

**OVERVIEW OF RURAL  
DECENTRALIZATION  
IN INDIA**

*Volume III*

**BACKGROUND PAPERS**

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# **OVERVIEW OF RURAL DECENTRALIZATION IN INDIA**

*Volume III*

## **BACKGROUND PAPER NO.1**

### **Multi-State Study of *Panchayati Raj* Legislation and Administrative Reform**

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## STRUCTURE OF ARGUMENT

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## NOTE

This draft final report has been written in five parts. Part I *The Conceptual Level: Framing the Investigation* will provide the frame for the more specific study being undertaken on 'rural decentralization'. Such a frame is necessary to give significance to the more specific questions concerning rural decentralization. It provides a conceptual map of the discourse terrain. Building on this Part II *The design Level: Pursuing the promise of decentralization*, traces the history of the decentralization idea from the colonial period to the 73<sup>rd</sup> Constitutional Amendment Act and a few years after. It engages with 'design' issues as they have been expressed in the British period, in the Constituent Assembly, in the various post-Independence committees, in the run up to the Seventy-Third Constitutional Amendment and in the Amendment itself. These conceptual and historical sections will serve as the backdrop for the more specific 'Multi-State study of Panchayati Raj Legislation and Administrative Reform' being undertaken in Part III *The design level: Examining the Conformity Acts*. Here the analysis of the features of the decentralization structure that has come into existence through the Conformity Acts in the six States of Andhra Pradesh, Karnataka, Kerala, Madhya Pradesh, Uttar Pradesh, and West Bengal will be attempted. The focus here will be on the increased 'institutional opportunity space', for enhanced citizen participation in governance, that emerges through these Conformity Acts. Part IV *The reception level: Operationalizing the 'opportunity space'* will seek to locate this 'institutional opportunity' within the context of rural society. It will engage with several of the issues that must be addressed, such as the adequacy of the delivery mechanisms, the question of land reforms being a condition for successful political reform, the issue of elite violence as a response to the weakening of their power, the long term consequences of the PRI initiative, etc.. After elaborate discussion of constraints and conditions, of the gap between Conformity Acts and actual political activity, the study will, in Part V, *The Road Ahead* look at the potential, in the light of the preceding parts, of the PRI system. It will offer some suggestions on how to make the PRI initiative more effective, more owned by the communities and citizens it seeks to empower.



## Part I

The current concern with decentralization in India has a long genealogy. For well over a hundred years now, decentralization as a policy option has been discussed with respect to the following five parameters: (i) the need for such an initiative, (ii) its normative and material benefits, (iii) the nature of the exercise, as viewed in administrative and political terms, (iv) its inherent limitations, as seen within the larger structure of national government, and (v) the experience of its working, when measured in terms of the gap between what was promised and what was actually achieved. Over the years the same five parameters have structured the discussion although the answers have varied as the intellectual and political climate has changed. The most recent concern with decentralization, which resulted in the 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendments, must hence be located within this intellectual history. Before I trace this genealogy, however, let me attempt to give some shape to the discussion, which is currently quite anarchic and dispersed.

An extensive survey of the literature on decentralization, especially post 73<sup>rd</sup> and 74<sup>th</sup> Amendment, shows that the first distinction that must be made is between the dynamics and processes of decentralization in rural India and that of urban India. While the high principles, such as 'self-protection' and 'self-realization',<sup>1</sup> may be the same in both domains, the political sociology and economy of the processes vary considerably because of the different topography of the two domains. They must therefore be examined separately. In this study my brief is only rural India and I shall therefore limit my discussion to mapping the contours of decentralization only in rural India.

At the outset, it is necessary for me to recognize that this discussion takes place at three levels: (i) the **conceptual** level where key concepts such as self-government, decentralization, participation, etc., are examined, (ii) the **design** level where issues of operationalization and of the translation of 'promise' to 'actuality' is considered, and (iii) the **reception** level where the conditions for these designs to effectively work are debated. The following discussion will be structured along these three levels. I shall discuss the conceptual and design levels in Parts I, II and III and addresses the issues of the reception level in Parts IV and V.

### The conceptual level: Framing the investigation.

In this section I shall discuss some of the key concepts that are at the heart of the debate on the 73<sup>rd</sup> amendment.

#### Decentralization

Naming a social process accurately is important to an understanding of it. By naming the process as 'rural decentralization' we have unwittingly added to the fuzziness of the discussion since we have conflated two parallel but different processes whose logics need to be examined separately. These are: (i) decentralized administration and (ii) decentralized democracy, both with respect to rural India. The former is primarily a managerial idea, which holds that one can increase the efficiency of service delivery by adopting a strategy of administrative decentralization. The

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<sup>1</sup>. Held, D. 1987. **Models of Democracy**, Polity Press, Cambridge.

preoccupation here is with examining the efficacy of managerial strategies, with designing an administrative structure where some degree of decision making is shifted from the higher levels, the apex of the pyramid, to the lower levels, the base. The term 'deconcentration' is sometimes used to refer to this exercise of dispersal of offices to lower levels. The point to be noted here, however, is that the lower level offices that now have wider jurisdiction and powers continue to be accountable to the central authority. This shift is accompanied by a commensurate change in the mechanisms of managerial control. The concern in decentralized administration is with management solutions for improving service delivery. In this model the decision-makers are the administrative personnel. All that has happened is that those at the lower levels have now greater powers and wider jurisdictions within which to function. There are now more issues on which they can make authoritative decisions. Within the idea of administrative decentralization the citizens have no significant role as decision-makers. They exist only as beneficiaries of an administrative structure that is 'arguably' more efficient and effective than one that is more centralized.

Decentralized democracy,<sup>2</sup> in contrast, is a political idea, which seeks to promote two distinct and independent objectives of equal value: (i) citizen participation in decision-making and (ii) effective service delivery. While the thinking on decentralized democracy does exhibit an instrumental calculus i.e., it concedes the importance of re-designing the structure of administration to provide efficient and effective service, this calculus can sometimes be trumped by the other equally important value of citizen participation. In other words one may be willing to settle for a lower level of administrative efficiency if one can, through this compromise, achieve a higher level of involvement of citizens in decision-making. Within this idea of decentralized democracy citizen participation is both an intrinsic goal, i.e., participation is valuable because it is integral to the quality of citizenship, and an instrumental goal, i.e., participation is valuable because it produces good outcomes. The innovation in the thinking here is to see citizen participation as promoting effective service delivery. Citizen participation is here itself part of the instrumental calculus.

The model of decentralization, that is the basis of the 73<sup>rd</sup> Constitutional Amendment, is 'decentralized democracy'. It was important to have made this distinction at this stage because quite often when one is assessing the problems and obstacles, at the design and reception levels, one finds the need to balance the two values of 'citizen participation' and 'service delivery' that are the basic goals of decentralized democracy. One needs, in fact, to build the conception of citizen participation within service delivery. In this model of decentralization the citizen reclaims the state from the bureaucracy.

This goal of reclaiming the state by the citizen has become important at this stage of India's development, not just because the bureaucracy and political class have reduced the state to a rent-seeking state, but also because the state's delivery mechanisms are showing signs of atrophy. The Ninth Five-Year Plan (1997-2000) states this failure quite forthrightly. 'Past experience has shown that many development projects and programmes, having laudable objectives, have failed to deliver the result because of the inadequacies of design and implementation. Time and cost overruns have become widespread and substantial in public sector infrastructure and investment

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<sup>2</sup> Here too a conceptual distinction must be made between 'decentralized democracy' and 'democratic decentralization'. The former is concerned with democratic practices that exist at the base whereas the latter is concerned with democratic practices which promote the base. The first concerns the *location* and the second the *direction* of democratic activity. Refer. Peter.R.deSouza 'Democratic Decentralization of Power in India', in D.D.Khanna and G.W.Kueck (eds), 1999. **Principles, Power and Politics**, Macmillan, New Delhi.

projects. It is common knowledge that the benefits intended to be delivered to the people through development programmes in the social sectors have not fully reached the beneficiaries because of the weakness in administrative planning and delivery mechanism.’<sup>3</sup> The citizen and his/her well being hence become the cornerstone of this attempt to re-design the state. This term has also, as brought out by the concept note on ‘rural decentralization’, been used in the literature interchangeably with the term ‘self-government’. Much of the official as well as scholarly commentary sees the 73<sup>rd</sup> Constitutional Amendment as constituting a watershed in the evolution of political institutions in India, as moving the structure of local government from a model of ‘decentralized administration’ to one of ‘self-government’.<sup>4</sup>

### Local Self-Government

This term too needs clarification since it appears to promise more than it can actually deliver. While ‘self-government’ in its Gandhian resonance suggests an autonomous polity, which is sovereign, which frames rules and determines outcomes without external interference, local self-government in the current context is a considerably circumscribed version of this idea. The scope for autonomous decision-making at this level of government is very limited. Micro issues of direct concern to rural society such as rural sanitation, drinking water, primary health centers, welfare schemes for widows, etc., alone are available for decision-making.<sup>5</sup> The macro issues such as land reform, fiscal incentives for rural development, agricultural subsidies, budget allocations for health and education, fuel prices, etc., which have major impacts on rural society are excluded from the ambit of decision. These remain within the province of the union and the states.

It is important to recognize that what is referred to as local self-government is in actual fact, even in the best scenario, a circumscribed space where there is no legislative and judicial authority and where the issues on which citizens can make decisions is limited. It is also of importance to note that the term ‘local government’, in the Indian discourse, refers not just to the level of sub-national government, as it does in Europe and Latin America, but also to sub-state governments. Although the sub-state areas of jurisdiction, in terms of geographical spread and population are themselves very large, the jurisdiction in authority terms i.e., sphere of governmental activity, is considerably diminished since the higher two tiers retain much of the authority that a ‘government’ has in a nation state.

This is, however, not to belittle the tremendous significance of this space, however circumscribed, for pursuing the political goal of citizen participation. In India where citizens have had so little effective power, where the distance between governors and governed is considerable, and where through the institutions of a competitive democracy a small elite class governs on behalf of the larger population this is a major advance. Decentralized democracy as local self-government is hence a considerable empowerment of, and control by, the rural citizens over the conditions of their material life. It is not, however, Gandhi’s village *swaraj*.

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<sup>3</sup> Planning Commission. **Ninth Five Year Plan 1997-2000**, ‘Development Goals, Strategy and Policies’, Government of India, New Delhi, vol 1, p214.

<sup>4</sup> Mukherjee, N. 1993. ‘The Third Stratum’, **Economic and Political Weekly**, 28(18) pp859-862.

<sup>5</sup> These activities of local government can be disaggregated into ‘maintenance functions’ such as sanitation, drainage, street-lighting, drinking water and village roads, which are to be attended to by the gram Sabha, and ‘development functions’ such as expansion of health services, veterinary care, pre-primary and secondary education, market centers, transport facilities etc., which are to be taken care of by the Gram Panchayat, Panchayat Samiti, and Zilla Panchayat’. S.Jaamdar. 1995. ‘Gram Sabha in the New Panchayat System: Concepts and Issues’, **Kurukshetra**, p6-11.

An additional clarification needs to be made. The movement towards local self-government in India has been hailed as the empowerment of the 'third tier' of government within a structure of cooperative federalism. A distinction needs to be made here about the nature of the three tiered federal structure. Whereas the second tier, the state level, has a high degree of autonomy from the first tier, the union level --notwithstanding Article 356-- in that respective jurisdictions are clearly delineated in the constitution, the third tier has a fuzzy jurisdiction and it is much too dependent on the second tier. To see it therefore as a proportionate extension of federalism is to overstate the case. There is devolution of power but well short of the vertical separation that makes for a federal devolution. In other words, while there is a cooperative federalism between the first and second tier of government, although there is a strong case to even contest this reading of the relationship between the first and the second tiers, since in practice there has been a creeping centralization,<sup>6</sup> it is very feeble between the second and the third tier.

This is not to deny that the devolution of power, although limited, has created significant political opportunities which were not only absent earlier but which, once available, have introduced a new dynamics into the political process and have set into motion a new transformative politics in rural India. I shall assess this new dynamics in later sections. These political opportunities emerge from the extension of participatory democracy to rural society, in the empowering of *Panchayati Raj* Institutions and in the special provisions for disadvantaged groups such as Dalits, Adivasis, and women within them.

