, panchyats would also require the services of other government officials, such as officers of the administrative services, senior and junior engineers, technical experts in different disciplines etc. They will come on deputation and serve the panchayts for some time in their careers. Both of these categories of officials will have to work in the new environment where they would remain accountable to the local elected leaders. Demands of this role are different in nature from their roles as employees of the state government. They will have to learn something new and at the same time forget some older things. It would be worthwhile to elaborate this point.

In panchayat system, the officials have to work under the local elected representatives. The government servants have generally been reluctant to work under local politicians. Even though the senior bureaucrats do not find any difficulty to work under the ministers, strangely enough the field level bureaucrats feel uncomfortable to take orders from the elected leaders of local government. Major reason for this probably lies in the fact that no structural change in district administration has taken place after independence. The structure of local governance inherited from the colonial past had been retained even after independence. The hallmark of this structure was that the entire domain of local administration remained at the hands of the bureaucracy of the state government and they were accountable only to themselves. Somehow the idea that such a structure was immutable had taken deep roots in everybody's mind. Introduction of democratic governance at this level comes as a kind of shock to them. It is necessary to come out of this mindset in order to welcome the new system.

Generally, bureaucracy is known for its resistance to change. The resistance becomes more intense when the change involves the bureaucratic machinery itself.

Within the machinery, they become used to certain kind of functioning under which they remain accountable to their departmental superiors only. When this arrangement is changed, they feel insecure. For, the new arrangement forces them to remain answerable to the local elected representatives and through them to the public. The government servants are not used to work under situations where accountability is direct and the scope to find escape routes through the complex net of rules and regulations is limited. The government servants working in panchayats have to learn to work under a more transparent system where every stakeholder gets opportunity to observe and assess their performance.

There are certain attitudes of Indian bureaucracy, which bear the imprint of the old administrative culture. During the colonial rule, the bureaucrats were considered as the representatives of the ruling class and people were considered as 'subjects'. The relationship between a bureaucrat and an ordinary man or a woman was that of a ruler and subject. From this a 'we-they' feeling grew among the government officials in terms of which they considered themselves belonging to a class that was separate from the common people. People today are no more 'subjects' of an alien ruler, but 'citizens' of a democratic country having certain civic rights. Whoever shares power of governance in this country has responsibility and accountability to common people irrespective of one's class, caste or gender. The officials have to understand that unlike their predecessors of the pre-independence days, they are today 'public servants' in the true sense of the term. Their attitude towards common people should reflect this spirit.

There is a view in some quarters that the requirement of the officials will get reduced after transfer of functions and responsibilities to the panchayats. Nothing is farther from truth. As elected representatives, panchayat leaders will be mainly responsible in setting the agenda and priorities of work. But the work itself has to be performed by the officials, because they have the technical skill and managerial capacity to do the work. Apart from their direct responsibility in implementation, they will have the important duty to advise the elected representatives in taking appropriate decisions.

There are certain development works where mobilization of the masses is required (for example, total literacy campaign). The bureaucratic machinery alone cannot take full responsibility for its implementation. In such kind of work, the elected representatives and the officials have to join hands together. In fact, the local field will be a challenging field for the officials in the new dispensation. It will not be enough for them to take a mechanical view at the field problems. Their accountability henceforth will be directly to the primary stakeholders through the elected representatives. Hence they have to show results and cannot pass the buck to the upper level of bureaucratic machinery. For this they have to be more innovative, prompt and skilful in tackling a field problem.

5.7.2 Interface Between the Panchayat System and the units of State Government

Even after devolution, the state government will retain some functions with themselves and activities related to those functions will be discharged from the district and sub-district levels. Hence at the local level the units of the state government and those of local government would work side by side. Sometimes they might be working in the delivery of the same service, but discharging different types of activities. For example, the panchayats may be given the activity of

managing the health sub- centre and primary health centre, but the responsibility of block health centre or district hospital may be retained by the state government. This type of division of labour for delivery of the same service may have to be done in respect of other service/sector also. It is obvious that in situations where institutions of two separate systems of government are engaged in the delivery of the same service, close coordination and cooperation between them are necessary. Besides, as discussed earlier, panchayats at all the levels would be preparing holistic area plans. To prepare such plans, horizontal coordination of all development departments will be necessary necessitating all the departments to function in close cooperation with each other.

The above scenario of local development administration is what has to be achieved. It has a distinct space for local government and also a space for the state government, each working in harmony and coordination for a common cause of local development.

Interestingly, state government officials will work in both the systems. As the above discussion indicates, even those government officials at the district and sub-district levels who remain outside the panchayat system will have to work in close coordination with it. This is a new role for them. The officers of various line departments have been brought up in the culture of insularity, resulting into fragmentation and departmentalization of development functions at the local level. They have to give up this stand-alone culture and have to learn how to work in coordination with all development agencies, including the panchayat institutions.

Check Your Progress II

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit.

1) What constraints panchayats face in terms of personnel system?

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2) Where does interface between the panchayat system and the units of state government becomes imperative?

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5.8 LET US SUM UP

After reading this Unit, we hope that you are now in a position to appreciate the importance of 'human resources' or personnel in the management of different functions devolved on the panchayat bodies.

You might have realized what kinds of personnel are necessary for proper discharge of panchayats' diverse responsibilities. You may also be now aware of the fact that at present there is a general absence of personnel policy for the panchayat bodies in India, and the state government offcials are often deputed to these bodies, who often find it difficult to adjust to the politically charged work culture of these locally elected bodies.