### Participatory Democracy

The normative core of decentralized democracy is centered around the moral arguments for participatory democracy. Very briefly there are two strands of arguments that are invoked. Both place the citizen at the center of their case. Both critique representative democracy, as expressed by the parliamentary form, as too limited. The first, the 'self-protection' strand, holds that (i) the citizen is the best judge of his/her interest and hence participation in decision-making must be encouraged because it helps him/her to place this interest on the agenda for negotiation and consideration when the general interest is being decided by all. Anyone else determining what is in the citizen's interest is, even in a favourable scenario, only a second best decision. The 'self-protection' argument also holds that (ii) such participation i.e., more rather than less, is an effective protection against the tyranny of power. It primarily seeks to protect the citizen from the abuse of power by an external authority standing above the citizen. It does this by empowering the citizen, giving him/her the opportunity and political space to participate in making those decisions that are to effect him/her.<sup>7</sup>

The second, the 'self-realization' argument, also places the citizen at the center of the advocacy. While the 'self-protection' argument is consequentialist in nature in that it advocates greater participation because such participation brings about desired consequences i.e., protection against tyranny and protection of interests, the 'self-realization' argument sees participation as intrinsically valuable since it is constitutive of citizenship itself. This argument has two aspects: (i) Since politics is an important domain within the total matrix of social life, a 'thick' rather than

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<sup>6</sup> Arora, B. -1992. 'India's Federal system and the demands of pluralism: crises and reform in the 80s', in Chaudhuri . J. (ed) **India's Beleaguered Federalism: the Pluralist Challenge**, Tempe, Arizona: State University Press, pp 5-25; Chaubey,P.K. 1998. 'Towards An Ideal of Federal Governance: An Attempt to Develop A Prototype Fraternal Model', **Indian Journal of Public Administration**, vol XLIV, no 3, pp534-546.

<sup>7</sup> Macpherson, C.B. 1977. **The Life and Times of Liberal Democracy**, Oxford: Oxford University Press.

a 'thin' participation in politics leads to, and is constitutive of, a complete life. In other words lack of participation is representative of a deficiency and hence there must be an expansion of opportunities of participation. This derives from the Classical Athenian idea of citizenship where participation in politics is not just a right of citizens but also a duty. (ii) The other aspect of the 'self-realization' argument holds that only through participation will the citizen be able to (a) discover his/her own 'real' interest and (b) appreciate and empathize with the interests of others. In this argument participation leads to a realization of the linkages and relationship between the 'self' and the 'other', a realization which produces a sense of responsibility towards the products of that participation.<sup>8</sup>

In contemporary terminology this would mean that participation produces stakeholders, and stakeholders ensure better maintenance of community life and community assets. Since there are now more stakeholders, the argument goes, there would also be more stable, sustainable, and effective government because stakeholders would perceive these elements to be in their interest. This would lead to good governance.

### The Arguments

The various arguments that are employed in the advocacy of the third tier of government in India draw on the 'self-protection' and 'self-realization' arguments of participatory democracy. It may be useful here to identify some of them.<sup>9</sup> I shall group them into three sets of argument.

#### *The voice argument*

The most persuasive case for devolving power to *Panchayati Raj* Institutions (henceforth PRIs) is that (i) it empowers rural society vis-à-vis the centralized and hegemonic Indian State and (ii) it empowers disadvantaged groups vis-à-vis entrenched groups within rural society. There is a two-

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<sup>8</sup> Keim, D.W. 1970. **Political Participation: Paradigms and Prospects**, Unpublished PhD dissertation, University of Michigan.

<sup>9</sup> J.Manor lists 22 reasons in favour of decentralization culled from his comparative study across continents. Although he has merely listed them, they can be grouped into the three sets as I have done. These are: (a) deepen democracy by extending liberal representative politics to lower levels, (b) enlarge opportunities for citizens to participate in decisions affecting their lives, (c) draw on local knowledge and preferences about development, (d) bring informal local mechanisms for the management of resources or the resolution of conflicts into the formal political process, (d) promote partnership between state and society, (e) give interests at lower levels a greater sense of ownership of development projects, thus making projects more sustainable, (f) enhance associational activity at lower levels, (i) facilitate cooperation between government and lower level associations and non-governmental organizations, (j) enhance the accountability of bureaucrats, elected representatives and political institutions more generally, (k) enhance the responsiveness of government, (l) enhance the transparency of government, (m) ease the frustrations of people with political ambitions at lower levels by enabling them to play official roles, (n) equip people with skills at representation, bargaining, and so forth, which develop in democratic systems and which make those systems more sustainable, (o) improve the collective action potential of rural dwellers, and acquaint them with 'lobbying technology', (p) promote monitoring, evaluation, and planning from below, (q) undermine 'authoritarian enclaves' (if they do exist) by creating democratic institutions in sub-regions or localities where autocratic forces held sway, (r) ease the alienation of opposition parties and social groups that lack the influence in the central government, by giving them opportunities to hold power in lower level arenas, (s) promote a more equitable distribution of resources, either by giving remote, poor and previously underrepresented areas greater resources and influence, or by uniting prosperous areas with nearby, poorer, areas, under single lower level authorities, (t) alleviate poverty, (u) empower women, (v) create a counterweight to urban bias by giving rural areas greater representation, autonomy and resources, (w) enhance the legitimacy of the political system. J.Manor. 1999. **The Political Economy of Decentralization**, World Bank, Washington. p37/38.



fold empowerment here, of rural society, which in the trajectory of development in India has had an unfair deal, vis-à-vis urban society, and of disadvantaged groups within rural society, that have been further excluded from the benefits even within this structure of unfavourable development. The 73<sup>rd</sup> Amendment seeks to remedy, or at least diminish, this unfairness. It does so by giving these disadvantaged groups a voice; to voice their interests, their dissent, their aspirations, their claims, through the participatory institutions of *Panchayati Raj*.

### ***The benefits argument***

The second group of arguments sees many benefits flowing from the act of empowerment. Some of these are (i) breaking the hold of rural elites over resource use and distribution in rural areas, (ii) a greater say of the hitherto marginalized in the distribution of state welfare schemes, (iii) a deeper involvement in the planning, implementation, and monitoring of those developmental processes that have an impact on rural areas, (iv) a more balanced and sustainable use of local resources, (v) a better maintenance of local assets created through participatory processes, (vi) locally and regionally diverse solutions, (vii) an increase in the accountability of local officials, (viii) an increase in the pressure on government to concentrate on the priority concerns of local groups, (ix) a reduction in the costs of delivery and a rise in efficiency of government, (x) greater representation of various political, religious ethnic and Adivasi groups in development decision-making that could lead to greater equity in the allocation of government resources and investments, (xi) an increase in the efficiency of senior bureaucracy by relieving them of routine tasks that can be more effectively performed by lower officials, (xii) a better political and administrative penetration of central and state policies into areas remote from these levels, (xiii) the development of greater administrative capability among local government, and finally (xiv) an improvement in the self-esteem of exploited and suppressed groups through the activity of participation. This improvement enriches the repertoire of Indian society and moves it in a more egalitarian and just direction since it now has many more creative inputs into it. The benefits arguments are consequentialist in character and hence lend themselves to empirical testing. The activity is desirable because the outcomes it produces are desirable. If these outcomes do not accrue then the activity itself can be neglected since they are, by themselves, not intrinsically valuable.

### ***The good governance argument***

This set of arguments sees 'voice' and 'benefits' as producing good governance. Now not only is government closer to the people, the proximity argument, but it is also more transparent, accountable, and accessible.<sup>10</sup> When large numbers of hitherto marginalized groups have a voice, either as representatives in *Panchayats* or as members of Gram Sabhas, they see the decisions of such a government as legitimate since they have had a say in their making. Legitimacy, which emerges from the above-mentioned attributes of government, implies good governance. This possibility of a strengthened legitimacy, deriving from the citizen's feeling that s/he had been consulted, had a say in the decision, had agreed to a particular distribution of social resources, is sorely needed in contemporary India where the state is increasingly seen as a usurper state having low legitimacy.<sup>11</sup>

One final clarification needs to be made before we move on to the real job of this report which is to assess the status of PRI legislation in the 6 states of Andhra Pradesh (A.P.), Karnataka, Kerala, Madhya Pradesh (M.P.), Uttar Pradesh (U.P.), and West Bengal, and that is to separate out, since they have been conflated, the many objectives of the 'Rural Decentralization' initiative of the

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<sup>10</sup> Beetham, D. 1996. 'Theorising democracy and Local Government', ch2 in D.King and A.Stokes (eds) **Rethinking Local Democracy**, Macmillan, London, pp28-49.

<sup>11</sup> CSDS survey 1996. Published in **India Today**, August 1996.

Bank. Implicit in the concept note are the following distinct objectives: (a) to study the features of the legislation on PRI, (b) to examine the actual working of PRI post 73<sup>rd</sup> Amendment, (c) to assess the efficacy of PRI in service delivery, (d) to evaluate the role of PRI in rural development and (e) to evaluate the role of PRI in the reduction of rural poverty. While there is considerable overlap in the objectives it is necessary to recognize each individually since some are narrower and more limited than others e.g., 'reduction of poverty' is narrower than 'rural development', and since some concern processes, such as the actual working of PRI post 73<sup>rd</sup> amendment, while others concern outcomes, such as the efficacy of PRI in service delivery. The conceptual distinction between 'reducing rural poverty' and 'promoting rural development' is an important one, not just in terms of negative and positive action, but also because the latter objective requires a much more holistic understanding of the dynamics of rural society. Policy initiatives therefore must go beyond the mere reduction of rural poverty.

## Part II

### The design level: Pursuing the promise of decentralization

The extended discussion on decentralization in India must be firmly placed within the evolution of the modern nation state. To ahistorically find parallels with the ancient Indian polity, the *sabhas* and *samitis*, is to overlook the qualitatively different character of the modern nation state, its scale and its preoccupation with the mechanics of governance.<sup>12</sup> The issue of scale is central to the Indian polity and hence the exercise of designing an effective administrative structure becomes relevant. To democratically govern a country of such a size therefore requires several tiers of government. Decentralization is one route to such governance. It has become a global movement<sup>13</sup> and has been an issue of concern in India for over a century.<sup>14</sup>

#### Historical overview

In this section I shall (A) trace the modern concern with decentralization from its roots in the British colonial administration, through its contestation in the Constituent Assembly, to its contours today, (B) assess the features of the 73<sup>rd</sup> Amendment Act, (CSAA) and (C) identify some of the relevant issues for the effective operationalization of PRIs.

#### *Decentralization under British Colonialism*

The early concern with decentralization under the British Raj can be traced back to the middle of the 19<sup>th</sup> Century. With the colonial administration coming under severe financial pressure, after the 1857 uprising, the remedy sought was to 'transfer responsibility for roads and public works to

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<sup>12</sup> One must not lose sight of the cynical possibility (noted by the classical elite theorists Pareto and Mosca) of the use of political myths and formulas to perpetuate elite rule. The rhetoric of democracy sometimes tends to make one complacent about this cynical possibility.

<sup>13</sup> Burki, S.J. et al. 1999. **Beyond the Center: Decentralizing the State**, World Bank, Washington, **European Charter of Local Self-Government**, United Nations Conference on Human Settlements (Habitat II) 'World Assembly of Cities And Local Authority', Final Declaration, Istanbul 30/31 May 1996.

<sup>14</sup> Four sets of conditions for favourable decentralization are identified (a) **political and administrative conditions** require (i) political commitment from national and state leaders for the transfer of powers and functions and (ii) acceptance of participation in planning and government of individuals and organizations outside the control of government, (b) **organizational factors** which cover (i) concise and definitive decentralization laws, regulations, and directives that clearly outline the relationships among different levels of government and administration, the allocation of functions among organizational units, the roles and duties of officials at each level, and their limitations and constraints, and (ii) diverse supporting institutions and organizations, (c) **behavioural and psychological conditions**, which involve (i) changes in attitudes of all government officials and willingness to share authority with local people, (ii) creation of trust and respect between citizens and government officials and mutual recognition that each is capable of performing certain functions, and (iii) strong leadership within local units, and finally (d) **resource conditions** such as (i) transfer of sufficient taxation authority, (ii) adequate physical infrastructure to facilitate mobilization of resources and delivery of public service and (iii) sufficiently articulated and integrated settlement system within regions to promote economic, social, political and administrative interaction among rural settlements and between them and larger towns and cities. Hans.F. Illy 1998. 'Decentralization: a Worldwide Trend', in G.W. Kueck, S.C. Mathur, K. Schindler, (eds) **Federalism and Decentralization: Centre-State Relations in India and Germany**, Mudrit, New Delhi, pp33/34.

local bodies'.<sup>15</sup> The thrust of this decentralization was with respect to municipal administration where towns were allowed to have municipal institutions but had to bear the cost of policing and other issues. The decade of the 1860s and 70s saw Municipal Acts being passed in all the major provinces (Bengal, Bombay, Madras, Punjab, Oudh, North West Provinces and Central Provinces) and every major town became a municipality. The dominant motive was finance and hence financial decentralization was seen as a way of relieving pressure on the colonial government. This instrumental calculus was however masked by a liberal language that portrayed the policy in more enlightened terms.

The people of this country are perfectly capable of administering their own local affairs. The municipal feeling is deeply rooted in them. The village communities ... are the most abiding of Indian institutions. They maintained the framework of society while successive swarms of invaders swept over the country. In the cities also, the people cluster in their wards, trade guilds and *Panchayats* and show much capacity for corporate action... Holding the position we do in India, every view of duty and policy should induce us to leave as much as possible of the business of the country to be done by the people... and to confine ourselves to ... influencing and directing in a general way all the movements of the social machine.<sup>16</sup>

The real benchmarking of government policy on decentralization and local self-government can however really be attributed to Lord Ripon who, in his justly famous Resolution on Local Self-Government of 18 May 1882, set out the principles which have shaped the subsequent debate. He recognized the twin considerations of local government: (i) administrative efficiency, and (ii) political education and sought to promote these in his Resolution. We may mention here some of the important paragraphs of the Resolution only to note the long genealogy of current concerns.

Paragraph 5: 'It is not primarily with a view to improvement in administration that this measure is put forward and supported. It is chiefly designed as an instrument of political and popular education'.

Paragraph 6: 'as education advances there is rapidly growing up all over the country an intelligent class of public spirited men who it is not only bad policy but sheer waste of power to fail to utilize'.

Paragraph 10: (summarized) Rural boards are to be set up, similar to municipal boards: the unit of administration to be small- the subdivision, tahsil, or taluka.

Paragraph 17: 'Control should be exercised from without rather than from within'.

Paragraph 18: (summarized) The chairmen of all local boards should accordingly be non-officials whenever possible.

Each province was to interpret the general directives of the Resolution according to local conditions.<sup>17</sup> Ripon's Resolution, which again focussed on towns, met with resistance from the colonial administrators who declined to devolve power since 'the Viceroy was almost alone in his liberalism'.<sup>18</sup> It however gave some impetus to the municipal bodies. Rural decentralization remained a neglected area of administrative reform. What evolved, in spite of various subsequent

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<sup>15</sup> Tinker, H. 1967. **The Foundations of Local Self-Government in India, Pakistan and Burma**, Lalvani Publishing House, Bombay, p35.

<sup>16</sup> The Government of Lord Lawrence in the Resolution that it moved in August 1864. *ibid* p 36.

<sup>17</sup> *Ibid* p44/45

<sup>18</sup> Sivaramakrishnan, K.C. 1999. 'Sub-State Level Governments', Paper presented at the workshop on **Constitution of India: A case of Rethinking**, organized by Society for Peace, Security and Development studies, et al 11-13 December 1999, New Delhi.

committees such as the Royal Commission on Decentralization (1907), the Report of Montagu and Chelmsford on Constitutional Reforms (1918), the Government of India Resolution (1918)<sup>19</sup> etc., was a hierarchical administrative structure based on supervision and control. The administrator became the focal point of rural governance. The British were not concerned with decentralized democracy but only with fashioning an administration that met their colonial objectives.

### ***Constituent Assembly debates***

While the debates during the Colonial period concerned the better strategy for effective governance, whether centralization or decentralization, the debates in the Constituent Assembly on *Panchayati Raj* was more fundamentally grounded. There were two viewpoints in contestation here, that of Gandhi presented by his followers, and that of Ambedkar. At the heart of this contest were two different views on (i) the nature of politics, (ii) the basic unit of politics and the edifice that was to be built with it, (iii) the Constitutional status of *Panchayati Raj*, and (iv) the intrinsic character of the village. These four issues need to be engaged with even today since they remain relevant for the current phase of decentralization.

Village *swaraj* was the centrepiece of Gandhi's vision of an independent India. This followed from his fundamental opposition to parliamentary democracy which he saw as perpetuating domination and from his belief in an economy of limited wants and based upon local production, resources, consumption and technologies. Very eloquently he outlined this vision of the village republic, his 'good society', in the issue of **Harijan** of July 26, 1942.

My idea of village swaraj is that it is a complete republic, independent of its neighbours for its vital wants, and yet interdependent for many others in which dependence is a necessity. Thus the village's first concern will be to grow its own food crops and cotton for its cloth. It should have a reserve for its cattle, recreation and playground for adults and children... The village will maintain a village theatre, school and public hall. It will have its own waterworks ensuring a clean water supply. This can be done through controlled wells or tanks. Education will be compulsory up to the final basic course. As far as possible every activity will be conducted on a co-operative basis. There will be no caste, such as we have today with their graded untouchability. Non-violence with its technique of *satyagraha* and non-cooperation will be the sanction of the village community. ... The *Panchayat* of five persons annually elected by the adult villagers, male and female, possessing minimum prescribed qualifications will conduct the government of the village. These will have all the authority and jurisdiction required. Since there will be no system of punishments in the accepted sense, this *Panchayat* will be the legislature, judiciary, and executive combined to perate for its year in office. Any village can become such a republic without much interference.<sup>20</sup>

Such village republics would be interlinked in a set of 'ever widening, never ascending circles. Life will not be a pyramid with the apex sustained by the bottom. But it will be an oceanic circle whose centre will be the individual always ready to perish for the village, the latter ready to perish for the circle of villages, till at last the whole becomes one life

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<sup>19</sup> M. Venkatarangaiya and M. Pattabhiram (eds). 1967. **Local Government in India: Select Readings**, Allied Publishers, Bombay .

<sup>20</sup> H.D.Malaviya, 1956. **Village Panchayats in India**, Economic and Political Research Department, AICC, New Delhi. p247.

composed of individuals, never aggressive in their arrogance but ever humble, sharing the majesty of their oceanic circle of which they are integral units...'<sup>21</sup>

In this extensive statement one can see Gandhi's belief in the primary harmony of social existence, the essentially co-operative nature of social exchange, and the importance of face to face relationships. Central to his vision was the privileging of the local over the distant. Participation in politics therefore became an integral part of public life. The stature of Gandhi and the appeal of his vision caused some of the members of the Constituent Assembly to argue for it to be the political model for Independent India.<sup>22</sup> Dr. B.R.Ambedkar opposed this suggestion since he saw village India differently and since he believed that the path of the future lay in a constitutional parliamentary democracy. In strong language he denounced the proposal to make the village the basic unit of the political system.

It is said that the new Constitution should have been drafted on the ancient Hindu model of a state and that instead of incorporating Western theories the new Constitution should have been raised and built upon village *Panchayats* and District *Panchayats*... They just want India to contain so many village governments. The love of the intellectual Indian for the village community is of course infinite if not pathetic... I hold that the village republics have been the ruination of India. I am therefore surprised that those who condemn provincialism and communalism should come forward as champions of the village. What is the village but a sink of localism, a den of ignorance, narrow-mindedness and communalism? I am glad that the Draft Constitution has discarded the village and adopted the individual as its unit.<sup>23</sup>

Ambedkar's remarks, rooted in an experience of oppressive caste and feudal structures in rural India provoked a storm of protest because they were so hostile to the Gandhian vision and more subtly disrespectful of the Mahatma himself. The village for Ambedkar represented regressive India, a source of oppression. The modern state hence had to build safeguards against such social oppression and the only way it could be done was through the adoption of a parliamentary model of politics and a rejection of the idea of 'oceanic circles'. Ambedkar's remarks caused a furore with Professor NG Ranga, Alladi Krishnaswami Aiyer, K. Santhanam, Shibbanlal Saxena and others expressing their disagreement and lamenting that the village, which was an essential feature of Indian social and political life, found no recognition in the Constitution.

A compromise was forged and PRIs found place in the non-justiciable part of the Constitution, the Directive Principles of State policy, as Article 40. It stated 'The State shall take steps to organise village *Panchayats* and endow them with such powers and authority as may be necessary to enable them to function as units of self-government'. I have discussed these two viewpoints at some length because they draw attention to the crucial issue that confronts all attempts at decentralization, the structures of power in rural India. Faced with these structures we, today, must examine the potential of PRIs to undermine them, to expand, and extend, and deepen democracy in India. In the four decades since the adoption of the Constitution PRIs have travelled from the non-justiciable part of the Constitution to one where, through a separate amendment, a whole part is devoted to it i.e., Part IX, Schedule XI. Let me now briefly traverse this journey.

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<sup>21</sup> M.K.Gandhi. **Collected Works**, vol 85, pp 32-34.

<sup>22</sup> Gandhi wrote a foreword for a book titled **Gandhian Constitution for Free India** by Principal Sriman Narayan Agarwal, in which he appreciated Agarwal's attempt because 'he has done what for want of time I have failed to do'. Ibid p246.

<sup>23</sup> **Constitutional Assembly Debates**, 4<sup>th</sup> November 1948. Ambedkar's scorn for the intellectual Indian's romancing the village also says something for the class character of the discourse.

### ***Post-Independence Committees***

Before PRI could enjoy the consensual support it enjoys today among different political groups it had to go through various stages. Committees were constituted by various authorities to advise them on different aspects of decentralization. This debate offers suggestions within two broad areas: (i) administrative and political decentralization and (ii) fiscal decentralization. While the former does encompass the latter, I have mentioned it separately because there were many committees, which dealt only with the latter. I shall now briefly discuss the recommendations of the various committees.

### ***The Balwantrai Mehta Committee (1957)***

The earliest committee to study decentralization issues was the Balwantrai Mehta Committee which was appointed in 1957 to study the Community Development Projects and the National Extension Service and to assess the extent 'to which the movement had succeeded in utilizing local initiatives and in creating institutions to ensure continuity in the process of improving economic and social conditions in rural areas'. The report was quite visionary and one can see in it the élan of the early years of independence. There was a sense of the problem and a sense of responses to it. It offered solutions along two broad axes: (i) administrative decentralization, for effective implementation of the development programme, and (ii) control by elected bodies of this decentralized administrative system. The Balwantrai Mehta committee held that community development would only be deep and enduring when the community was involved in the planning, decision, and implementation process. It suggested the following:

- (a) an early establishment of elected local bodies and devolution to them of necessary resources, power and authority,
- (b) That the basic unit of democratic decentralization was to be at the block/samiti level since the area of jurisdiction of the local body should neither be too large nor too small. The block was large enough for efficiency and economy of administration, and small enough for sustaining a sense of involvement in the citizens,
- (c) such a body must not be constrained by too much control by government or government agencies,
- (d) the body must be constituted for 5 years by indirect elections from the village *Panchayats*,
- (e) its functions should cover the development of agriculture in all its aspects, the promotion of local industries and other services such as drinking water, road building etc., and
- (f) The higher level body the Zilla Parishad would play an advisory role.

In summary form these were the main points of the report. The PRI structure, which was introduced in most parts of the country, as a result of this report, however, did not develop the requisite democratic momentum and failed to cater to the needs of rural development. There are various reasons for this such as: (i) political and bureaucratic resistance at the state level to sharing of power and resources with the local level institutions, (ii) the takeover of these institutions by the rural elite who cornered a major share of the benefits of the various welfare schemes, (iii) the lack of capability at the local level, and (iv) the absence of political will of the grassroots leaders.<sup>24</sup>

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<sup>24</sup> C.H.Hanumantha Rao, 1989. 'Decentralized Planning: An overview of Experience and Prospects', **Economic and Political Weekly**, February 25.

### ***Asoka Mehta Committee (1978)***

Recognizing that PRIs had failed to live up to their early promise the Asoka Mehta Committee was appointed to inquire into the working of PRIs and to suggest measures to strengthen them for evolving an effective decentralized system of development. It considered the PRI experience post 1959 as having gone through 3 phases; (i) ascendancy (1959-64), (ii) stagnation (1965-69), (iii) and decline (1969-77). The Asoka Mehta Committee felt that a combination of factors had conspired to undermine PRIs, such as an unsympathetic bureaucracy, absence of political will, lack of involvement in planning and implementation on a sizeable scale, fuzziness with respect to the role of PRIs i.e., are they merely an administrative agency or are they also an extension of rural local government? And of course the domination of the PRIs by the economic and social rural elite. The Committee's recommendations were as follows:

- (a) the district is a viable administrative unit for which planning coordination and resource allocation are feasible and technical expertise available,
- (b) the PRIs are capable of planning for themselves with the resources available to them,<sup>25</sup>
- (c) district planning should take care of the urban-rural continuum,
- (d) representation of SCs and STs in the election of PRIs on the basis of their population,
- (e) four year term of PRIs,
- (f) Participation of political parties in elections.
- (g) Any financial devolution should be committed to accepting that much of the developmental functions at the district level would be played by the *Panchayats*.