At the same time, you can now appreciate, after going through this Unit, that for the larger benefit of local development, the panchayat bodies and the departments of the state government have to coordinate their functions and collaborate in many activities, shedding their insular or separatist 'culture'.

5.9 CHECK YOUR PROGRESS - POSSIBLE SOLUTIONS/ANSWERS

Check Your Progress I

1) There are three varieties of personnel system for the local government institutions in India namely, (a) separate, (b) unified, and (c) integrated. Under the separate system, each local government unit has full control over matters concerning recruitment, control and discipline of staff. Under the unified system, state-wise or region-wise common cadres of some or all categories of staff of local government are constituted. In the integrated system, the state government employees and the local government employees come from common cadres managed by the state government. It is only in separate system which is useful because the local government institution has total control over its staff.

Check Your Progress II

1) The panchayats, in general, do not have adequate human resources. Secondly, staffs available to the panchayats are mostly government servants. The local bodies do not have full administrative control over them. Thirdly, even though some state Acts empower the local bodies to recruit staff, this power remains practically unutilized.

2) Even after the devolution of functions to panchayats takes place, the state government may retain some functions with themselves and activities related to those functions may have be discharged from the district and sub-district levels. Hence at the local level the units of the state government and those of local government would work side by side. Sometimes they might be working in the delivery of the same service, but discharging different types of activities. In such a situation interface becomes imperative.

BPR-001: Panchayats in India : The Context

Block-1: Democratic Decentralization and Indian Constitution

Unit 1 Democratic Decentralization and Local Self-Government: Conceptual Framework
Unit 2 Indian Constitution: Salient Features
Unit 3 Fundamental Rights and Duties
Unit 4 Directive Principles of State Policy
Unit 5 Changing Federal Structure: Significance of Part-IX and Part-IXA

Block-2: Evolution of Panchayats and the 73rd Constitutional Amendment

Unit 1 History of Panchayats: Pre-Independence Period
Unit 2 History of Panchayats: Post-Independence Period
Unit 3 Basic Features of the 73rd Amendment
Unit 4 The 74th Amendment: The Relation between the two Amendments
Unit 5 Panchayats (Extension to the Scheduled Areas) Act, 1996 (PESA-1996)

Block-3: Panchayats as Institutions of Self Government

Unit 1 The Governance System and the Panchayats
Unit 2 Structural Aspects of Panchayats
Unit 3 Development and Panchayat
Unit 4 Functions and Resources of Panchayats
Unit 5 Functionaries of Panchayats and the Role of Officials

About the Project

IGNOU through the Ministry of Panchayati Raj and under the sponsorship of United Nations Development Programme (UNDP) undertook a project on **'Capacity Building of PRIs Through a Multi-Mode Training Intervention'** as an attempt at empowering and capacity building of elected members of *Panchayats* and development functionaries. It also aimed at institutionalizing mechanisms to strengthen this capacity building intervention. The Project covered six northern states including **Bihar, Haryana, Madhya Pradesh, Rajasthan, Chhattisgarh** and **Uttarakhand** with the **Indira Gandhi National Open University (IGNOU)** as the implementing agency. The Project envisaged joint action by Government established institutions (SIRDs) and NGOs engaged in Capacity Building of PRIs.

In terms of strategy it involved developing a **suitable learning package through a balanced mix of distance learning and conventional training**; adapting the materials to local requirements and implementing the capacity building intervention through distance mode for the elected members of Panchayats and train associated development functionaries through face to face mode through a network of SIRDs and NGOs.

In terms of activities and output of the Project, the Project has been able to prepare a multi-media package consisting of 11 self-learning booklets and six video programmes for distribution among the *Panchayats*; undertook capacity building of Collaborating Institutions (CIs); published of local Governance updates in each participating state; conducted BDOs Symposia and orientation programmes for development functionaries. One of the major activities taken up by the above CIs was to undertake hardware mapping of *Panchayats* in 4 Districts in each participating State. The Diploma in Panchayat Level Administration and Development, planned and developed as a part of academic activities of the School of Continuing Education, was also sponsored under the above Project.

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About IGNOU & SOCE

The **Indira Gandhi National Open University**, established by an Act of Parliament in 1985, has emerged as the largest Mega University in the democratic world. The University offers 486 Certificates, Diploma, Degree and Doctoral programmes through its 21 schools of Study, 12 Divisions, 14 Centres, 61 Regional Centres, over 3,000 Study Centres, 67 Partner Institutions spread across 35 countries. Additional help is also sought from about 6,000 experts from conventional universities and other organizations, and about 45,000 part-time academic counselors.

IGNOU caters to learners from rural and tribal areas, disability groups, jails and rehabilitation centres, government and non-governmental organizations, parents and home-makers, the employers and the employed.

One of the mandates of the University is to reach out to the disadvantaged by offering programmes in all parts of the country at affordable cost. IGNOU, the National Resource Centre for Open and Distance Learning with international recognition and presence, is expected to provide seamless access to sustainable ***and learner centric quality education, skill upgradation and training*** to all by using innovative technologies and methodologies and ensuring convergence of existing systems for massive human resource required for ***promoting integrated national development*** and global understanding.

The **School of Continuing Education (SOCE)** one of the oldest Schools currently has four disciplines assigned to it by the Academic Council. These include: ***Rural Development, Nutritional Sciences, Child Development and; Home Science***. The School has currently on offer Ph.D programmes in three discipline areas, two Master's Degree level programmes, one Post Graduate Diploma, two Diploma Programmes, four Certificate Programmes and four elective and application oriented courses in the above mentioned disciplines.

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