The states of Karnataka, Andhra Pradesh and West Bengal, passed new legislation based on the Asoka Committee Report. However the flux in politics at the state level did not allow these institutions to develop their own political dynamics. This period post 1978 was an unstable period in State politics.

### ***GVK Rao Committee (1985)***

The GVK Rao committee was appointed to once again look at the various aspects of PRIs. The committee was of the opinion that a total view of rural development must be developed in which the PRIs must play a central role in handling people's problems. It recommended the following:

- (a) PRIs have to be activated and provided with all the required support to become effective organizations,
- (b) PRIs at the district level and below should be assigned the work of planning, implementation and monitoring of rural development programmes,
- (c) The block development office should be the spinal cord of the rural development process.<sup>26</sup>

### ***L.M.Singhvi Committee (1986)***

More thinking on PRIs was initiated by the Committee for the Concept Paper on *Panchayati Raj* Institutions (CCPPRI) also known as the LM.Singhvi Committee. The Gram Sabha was considered as the base of a decentralized democracy, and that 'PRIs have to be viewed as institutions of self-government which would actually facilitate the participation of the people in the process of planning and development flowing from and as a part of the concept of self-

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<sup>25</sup> S.S.Singh et al. 1997. **Legislative Status of Panchayati Raj Institutions in India**, IIPA, New Delhi.

<sup>26</sup> Ibid. p18.



government... It recommended.. that local self-government should be Constitutionally recognized, protected and preserved by the inclusion of a new chapter in the Constitution.<sup>27</sup> It also viewed with dismay the irregularity of elections and also engaged with the issue of the role of political parties in *Panchayat* elections, stating that a non-involvement should be consensual rather than through legislative fiat. This issue of the role of political parties in *Panchayats* has divided the advocates of PRI into two camps. On the one side are those such as Jayaprakash Narayan, writing within the Gandhian tradition of partyless democracy, who saw 'self-government through faction-fighting will not be self-government but self-ruination', and on the other are those such as Asoka Mehta who support the involvement of political parties since it enables candidates, from weak economic backgrounds, to effectively compete because now they have the backing of a strong organization.<sup>28</sup>

This suggestion of giving PRIs Constitutional status was opposed by the Sarkaria Commission but the idea however gained momentum in the late 1980s especially because of the endorsement by the late Prime Minister Rajiv Gandhi who introduced the 64<sup>th</sup> Constitutional Amendment Bill in 1989. The 64<sup>th</sup> Amendment Bill was prepared and introduced and it caused much anxiety among opposition parties because of its perceived potential. Rajiv Gandhi was seen as having a partisan agenda. It was hence defeated in the Rajya Sabha. Rajiv Gandhi's commitment to the PRI route to rural development emerged through a series of workshops he had as Prime Minister with District Collectors, where he got a sense of the insensitivity of District Administration and of wastage of funds for rural development. He followed up these workshops with a meeting of Sarpanchas in Indira Gandhi stadium in 1986 where his resolve strengthened to introduce a Constitutional Amendment to bring about PRIs.

This momentum was lost once V.P.Singh became Prime Minister in 1989. He introduced the Mandal issue of reservations and fore-grounded the Bofors scandal thereby effectively putting Rajiv Gandhi on the defensive.<sup>29</sup> In 1989 the National Front introduced the 74<sup>th</sup> Constitutional Amendment Bill which could not become an Act because of the dissolution of the 9<sup>th</sup> Lok Sabha. The above is a brief history through Committees of PRIs. It gives us a sense of the opportunities and problems experienced by PRIs in the various stages.

#### ***K.Santhanam Committee (1963)***

One of the prime areas of concern in this long debate was fiscal decentralization. While the above-mentioned committees discussed this issue there were also some committees, such as the K.Santhanam Committee, which was appointed to look solely at this issue of PRI finance. The terms stated then in 1963 have remained the major terms of discussion of PRI finance especially since the fiscal capacity of PRI is limited as rich resources of revenue have already been pre-empted by higher levels of government. The committee was asked to determine:

- (a) handing over of sources of revenue in full or in part to PRIs for earmarking of certain resources for maintenance of services and institutions under PRIs,
- (b) sanctioning of grants to them by state governments,
- (c) evolution of mutual financial relations between different levels of PRIs and
- (d) taking steps to augment their financial resources through gifts and donations.

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<sup>27</sup> Ibid. p19.

<sup>28</sup> M.Wadhvani and S.N.Mishra (eds) 1996. **Dreams and Realities: Expectations from Panchayat Raj**, IIPA, New Delhi.p 2.

<sup>29</sup> Meeting with Professor S.N.Mishra, IIPA. 2 December 1999.

The Committee's recommendations have defined the terms of all subsequent discussions. It suggested that (i) *Panchayats* should have special powers to levy special tax on land revenues, home tax, etc. (ii) People should not be burdened with too many demands. (iii) The PRIs have a deplorable record of tax collections. (iv) All grants and subventions at the state level should be mobilized and sent in a consolidated form to the various PRIs. And most innovatively (v) a *Panchayat* Raj Finance Corporation should be set up which would look into the financial resources of PRIs at all three levels, provide loans and financial assistance to these grassroots level governments and also provide non-financial requirements of villages.<sup>30</sup> These issues have been debated over the last 3 decades and have been taken up by the State Finance Commissions which are required to (a) select taxes for assignment or sharing, (b) identify the principles for such sharing and assignments, (c) determine the level of grants, and (d) recommend the final distribution of state's transfers to local authorities inter se.<sup>31</sup>

Another area of prime concern, which engaged various committees and generated some bold ideas, was decentralized planning. There were reports specially prepared on this issue. For example the Planning Commission issued guidelines in 1969 for district planning. The ML Dantwala group of the Planning Commission issued guidelines in 1978 for block level planning. The report of the Economic Advisory Council of the Prime-Minister on 'Decentralization of Development Planning and implementation in the States' was issued in 1983, and the Working Group on District Planning of the Planning Commission issued its report in 1984. This concern with decentralized planning was because of the 'slow rate of benefits flowing from the infrastructure already built up, as indicated by the slow growth of productivity, and, ... insufficient percolation of benefits to the poor and the socially disadvantaged sections, despite the proliferation of several poverty alleviation programmes'.<sup>32</sup> Centralized planning, it was felt, had not solved the 'basic problems of poverty, unemployment and inequality'.<sup>33</sup>

The 73<sup>rd</sup> Amendment Act (CSAA)

The foregoing is a short sketch of a centuries long engagement with the issue of decentralized democracy. It gives one a sense of the parameters of the debate, the goals, the means adopted to achieve these goals, and the obstacles encountered. The CSAA, therefore, had a fund of ideas to

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<sup>30</sup> AS.Panth and OP.Bohra. 1995. 'Finances of *Panchayati* Raj Institutions', **Indian Journal of Public Administration**, Jan-Mar, vol xli, no1, pp68-77.

<sup>31</sup> Certain criteria have been identified for such inter-governmental resource transfer, which are the basis of many of the recommendations. These are: (i) **autonomy**: the essence of decentralization is self-rule and autonomy. The transfer mechanism in no way should result in a dependency syndrome. (ii) **equity**: Since decentralization in the context of extreme regional disparities ... can perpetuate inequalities in the standards of public services, ... intergovernmental transfers should be so designed as to secure inter-governmental equity. (iii) **predictability**: the PRIs should know the amount and timing of the transfers to make provision for planning, budgeting, and implementation of activities. (iv) **efficiency**: the resource transfer should be so designed as to facilitate efficient management and discourage inefficient and uneconomic practices. (v) **absorptive capacity**: the resource transfer should be in tune with the utilization ability (which includes availability of personnel as well) of the receiving *Panchayat*. (vi) **simplicity**: the formula for transferring the intergovernmental resources should be simple and transparent. (vii) **promotion of incentives**: there should be adequate built in arrangements for encouraging resource mobilization and penalizing waste and uneconomic practices. M.A,Oomen 1996. '*Panchayati* Raj System: issues in resource mobilization and resource transfers', **Kurukshetra**, pp11-14.

<sup>32</sup> C.H.Hanumantha Rao... p411.

<sup>33</sup> Mishra,B. 1997. 'Rationale of Decentralized Planning', **Kurukshetra**, June, pp19-22.

draw from, ideas that were critical of decentralization,<sup>34</sup> as well as supportive of it.<sup>35</sup> The thinking that produced the CSAA was not a response to pressure from the grassroots, but was a response to an increasing recognition that the institutional initiatives of the preceding decades had not delivered, that the extent of rural poverty was still much too large, and that the existing structure of government needed to be reformed. It is interesting to note that this thinking emanated from the central and state governments. It was intellectual driven, in the sense that political imagination was required to see the PRI route as a solution to the institutional inertia and governability crises that India was experiencing.

The new phase of decentralized democracy in India hence begins with a paradox. A very centralized instrument, a constitutional amendment, is used to empower a very decentralized activity, *Panchayati Raj*. This paradox is based on a belief that the CSAA will deliver, that when a sensitive and properly designed structure of local government is put in place it will overcome the hurdles presently confronted by rural development initiatives and will bring about genuine self-government. Let us now examine this promise by identifying the problems faced by the pre-CSAA PRI system and then viewing the CSAA as a response to these problems.

#### ***Experience of PRI pre-CSAA:***

Below we shall list some of the factors that were responsible for the ineffectiveness that has dogged PRIs in the last few decades.

#### ***Irregular elections and supersession***

The pre-CSAA PRIs went into decline because many of the procedural conditions for vibrant institutions of local government were either ignored or subverted. As a result in most states elections to these bodies were not held regularly. Once constituted PRIs continued for long periods. The threat of replacement, so vital for accountable government, was hence never real. In addition there were prolonged periods when PRIs were superseded. Concerned with this Rajiv Gandhi 'wrote the following letter to all the Chief Ministers: "After initial enthusiasm in the establishment of these institutions they have been allowed to languish in many states. Elections when due have not been held." The elections have been put off on flimsy grounds. In his search to identify reasons for which elections were put off in Tamil Nadu for 15 years, Malcolm Adiseshiah found 20 pretexts which included flood, drought, cyclone, school examinations, student unrest, etc.'<sup>36</sup>

#### ***Insufficient devolution of powers and resources***

The problem that has dogged PRIs has been not only that there was no clear delegation of powers but also that those that were delegated were insufficient to the tasks at hand. Hence PRIs were unable to exhibit any degree of autonomy either in implementing anti-poverty programmes, preparation of local plans, undertaking integrated local development, or in hiring or in disciplining staff assigned from other departments. The insufficient administrative and financial

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<sup>34</sup> 'Now all these defects -- public apathy, the election of interested parties, exaggerated regard for economy or careless extravagance, an inability to think in terms of large-scale expenditure, lack of foresight, prejudice, unregulated recruitment of officials, mediocre quality of staff, inefficiency, delay -- are all qualities which are frequently alluded to in official reports from India and Burma, as if they were peculiar to those countries. But local representative bodies almost everywhere suffer similar shortcomings in greater or lesser degree; they are part of the price of democratic government'. H.Tinker. 1967. **The Foundation of Local Self-Government in India, Pakistan and Burma**, p5.

<sup>35</sup> Refer fn 9.

<sup>36</sup> Dutta, P. 1995. 'Village self-government in post-colonial India', **Kurukshetra**, April pp52.

powers reduced the PRI to becoming merely administrative extensions of the centralized structure, implementing decisions and plans taken elsewhere and not by the PRIs themselves.<sup>37</sup>

### **Bureaucratic resistance**

The inadequate transfer of powers to the local level was coupled with a bureaucracy that did not want to lose its status and power benefits as would be the case in a decentralized democracy. To report and be accountable to *Panchayat* level representatives, in a rural society such as India where a 'Sarkari' position symbolizes status, was considered as a lowering of this status. In addition to ceding the power to plan, allocate, and implement to PRIs, the state bureaucracy also resisted being directed by elected representatives at the PRI level since they wanted to be those giving directives rather than those receiving directives. The role of the bureaucracy in bringing down *Panchayati Raj* to its present plight is brought out sharply by the Asoka Mehta Committee.

[The] bureaucracy had probably its own role in dissociating the PRIs from the development process. Several factors seem to have conditioned their perception. The system of line hierarchy would find favour with them as an organisational principle. The officers would feel that they are primarily accountable for results and financial proprieties to the state government. The officials knew better than to trust their own fraternity. They would, on the one hand, therefore be averse to the PRIs being entrusted with additional functions and, on the other would not easily get adjusted to working under the supervision of elected representatives.<sup>38</sup>

### **Domination by rural elites**

The devolution of powers, however limited, without the commensurate political reform i.e., greater representation to weaker sections such as Dalits, Adivasis, and women, through a quota system, and commensurate economic reform i.e., land reforms, meant that rural elites especially the dominant castes and the feudal landowners came to corner the benefits of the centrally sponsored schemes because of their control, through various means, of local administration. This spawned a whole network of beneficiaries such as contractors, landlords, local politicians and bureaucrats, bank officials, and party leaders who siphoned off the funds meant for rural development. The inadequate representation of weaker sections meant that the targeted beneficiaries were unable to break into this oligarchic rural environment.<sup>39</sup> The first **India: Rural Development Report 1999**, when reflecting on the overall failure of rural development, since there are still 200 million rural people in poverty in the 1990s, observes that 'an elaborate system of patronage, thriving on the disempowerment of the poor and hapless, distributes largesse to a chosen few at the cost of multitudes and characterizes rural India'<sup>40</sup>

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<sup>37</sup> Mukerji, N, L.C.Jain, and Arun Ghosh. 1991. **Report of a panel discussion on the Constitution (72<sup>nd</sup> amendment Bill: 1991) The Panchayats**, ISS, New Delhi.

<sup>38</sup> Quoted in ISS, 1995. **Status of Panchayati Raj in the states of India: 1994**, Concept, New Delhi, p8.

<sup>39</sup> G.K.Leiten and R.Srivastava. 1999. **Unequal Partners: Power Relations and Devolution, in Uttar Pradesh**, Sage, New Delhi. With respect to Uttar Pradesh they note 'most studies have concluded that, at least until the early 1990s *Panchayat* leadership and the supporting staff have remained in the hands of the landowning upper castes.' p33.

<sup>40</sup> NIRD. 1999. **India: Rural Development Report: Regional Disparities in Development and Poverty**, Hyderabad.

### Unsatisfactory working of Gram Sabha

The Gram Sabha, which was supposed to be the base of local government, the jewel in the PRI crown, actually failed to function as envisaged. S.P.Jain lists some of the experiences of the Gram Sabha before the CSAA.<sup>41</sup>

- (a) Meetings called mostly on the directives of the Zilla Parishad or *Panchayati Samiti* level i.e., pressures from high levels of administration,
- (b) meetings called mostly without prior notice,
- (c) people from other villages found it difficult to attend these meetings,
- (d) prescribed number of meetings not called,
- (e) proxy meetings at times were convened and proceedings were written even without the knowledge of those who attended,
- (f) attendance was found larger if the visit of some leader or big officer to the meeting was announced,
- (g) in situations where collection of subscriptions and contributions was to be made, people generally avoided such meetings,
- (h) appropriate rules governing the procedure of Gram Sabha meetings were not framed,
- (i) items such as preparation of village production plans, formulation of village plan, fixation of targets and information about new activities were generally taken care of by officials,
- (j) since most of the people attending the Gram Sabha were not aware of their role in the formulation of village plans etc they attended as silent listeners,
- (k) Proceedings of the Gram Sabha were mostly not recorded properly and never reported to the *Panchayat* or *Panchayat Samiti*. There was no follow up action.
- (l) unwillingness of the Sarpanch and other Panchas to convene meetings, and
- (m) The personal and caste based nature of village politics.

The above factors, together with the absence of political will since state level leaders were worried about the challenge from PRI level leaders, meant that in the decades following the Balwantrai Mehta Committee report (1957) PRIs did not emerge as a genuine level of local self-government in India. They at best were merely instruments of decentralized administration.

### Features of the CSAA

In response to these constraints experienced by PRI in the last 3 decades since 1957, the Narasimha Rao government piloted and passed, on the basis of a general consensus, the Constitution 73<sup>rd</sup> Amendment Act on 22 December 1992. After ratification by more than half of the State Assemblies and after obtaining the assent of the President the Act came into force on 24 April 1993.<sup>42</sup> There are some radical features in the Act. They try to address some of the problems encountered by PRIs in previous years, such as (i) granting PRIs Constitutional status, (ii) empowering socially and economically disadvantaged groups i.e., Dalits, Adivasis, and women, (iii) ensuring free, fair, and regular elections, (iv) keeping terms fixed, (v) identifying a list of items which would come under the jurisdiction of PRIs, and (v) addressing the issue of PRI finance. The main features are as follows:

1. The centrality of the Gram Sabha, as a deliberative and deciding body, to decentralized governance.

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<sup>41</sup> S.P.Jain 1997. 'The Gram Sabha: Gateway to Grassroots Democracy', **Journal of Rural Development**, vol 16 (4) pp 557-573.

<sup>42</sup> Mahipal. 1997. '*Panchayati Raj* in India: Issues and Challenges', **Kurukshetra**, August, pp72-79.

2. A uniform 3 tier PRI structure across the country, with the village, block, and district as the appropriate levels. States with populations of less than 20 lakhs have an option not to introduce the intermediate level.
3. Direct election to all seats for all members at all levels. In addition, the chairpersons of the village *Panchayats* may be made members of the *Panchayats* at the intermediate level and chairpersons of *Panchayats* at the intermediate level may be members at the district level: MPs, MLAs, and MLCs may also be members of *Panchayats* at the intermediate and the district levels.
4. In all the *Panchayats* seats are to be reserved for SCs and STs in proportion to their population and one third of the total seats to be reserved for women. One third of the seats reserved for SCs and STs will also be reserved for women.
5. Offices of the chairpersons of the *Panchayats* at all levels will be reserved in favour of SCs and STs in proportion to their population in the state. One-third office of chairpersons of *Panchayats* at all levels will also be reserved for women.
6. The legislature of the state is at liberty to provide reservation of seats and offices of chairpersons in *Panchayats* in favour of backward class of citizens.
7. Average *Panchayat* will have a uniform five-year term and elections to constitute new bodies will be completed before the expiry of the term. In the event of dissolution elections will be compulsorily held within six months. The reconstituted *Panchayat* will serve for the remaining period of the five-year term.
8. It will not be possible to dissolve the existing *Panchayats* by amendment of any act before the expiry of its duration.
9. A person who is disqualified under any law for elections to the legislature of the state or under any law of the state will not be entitled to become a member of a *Panchayat*.
10. An independent State Election Commission to be established for superintendence, direction, and control of the electoral process and preparation of electoral rolls.
11. Devolution of powers and responsibilities by the State in the preparation and implementation and development plans.
12. Setting up of a State Finance Commission once in five years to revise the financial position of these PRIs and to make suitable recommendations to the State on the distribution of funds among *Panchayats*.

### Concerns post CSAA

The CSAA appears to promise a great deal. It has been likened to the second wind of the Indian project of democracy which, just when it begins to face problems such as a demand overload and erosion of legitimacy leading to a crises of 'governability', gets a new lease of energy. The CSAA represents a political opportunity where representative parliamentary democracy is combined with direct democracy. This combination of representative and direct democracy is seen as synergistic and it is expected that this initiative will result in an extension and deepening of democracy in India. A point must be made here about the size of the polity. Not only is India large in population and geographical terms but it is also very diverse. Since the goal of 'good governance' is for a common constitutional order to extend and penetrate all spaces of the polity. The adoption by the ruling elite of a constitutional democratic framework has created spaces in the polity where political institutions faithful to the constitutional order have still to reach. There are empty spaces where other (non-constitutional) structures of power still operate. These must be occupied by the impersonal practices of rule-governance that underlie a constitutional democracy. The CSAA should therefore be seen as an attempt to occupy these spaces. Since its passage, especially now after 5 years of its working, some critical concerns have been raised about the CSAA which need to be noted and assessed. I shall briefly comment on them in terms of the domains within which they are discussed.

### ***From a legal perspective***

(i) Recognizing that there is often a shadow between precept and practice, the first significant observation concerns the legal language of 'shall' and 'may' in the CSAA. These operative words result in some provisions being mandatory on the States, when they frame their conformity Acts, and some being non-obligatory. Some of these non-obligatory provisions are :<sup>43</sup>

- (a) representation to members of the State Legislature and Parliament on *Panchayats*,
- (b) representation of the chairpersons of a lower level *Panchayat* on the immediate higher level,
- (c) method of election of the chairperson at the village level *Panchayat*,
- (d) conferring of powers and responsibilities to *Panchayats* to enable them to function as 'units of self-government',
- (e) powers of *Panchayats* to prepare plans for economic development and social justice,
- (f) implementation of schemes for economic development and social justice on matters including on the items mentioned in the Eleventh Schedule of the Constitution,
- (g) power to impose taxes, and
- (h) Provisions relating to the maintenance of accounts and their audit.

The above clauses cover three important aspects of the constitution and working of PRIs: (a) representation, (b) planning for economic development and social justice, and (c) implementation. In each of these major aspects the State governments are given the discretion to translate the intended objective of the CSAA into State legislation keeping in mind their own local contingencies. The most noteworthy is the discretion the States have to 'endow the *Panchayats* with such powers and authority as may **be necessary** (emphasis mine) to enable them to function as institutions of self-government'. (243G) The State legislature is given the power to decide what 'may be necessary'. This is such a wide area of discretion, especially on such a crucial aspect of 'power and authority' of PRIs that one can immediately see the continued control of the third tier by the second tier. State governments have taken recourse to this discretion to delay the transfer of powers and functions. In early 1999, Sarpanchas of Andhra Pradesh had to threaten that they would commit self-immolation if the state government failed to devolve items from the XIth schedule. Sixteen items were devolved. The situation remains unclear with PRIs, especially at the gram level, having democracy but not decentralization. Discretionary clauses are a means by which state control continues. This shall become clearer when I look at particular Conformity Acts.

(ii) A second set of legal comment calls for further Constitutional Amendments to improve the status of PRIs. One issue in particular calls for debate.

Article 243(D) clearly directs that the reserved seats, both for scheduled castes (SCs) and scheduled tribes (STs) as well as women shall be allotted by rotation to different constituencies in a *Panchayat*. This has been interpreted to mean that such rotation should take place at the end of every five years. If this interpretation is given effect to, no SC, ST, or women member will ever get the opportunity of occupying the same seat for a second term, as it is highly unlikely that these persons would be allowed to contest from the same constituency, when the reservation is removed. If we accept the theory that most of the SC/ST and women members do not have any prior experience and will find it

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<sup>43</sup> Ranga Rao, SP. 1995. 'The Constitution (73<sup>rd</sup> Amendment Act) Act: what next?' **Kurukshetra**, April, p11.

difficult to occupy positions of power in the initial period, it would be very difficult to support the idea that they should not continue in such positions, beyond one term.<sup>44</sup>

Therefore it is suggested that a seat be reserved for two terms so that members of these groups would get a chance to play an effective role in representing their group's interest.

### ***From an administrative perspective***

Several views have been expressed concerning the making of a more efficient PRI administrative structure. They cover a large spectrum of issues and constitute the body of the debate on PRI. We shall here briefly attempt a listing of some of them.

### ***Jurisdiction***

The jurisdictional issue, both inter and intra tier, is one area where considerable tightening up is possible. Not only have the extent of powers and responsibilities of each tier to be specified in the State Acts, and through executive instructions, which seem to have been done rather perfunctorily, but also the 'functions' to be performed by each tier. In addition to specifying the operational responsibility between one level of *Panchayat* and another, with respect to scheme, programme, and activity,<sup>45</sup> the executive instructions should also 'specify the relationship of the PRIs with the district bureaucracy'.<sup>46</sup> This remains a grey area perhaps deliberately so since in the absence of clear jurisdictions the state administration retains the power.

### ***Transfer of powers and functions***

Related to the jurisdictional issue is the transference issue. One needs to specify which functions, now performed by the departments of the State Government, need to be transferred to the PRI level. 'Many states like Andhra, Orissa, or Karnataka have chosen to leave the assignment of functions to local bodies more as a task of delegated legislation rather than principal legislation... A debate has however begun in local authority circles about the need to make the list of functions mandatory rather than illustrative and apply it uniformly to the states'.<sup>47</sup>

For example one needs to specify (a) which departments are to be brought under the full control of PRIs, (b) how should certain committees at the district and sub-district level, be reconstituted, (c) what are the arrangements for interaction between non-PRI departments with PRIs, (d) what are the arrangements for monitoring by the State Governments, (e) what are the arrangements for interaction of members of the State and Union legislatures with PRIs.<sup>48</sup> This ambiguity with respect to transference can be best illustrated by the continued existence, in most States, of the District Rural Development Agencies. (DRDA). The question to be addressed is whether the DRDAs continue to be relevant post CSAA, or are they complementary to PRIs, or do they need to be disbanded because they are administrative rather than participatory agencies, covering the same developmental terrain as PRIs.<sup>49</sup> Another scheme, which runs counter to PRIs, is the newly

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<sup>44</sup> Meenakshisundaram, SS. 1997. 'The 73<sup>rd</sup> Constitution Amendment: A case for Further Amendment', **Journal of Rural Development**, vol 61(4) p554.

<sup>45</sup> Satish Chandra, TR. 1993. 'Inter-Tier Allocation of Functions' in **The Administrator**, vol xxxviii, pp15-30.

<sup>46</sup> Mitra, S. 1995. 'Inter-Tier Allocations of Responsibilities in *Panchayati Raj* Institutions', in S.P.Jain and TW Hochgesang (eds) **Emerging Trends in Panchayati Raj**, NIRD and Konrad Adenauer Stiftung, Hyderabad, pp 141-153.

<sup>47</sup> Sivaramakrishnan, K.C. 1999. 'Sub-State Level Governments'.

<sup>48</sup> Krishna, S. 1993. 'Restructuring the Institutional Arrangements to Strengthen the *Panchayati Raj*', **The Administrator**, vol xxxviii, pp 87-100.

<sup>49</sup> Ramachandran, V. 1993. '*Panchayati Raj* in the Coming Years', **The Administrator**, vol xxxviii, p1-6.



introduced MPLDA scheme. It creates a parallel development structure based on the largess of central politicians rather than of local level participation.

### ***Bureaucracy***

These issues of jurisdiction and transference bring into focus the range of issues relating to the PRI bureaucracy. In addition to the issue of whether PRIs should have a separate cadre<sup>50</sup> to protect their promotion avenues, and whether transfer from the State administration to PRI administration would be seen as a decline in status,<sup>51</sup> there is also the major issue of creating a capable bureaucracy committed to the needs of rural society. In the past a punishment posting for incompetent and corrupt bureaucrats was a remote rural posting. In other words an area which required a competent bureaucrat got one who was instead being punished for incompetence. This aspect of creating a capable bureaucracy, through training programmes,<sup>52</sup> and through a more comprehensive policy of producing a group of persons who will have a 'body of knowledge, skills, attitudes, and values essential for operating effectively a decentralized system of governance',<sup>53</sup> has been a major area of concern.

The relationship between the district bureaucracy and elected PRI members, especially at the block and district levels, has also become a major area of attention. In the early years in Karnataka there was considerable tension between the two groups especially since the bureaucracy was loath to report and be accountable to these PRI members. Over time, however, this attitude of suspicion and resistance of the bureaucracy changed and many of them became 'ardent enthusiasts for decentralization'.<sup>54</sup>

### ***Control***

The debate on the appropriate administrative structure for PRI highlights the fundamental issue of 'faith' versus 'skepticism' in decentralized democracy. One makes this point because when one, through logical regress, pursues this questioning of the pros and cons of empowering local level institutions one realizes that either one trusts the good sense of PRI personnel, with minimal checks, conceding the case for autonomy and self-government, of the freedom to make mistakes, or one builds up an elaborate system of control on the grounds that those at the higher level know better, are more altruistic, and can better safeguard the public interest. The latter seems to have prevailed. For a bureaucratic system that has been accustomed to being the repository of state power, a privilege enjoyed by hiding behind a web of procedures and rules which have regulated the pace and direction of State developmental activity in rural India, ceding power to local administrative structures has not been easy. In fact a study of the State Acts and the executive orders show that the State governments retain enormous control over PRI, belying the argument that the CSAA is a Constitutional Amendment bringing about 'self-government'. (Refer to the discussion at the conceptual level). This control is exercised in five ways:<sup>55</sup> (a) through the application of law i.e., rules and executive instructions passed which abridge powers of local bodies, or which alter boundaries or which confer wide-ranging powers on executives, etc, (b)

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<sup>50</sup> Meenakshisundaram, SS, 1993. 'Personnel policies for *Panchayats*', **The Administrator**, vol xxxviii, p101-108.

<sup>51</sup> Krishna, S. 1993. 'Restructuring...'

<sup>52</sup> Hooja, R. 1997. 'Training of *Panchayati Raj* Functionaries: Some issues', **Journal of Rural Development**, vol16 (4) pp723-737.

<sup>53</sup> Agnihotri, V.K et al. 1993. 'Human Resources for Development for *Panchayats*', **The Administrator**, vol xxxviii, p109-132.

<sup>54</sup> Crook, R.C and J. Manor, 1988. **Democracy and Decentralization in South Asia and West Africa**, chap 2, 'Karnataka', Cambridge University Press, p46.

<sup>55</sup> Ranga Rao.SP. 1998. 'Autonomy: The Essence of *Panchayati Raj*', **Kurukshetra**, April pp 25-27.

through local functionaries i.e., threat of removal, dismissal, adverse remarks in the confidential reports, etc, (c) Through decisions of local bodies, i.e., cancellation of decisions, withholding of approval etc, (d) through administrative activities i.e., inspection of records, institution of inquiries, review of annual reports, etc, and (e) through *Panchayati Raj* Finances where grants are withheld, audit reports scrutinized etc. I shall illustrate these control clauses in Part III.

While these checks may be justified on the grounds that they constitute routine accountability procedures, the manner in which they are implemented shows that even the limited 'self-government' brought in by CSAA is very vulnerable to the powers of control of the State Government. The question of 'routine accountability procedures' needs to be addressed by scholars of decentralization since it is used as a front for centralized power. It is here where the objective of people's empowerment faces its stiffest resistance, not just from ingrained attitudes of distrust of the lower by the higher, the higher being of 'higher integrity', but also by the inability of the system to be reflexive and imaginative.

### *From a fiscal perspective*

The area, which has drawn a great deal of attention, is *Panchayat* Finances. Here there has been a widespread debate on issues such as (a) own sources of revenue,<sup>56</sup> (b) the revenue capacity of PRIs in terms of the basis of taxation,<sup>57</sup> the elastic sources of revenue, hesitation to tax because of the proximity problem, dependency on State grants,<sup>58</sup> (c) revenue autonomy of PRIs<sup>59</sup>, (d) internal financing by PRIs to deepen stakeholder participation,<sup>60</sup> etc. I shall not go into details here but wish to merely state that this discussion has two aspects. The first concerns the 'normative principles' such as autonomy, equity, predictability, efficiency, absorptive capacity, simplicity, and promotion of incentives that should govern fiscal devolution.<sup>61</sup> The second looks at the 'instruments' by which such devolution will be operationalized i.e., tax-assignments, grants-in-aid, loans, and contributions. Here various issues are raised such as the distinction between the instruments of fiscal and monetary policy. For example, it is argued that fiscal policies of sub-national governments sometimes run counter to those of the Central government ... since the former try to increase expenditure or raise taxes while the latter try to reduce spending or cut taxes.

Three important issues are raised about fiscal decentralization. The first addresses the question of whether a decentralized system is more or less effective in reducing inter-jurisdictional disparities than a centralized system. The second concerns the economic stabilization policies that only central government has the incentive to introduce. And the third engages with the distinction between demand and supply efficiency. Decentralization focuses on the former and ignores the latter.<sup>62</sup>

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<sup>56</sup> Special issue on PRI Finances of **Kurukshetra**, April 1996.

<sup>57</sup> Singh.S.K. 1996. 'Taxation powers of *Panchayats*: a review', in **Kurukshetra**, December 1996, pp22-27.

<sup>58</sup> Oomen.M.A. 1999. '*Panchayat* Finance and Issues Relating to Inter-Governmental Transfers', in S.N.Jha and P.C. Mathur (eds) **Decentralization and Local Politics**, Sage, New Delhi, pp 142-172.

<sup>59</sup> Girglani, J.M. 1993. 'Financial Resources of *Panchayati raj* Institutions', **The Administrator**, vol xxxviii, pp39-63.

<sup>60</sup> Mitra.S and Dubey.A.K. 1997. 'State Finance Commissions and State PRIs Financial Relations', in **Journal of Rural Development**, vol 16(4) pp 685-695.

<sup>61</sup> Prudhomme, Remy. 1995. 'The Dangers of Decentralization', **The World bank Research Observer**, vol 10, no 2, pp201-220.

<sup>62</sup> Prudhomme rightly complicates the decentralization case by arguing that different treatment is called for on (i) taxes and expenditures, (ii) geographical areas, (iii) sectors, (iv) different functions and (v) for joint provision of services. 'These choices are not so much whether to decentralize in general but rather what functions to decentralize, in which sectors and in which regions. In many cases the problem is not so much

### ***From a planning perspective***

Planning is one aspect of CSAA where considerable innovation has been attempted. While the meshing of centralized planning with decentralized planning remains the big problem, there have been some very imaginative exercises of participatory planning such as the **People's Campaign for the Ninth Plan** in Kerala. Here 'more than a lakh people turned up for the training programmes and 30 lakh people all over Kerala State participated in the special Gram Sabha and Municipal Ward meetings to discuss the planning issue'.<sup>63</sup> The principles of such decentralized planning should be:<sup>64</sup> (i) people's need and local resource based, (ii) people directed i.e., they should have a say in identifying need, (iii) on developing backward sub-regions and weaker sections, (iv) cost effective with respect to project implementation and monitoring, and (v) sustainable in terms of the development targeted.

Initiated in 1996 there are six stages of the people's campaign, which go into the making of the state plan. The first is where the **Gram Sabha** is convened to identify needs, list priorities and create awareness. The second stage, the **Development Seminars**, involves a consolidation of **Gram Sabha** reports, a review of ongoing schemes, the collection of secondary data, a geographical study of the area to establish its resource base, and a brief survey of local history. The third stage, **Task Forces**, involves the constitution of sector-wise Task Forces to project the recommendations and suggestions, which have emerged from the Development seminars. The fourth stage, **Annual Plan Finalisation**, is where the projects prepared by the task forces are prioritised and incorporated into the five-year plans of the *Panchayats*. The fifth stage, **Integration of Plans of Higher Tiers**, is where every Block *Panchayat* has to prepare its development plan integrating village development reports as also centrally sponsored poverty alleviation programmes. This has also to be done by the District *Panchayats*. The final stage, **Plan Appraisal**, involves an evaluation of the technical soundness and viability of projects prepared by the local bodies before they are approved for implementation. To do this a Voluntary Technical Experts and Core (VTC) is to be formed comprising of retired technical experts and professionals to help appraise the projects and plans of local bodies. This of course involves extensive training programmes at the different levels.<sup>65</sup>

This exercise will lead to not just sustainable development, because of a deeper involvement of people in the planning, implementing, and monitoring process, a more balanced and sustainable use of local resources, a better maintenance of local assets, but also an increase in the self-esteem, and knowledge about the development process, of the hitherto marginalized groups. In this exercise large numbers of people (see Table 1) got trained in the mechanics of local government with topics such as (a) challenges of development, (b) decentralization philosophy, (c) rules and statutes, (d) gram sabhas, (e) PRA techniques, (f) projects, (g) appraisal, (h) micro-development models, (j) integration, (k) SC/ST and gender issues etc. The aim here was to mesh the technocratic approach i.e., involving planning and coordination mechanisms, budgetary

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whether a certain service should be provided by a central, regional, or local government, but rather how to organize the joint production of the service by the various levels'. Ibid. p201.

<sup>63</sup> George, J. 1997. 'Panchayats and participatory Planning in Kerala', **Indian Journal of Public Administration**, vol xliii, no 1, p91.

<sup>64</sup> Aziz, A and Shenoy.P.V. 1997. 'District Planning: Principles and their Organization', **Journal of Rural Development**, 16(4) pp 575-588; Benninger, A. 1991. 'Rural development and Decentralized Planning: Who should Participate and How?' **The Administrator**, vol 36, pp95-111.

<sup>65</sup> State Planning Board. 1998. Chapter 13 'Local Self-Government', **Economic Review**, Government of Kerala.

procedures, reporting systems, training schemes, etc., with the political approach i.e., involving the beneficiaries in the process of planning and implementation.<sup>66</sup>

Table 1: Participants in Training/Empowerment Programme<sup>67</sup>

Phase	State	District	Block	Panch/Muncip
I	375 (5)	11716 (3)		100000 (1)
II	660 (3)	11808 (2)		100000 (1)
III	300 (4)	1146 (3)	1500000 (2)	
IV	3014 (3)		10000 (2)	
V	1186 (3)			
	304 (2)			
VI	150 (2)	6000 (2)	6000 (1)	
	300 (3)		6000 (1)	
VII	2890 (2)		25000 (2)	
	3360 (2)			

\*Numbers in parenthesis represents no of days

### ***From a political perspective***

The concerns expressed at the political level remain the most challenging, because unlike the concerns expressed at the legal, administrative, fiscal or planning levels, which call for instrumental responses and which can be largely addressed through better designed structures, the concerns at the political level, in addition, also raise questions of a normative nature which require us to indicate our preferences rather than engage with an instrumental calculus. Let me list some of them here.

### **On the centrality of the gram sabha**

One of the concerns of the new PRI initiative is how to bring the people into the political system, to give them say in decision-making. The gram sabha is seen as the site for such effective political participation. In the past the gram sabha was not functioning well, with poor attendance, poor discussion, and no records of proceedings etc.<sup>68</sup> This needs to be remedied. The gram sabha has to be made more vibrant, more central to village self-government. Twenty-one suggestions were made at a conference held in July 1999 to re-vitalise the gram sabha from reducing its size, to an expansion of its powers to include police, judiciary, and revenue power, to control of natural resources, etc. The year 1999-2000 has been declared by the government of India as the year of the gram sabha.<sup>69</sup>

### **On organic linkages**

Another issue of significance is the linking up of the various tiers of government to ensure a smooth functioning. The first issue concerning these linkages is the issue of whether MPs/MLAs should have representation in the PS/ZP which fall in their constituencies and also whether they should have voting rights. Reversing the direction some have even suggested that the second chamber should be revived in all states and that it should consist of members from the three levels of PRI according to some formula. This would give lower levels say at higher levels. The second

<sup>66</sup> Sundaram, K.V. 1995. 'Decentralized Planning in the Context of the New *Panchayati Raj System*', in S.P.Jain and T.W. Hochgesang, **Emerging Trends in Panchayati raj in India**, pp 52-59.

<sup>67</sup> Same as fn 65.

<sup>68</sup> See S.P.Jain fn 41

<sup>69</sup> Choudhary, R.C. and R.C.Jain (eds) 1999. **Strengthening Village Democracy**, NIRD, pp77-80.

issue concerning linkages refers to the relationship between PRIs and the various district level bodies such as DRDAs, watersheds, user societies, etc. This is an aspect that has been overlooked in the Conformity Acts. Establishing these linkages is important for smooth co-ordination especially now when watersheds and user societies are also gaining the support of higher level bodies and international donor agencies. The third issue concerns the composition and function of the District Planning Committee. It remains a neglected aspect in most states, a lapse which is significant especially since it is the only planning body that has Constitutional status and that links the rural with the urban localities.

#### **On growth in government bureaucracy**

There is the genuine fear that the only beneficiaries of the CSAA will be those employed at the third tier. It has been noted that while rural development expenditure is growing at a slow pace, establishment costs (read salaries) have considerably increased.<sup>70</sup> The question being debated is whether government officials from line departments of the state should be transferred to PRI institutions or whether new people should be recruited and the relevant line departments closed. Since providing jobs in the state sector is a major source of political patronage, even at the cost of a decrease in resources available for development, the possibility of growth in the size of government bureaucracy with all its attendant evils, of absenteeism, poor productivity, callousness, etc appears high.

#### ***On further fine tuning of reservations for SCs/STs***

While the general policy of reservations has been widely accepted there is an anxiety that if this is enforced in an undifferentiated manner it may give benefits to the creamy layer of these groups. The suggestion being made is that within such a policy of reservation there should be further reservations so that representation of the weakest among the weaker sections in the PRI is ensured. This is based on the recognition that SCs/STs are not homogenous groups... some being socially and economically more vulnerable e.g., bonded labourers, scavengers, sweepers, leather workers, among the SCs and the primitive tribes among the STs. 'The problems of these communities are peculiar to their occupation, and are not comparable to other groups of SCs and STs. Unless there are adequate representatives of the SCs and STs in the PRIs from among these groups, there is a likelihood that the emerging leadership from among the SCs and STs may not be able to bestow proper attention to the problems of these groups. As a result, these groups may be future marginalised'.<sup>71</sup>

#### ***On the issue of justice for the rural population***

An argument has been made that 'the present state of judicial administration with its inevitable cost, delay and technicality has made it unsuitable to the rural public whose disputes are seldom technical and hardly require the luxury of adversarial adjudication of the formal court system'.<sup>72</sup> There are over two crore cases pending in the courts some for over a decade. This unsuitability has prompted calls for an alternative (perhaps-parallel) system of Nyaya Panchayats while bearing in mind Ambedkar's fear of the oppression in an Indian village. The Law Commission of India in its 114<sup>th</sup> Report (August 1986) suggested such a system where (i) nomination of judges (ii) method of judgement (iii) procedure to be followed, (iv) power of the *nyayalayas*, and (v) exclusive jurisdiction were discussed.

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<sup>70</sup> Refer to CMIE publication on **Public Finance**.

<sup>71</sup> Prasad, R.R. and K.Suman Chandra. 1995. 'Reservations for Scheduled Castes and Scheduled Tribes in Panchayati raj Institutions: Policy Implications', in SP Jain and TW Hochgesang **Emerging Trends in Panchayati Raj**. P 47.

<sup>72</sup> Madhava Menon, N.R. 1995. 'Democratisation of the polity and restructuring of the judicial system at the grass roots', **Kurukshetra**, December, p5.

The Commission recommended a very simple procedure envisaging quick decision, informed by justice, equity, and good conscience. It did not want the **Civil Procedure Code** and the **Indian Evidence Act** to be applied to proceedings before the new version of *Panchayat* courts. The court has to be mobile to visit the place of dispute (village) carrying justice to the doorstep of the people and for this purpose a transport vehicle is to be provided. In all possible cases, on the spot execution of the decree/order was also envisaged by the Law Commission. In respect of jurisdiction, the Commission favoured criminal jurisdiction available to a First Class Magistrate and civil jurisdiction covering boundary disputes, tenancies, use of common property, entries in revenue records, irrigation disputes, minor property disputes, easements, all family disputes, wage disputes, disputes arising out of bonded labour, etc., irrespective of the pecuniary value of the subject matter of the dispute.<sup>73</sup>

### ***On epistemic versus political community***

One major normative issue, which runs through this extensive literature, especially at the second level of the operationalizing of PRI, is the issue of 'who decides.' While the simple answer has always been 'the people', and that is why an elaborate participatory structure has been envisaged with the Gram Sabha as its cornerstone, this answer does not sufficiently recognize the tension between the epistemic community of policy makers e.g., experts, VTC of Kerala, and the political community i.e., members of the Gram Sabha. In Gram Sabha meetings, for example, how much should the expert (officials) prompt the proceedings and how much should s/he refrain from prompting is a dilemma that is evident right across levels and situations. Whose version of the outcome should prevail, the epistemic or the political community's version? This refers to a tension that remains unresolved at the heart of democratic theory. It is most stark at the level of local rural government where the political community is made up of many illiterate citizens.

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<sup>73</sup> Ibid p3.

### Part III

#### The design level: Examining the Conformity Acts

To get a comprehensive understanding of the body of rules that governs the PRI structure in the states one general points needs to be borne in mind. This relates to the process by which the existing body of rules emerges. There are three stages involved. (i) At the start is the Constitutional Amendment (CSAA) that sets the framework and identifies the parameters within which the body of rules is to be developed. (ii) This is followed by the Conformity Legislation of States that translates the CSAA into the furniture of local government, i.e., establishing offices, prescribing powers and functions, recommending procedures, developing linkages between this level of government and others, etc. The Conformity Legislation (Principal Legislation) recognises that there will be new contingencies which will have to be addressed in the future and hence it contains clauses that allow State governments to prescribe new rules without going through the legislative process. (iii) This contingency provision gives rise to a substantial body of rules (Delegated legislation) which emerge through government orders (GOs) and which in actual fact are the source of a great deal of authority within the *Panchayat* system. This opening for the State governments to intervene (read control) comes about through the language of some of the key clauses in the Conformity Acts. These clauses use language such as the ‘State may by notification’ or ‘subject to such rules as may be made under the proviso to article ... the government may alter, ...’ which allow the State to withdraw, curtail, extend, over-ride the authority of the PRI system. An observer of local government has found that States such as Andhra Pradesh and Karnataka have used the route of delegated legislation in preference to principal legislation <sup>74</sup>. I have discussed each State’s Conformity separately in the Annexures 1-6

#### Enabling and constraining Provisions

The above body of law in its entirety performs the dual function of enabling and constraining. This takes place within a matrix of power. In some cases constraining features may also be enabling. Hence provisions such as reservations for Dalits, Adivasis, women, within the *Panchayat*, particularly the reservation for the post of Sarpanch, can be seen as both enabling and constraining depending upon the position, within the matrix of power, from which the question is being asked. In addition to reservations the other enabling provisions relate to the powers and functions of the Gram Sabha (See Table 2). The main constraining provisions relate to the control of the PRI system by the state. (See Table 3)

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<sup>74</sup> See fn 47.

Table 2: **Scope and Functions of the Gram Sabha**

Sr no	Functions	States
1	Examine annual statements of accounts and audit report	A.P., Karnataka, M.P
2	Discuss report on the administration of the preceding year	A.P, Karnataka, M.P
3	Review programme of work for the year or any new programme	A.P, Karnataka, M.P
4	Consider proposal for fresh taxation or for enhancement of existing taxes	A.P.
5	Select schemes, beneficiaries, and locations	A.P., Karnataka, Kerala, W.B
6	Mobilise voluntary labour and contribution in kind and cash for the community welfare programmes	Karnataka, W.B Kerala, U.P
7	Render assistance in the implementation of development schemes and rendering services in villages	Karnataka, Kerala, U.P
8	Undertake programme for adult education, family welfare within the village	Karnataka, Kerala, W.B
9	Promote unity and harmony among all sections of society	Karnataka, Kerala, W.B
10	Consider the budget prepared by the gram <i>Panchayat</i> and the future development programmes and plans of the sabha area	Karnataka, M.P
11	Consider and scrutinise the existing schemes and all kinds of activities of <i>Panchayats</i>	Kerala
12	Maintain a complete register for all development work undertaken by gram <i>Panchayat</i> or by any other government department	Kerala
13	Scrutinise the completed works and all kinds of activities of the gram <i>Panchayat</i>	Kerala

Source: S.P.Jain 'The Gram Sabha: Gateway to Grassroots democracy', **Journal of RuralDevelopment**, 1997, vol16, no 4, pp557-573.

The above table shows the scope of the Gram Sabha. It is the centre-piece of the PRI system. In actual fact it has not been functioning too well. It needs to be energised because in the absence of an active and effective Gram sabha the political elite in rural India and the state government through the powers it retains (table 3) will continue to dominate local government .



Table 3: **Provisions for control of PRI by state governments : (Relevant sections)**

no	State powers	A.P	Karna-- taka	Kerala	M.P	UttarP rad	West Bengal
1	State govts powers to make rules and to make changes in content of schedule	268	311, 316	254	43, 95, 97	110, 237	224
2	Delimitation resp of govt not SEC	-	-	10	23, 30	3	-
3	State governments power to appoint officials	44(1)b 186	155(1), 196	-	69	-	186, 203(1) 203(2)
4	State Govts manage PRI affairs when delay in elections	-	-	151, 2(c)(ii)			
5	State Govts powers to dismiss sarpanch etc	249	136	159	40	29 231	91
6	State govts to cancel resolution or decision of <i>Panchayats</i>	246	-	191	85	--	-
7	State govts power to dissolve <i>Panchayats</i>	250	298(2)	193	87	232	214
8	State govts power to inspect records/works	-	236	188	84, 88	95, 235	205
9	Finance Commission report recommendatory not mandatory	241(1)	267	188(10)	-	32-A	206A (2)

#### Adivasis and self-government

The CSAA excluded the Adivasi<sup>75</sup> and Scheduled Areas from the Act, although through Article 243 M (4) b it kept open the possibility that Parliament may, by law, extend the provisions to these areas. The states, however, did not take cognisance of the significance of Article 243 M. As a result the Ministry of Rural Areas had, in 1994, to set up the Bhuria Committee to (a) formulate the salient features of the law that may be taken up for enactment by Parliament for extending the provisions of Part IX to of the Constitution to the Scheduled Areas and (b) suggest variations and modifications in other Acts relevant to the Fifth Schedule in order to strengthen institutions of local self-government in the Fifth Schedule Areas. The committee submitted its report on 17 January 1995 and based on its recommendations the 'Provision of the *Panchayats* (Extension to the Scheduled Areas) Act 1996 (Central Act 40) came into effect from 24 December 1996.

<sup>75</sup> It is of interest to note that we in India, even in our legislation, still refer to original groups as 'Tribals', a description coined by the colonial state, and which today has been considered politically incorrect in the global discourse. The preferred words are Indigenous people, First nations, Aborigines, or Adivasis.

The act is remarkable because it (i) recognises that Adivasis are a vulnerable group that need to be protected from the arrogant state in the person of the lower functionaries such as policeman, excise, forest and revenue officials who tend to act against Adivasi interest, (ii) endorses the communitarian nature of Adivasi life and the common ownership of property.<sup>76</sup> It recognises the priority of community rights, not just to the resource base in which the community is located but also over the individuals especially with respect to property.<sup>77</sup>

With these principles in mind the Central act (PESA) has placed the Gram Sabha at the centre of the *Panchayat* system of self-rule for the Adivasis. Its powers and functions go much beyond the Gram Sabha in the non Scheduled Areas. The Gram Sabha has been entrusted with the following tasks to : (i) preserve the tradition and custom of the people, (ii) protect their cultural identity, (iii) safeguard community interests in the management of community resources, and (iv) ensure the customary mode of conflict resolution.<sup>78</sup>

The Gram sabha has been assigned the following powers.

#### ***Mandatory Powers:***

‘The powers assigned to the Gram Sabha in this category are threefold: (i) to approve the plans, programmes and projects for social and economic development before these are taken up for implementation by the village *Panchayat*, (ii) to identify or select the persons as beneficiaries of poverty alleviation programmes, and (iii) to give certification of utilisation of funds by the *Panchayat* for the above programmes’.<sup>79</sup>

#### ***Powers to be consulted***

‘The act has assigned consultative power to the Gram Sabha in regard to acquisition of land.’ ... ‘In other words, land in the Scheduled Areas should be acquired with the consent of Gram Sabha and the proposed alternative livelihood for the affected families should be acceptable to them’.<sup>80</sup> This is an important protection because land is most sought after by those outside these areas and also because land is central to their community life.

#### ***Recommendatory powers***

‘The Central Act has specified that the prior recommendations of the Gram Sabha or the *Panchayats* at the appropriate level will be compulsory in the following matters: (i) for grant of

<sup>76</sup> Anand.S and S.Kothari, 1999. ‘Minor Forest Produce and Community Control over Natural Resources under Adivasi Self-Rule’, unpublished paper, Lokayan, New Delhi.

<sup>77</sup> The relationship between individual, community and state is seen in terms of 4 possible relationships, between (a) individual and state through the intermediary of the community, (b) individual and state sans the community, (c) individual and community, and (d) community and state. B.K.Roy Burman. 1995. *Panchayat Raj and Tribals*, ISS, New Delhi.

<sup>78</sup> The importance of this last provision is because ‘the formal contemporary system for resolving conflicts in the countryside –mainly courts, the police, jails, and written law- like most institutions of justice stand increasingly discredited. ... They have substantially lost legitimacy as reliable institutions for ensuring cheap quick, reliable, and transparent justice for rural people, especially those belonging to disadvantaged groups’. Mander,H and V.Naik. 1999. ‘Gram sabhas and the Delivery of Justice: Some Issues’. Paper presented at the UNDP conference July 1999, New Delhi. The authors list 5 areas for such conflict resolution (i) tribal land alienation, (ii) money-lending, (iii) personal law disputes between husband and wife, (iv) compoundable civil disputes and (v) compoundable criminal disputes.

<sup>79</sup> Srivastava. K.B. 1999. ‘*Panchayats* in Scheduled Areas: An Analysis of Provisions of the *Panchayats* (Extension to the Scheduled Areas) Act 1996 (Central Act 40) and Extent of its Adaptation by the States having Fifth Scheduled Area’, NIRD, Hyderabad, p7-9.

<sup>80</sup> *ibid.* p8.

prospecting licence or mining lease for minor mineral in the scheduled Areas, and (ii) for grant of concession for the exploitation of minor minerals by auction.’<sup>81</sup>

***Powers to be devolved by the State Governments***

The following powers are to be devolved to ensure that these *Panchayats* function as institutions of self-government. ‘(i) enforcement of prohibition or regulation of sale of intoxicant, (ii) ownership of minor forest produce, (iii) to prevent alienation of land and to take appropriate action to restore and unlawfully alienated land of a scheduled Tribe, (iv) to manage village markets, (v) to exercise control over village money lending to the scheduled tribe, etc.’<sup>82</sup>

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<sup>81</sup> *ibid* p8.

<sup>82</sup> *Ibid* p9.

## Part IV

### **The *reception* level: Operationalizing the ‘opportunity space’.**

The forgoing elaborate discussion at the *design* level seems to assume that to create 'self-government' at the local level it is sufficient to design an enabling institutional structure that is representative, participatory, and has adequate resources. While this assumption has considerable merit, in that institutions do create opportunities which, when taken, produce new realities that are both subjective and objective in nature, the capacity of the locality to receive and support this structure, however, also needs to be examined. Receptiveness of the locality is as important for self-government as good design. The PRI structure offers many opportunities for disadvantaged groups to redress their disadvantage. These opportunities that emerge, such as reservations, Gram Sabhas, people's planning, etc., have the potential to create capability for self-government. In actuality, however, there are many impediments to such opportunity being taken. For an 'opportunity' to be real it needs to be first recognized as opportunity i.e., perceived as such and then acted upon. This requires of the social agent: (i) the ability to perceive, and (ii) the ability to act on the perception.

It is in terms of this ability that the elaborate design, and the philosophy behind the design, begins to get challenged. In India the degree to which the design conditions are met varies with each of the states, varies with its socio-political conditions. Let me here try and identify some of the critical issues that must be taken into account when designing a structure of local self-government in India. These are general issues and the extent of their significance will vary with state, region and locality.

#### Rural Power Structure

The biggest constraint on the ability of the PRI institutional framework to bring about equitable rural development is the rural power structure. The source of this rural power is the pattern of land holdings which gives the landlords not just power over the material lives of those working on their land, but also gives them access to the power of the state. They have been the main beneficiaries of the structure of decentralized administration, which characterized the pre-CSAA structure of governance in rural India. The problem of landlessness, rural indebtedness, migration, high women and child malnutrition, illiteracy, etc., can all be linked to the inability of the rural poor to benefit from even the limited opportunities created by the developmental state. The failure of the developmental state to deliver has two broad aspects: (i) the insensitivity, casualness, lack of accountability, and inertia of the delivery process<sup>83</sup> The elite, because of their closeness to the state structure, are able to corner the opportunities created by the various schemes which range from asset development to welfare programmes. This structure of rural power persists even post CSAA. This has been well documented in the case of U.P.

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<sup>83</sup> Some of these are listed in chapter 5 on 'Implementation, delivery Mechanism and Institutional Development', of the **Ninth Five Year Plan 1997-2000**. They are (i) inadequate analysis of available information during programme formulation, (ii) top down and target oriented rather than a bottom up approach, (iii) lack of accountability of the implementing agencies either to the government or to the people, (iv) social sector programmes formulated without addressing the question of sustainability of benefits, (v) failure to ensure timely and adequate flow of funds to the implementing agencies.. etc.

*Panchayati Raj*, it appears from our case studies, despite honourable exceptions, is the raj of the big people. In the public domain, poor villagers continue to be expected to comply. Some changes have taken place, though, and the factionalism of the dominant castes in at least two cases has been confronted by empowerment from below. These cases demonstrate that *Panchayats* fail to function even in villages where the lower castes have succeeded in securing control over the *Panchayats*. The dominant elite retains sufficient intra-village and supra-village power, which allows it to obstruct the development efforts, particularly if they are initiated by and targeted at the poor villages. Access to power, infra-structural facilities and state institutions continue to be mediated through the established land-owning families.<sup>84</sup>

This picture of rural power is poignantly brought out by the remark, made recently during the elections to the state assembly in Bihar (February 2000). When the landless Dalits of some of the villages where they had never voted were asked why they did not vote even though the central para-military forces were there to protect them, they replied, ‘Sarkar, today we have their protection but who will protect us when they go away if we vote against the upper castes’.

### ***Land Reforms***

The above observation strengthens the case for pressing for land reforms. They are a necessary condition for effective political reforms in rural India.<sup>85</sup> The **India: Rural Development Report 1999** recognizes the link between land, markets, and social institutions like caste. It sees ‘land and agrarian reforms (as the) unfinished agenda of the last five decades. Even if its scope is severely restricted in the present day due to demographic pressure, access to land, its optimal use, investment and cooperation are possible only if such reforms are put in place. Land reforms is not just distribution of land. Its aims are to break the land-caste based political controls, guarantee access to technology and credit and create conditions for maximum production and marketable surplus, all so necessary for rural transformation’.<sup>86</sup>

The main elements of the land reform policy are: (a) abolition of intermediary tenures i.e., zamindars and jagirdars, (b) tenancy reform in terms of (i) regulation of rent, i.e., maintaining it at a fair level of between 1/4<sup>th</sup> and 1/6<sup>th</sup> of the value of the gross produce of the leased land, (ii) security of tenure of tenants who had cultivated a piece of land continuously for a fixed number of years, and (iii) conferment of ownership rights on tenants, (c) ceiling on landholdings and distribution of surplus land,<sup>87</sup> (d) consolidation of holdings, and (e) compilation and updating of land records. Computerization of land records alone would be a revolutionary step. While these are the various elements of the policies it is only the first element, abolition of zamindars, which has successfully been carried out in India. The remaining elements still need to be pursued. In spite of a conference of Chief Ministers as early as July 1972, where national guidelines on land reform were formulated, incorporating many of the aspects identified above, little has been done because either the law is poorly framed to encourage its evasion, or because the ‘executing

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<sup>84</sup> Leiten, G.K. and R.Srivastava. 1999. **Unequal Partners: Power Relations, Devolution and Development in Uttar Pradesh**, IDPAD no 23, SAGE, New Delhi, p 202.

<sup>85</sup> Dutta, P. 1995. ‘Village Self-Government in Post Colonial India’, **Kurukshetra**, April, p49-56.

<sup>86</sup> NIRD, **India: Rural Development Report 1999**, p 121.

<sup>87</sup> The Bhoodan movement of Vinoba Bhave tried to do this by appealing to the Gandhian idea of trusteeship to the landowners to voluntarily relinquish surplus land. Bipan Chandra et al. 1999. **India After Independence**, Viking, New Delhi . Chs 28-30 on Land Reforms.

agencies are susceptible to pressure from the rural rich to bypass the law or stall its implementation.’<sup>88</sup>

In West Bengal recording the names of sharecroppers became the first priority. This together with other incentives has resulted in rural development in the following sense:

1. The push forces, pushing people out of the rural habitat, have become feeble, and out migration from villages has virtually stopped.
2. Employment opportunities appear to have grown considerably, leading to a decrease in the percentage of rural non-workers between 1981 and 1991, unlike in the rest of India where the percentage of non-workers has increased.
3. Agrarian production between the mid 1970s and the early 1990s has virtually doubled, thereby neatly exceeding the all India average. Output figures suggest that in recent years West Bengal has come to occupy the first position among all the states in terms of growth of food grains production and per capita increase in food grains consumption.
4. The process of polarization and depeasantisation has stopped. West Bengal is the only state with declining percentage of agricultural labour in the workforce, and is likely to have undergone a process of re-peasantisation.
5. The process of polarization and pauperization also appears to have been reversed; poverty remains but destitution is less apparent.<sup>89</sup>

While there may be some grounds for conceding that there may not be much surplus land available as there was earlier, because of high population growth and the rapid subdivision of large landholdings over several generations, there are still many programmes for the landless that can still be undertaken such as (i) distributing home sites, (ii) ensuring payment of minimum wages, (iii) providing security of tenure, (iv) providing fair rents to sharecroppers and tenants, (v) increasing off farm employment in rural areas, and (iv) increasing animal husbandry and other activities associated with cultivation but not requiring land.<sup>90</sup>

### ***Dalits and Rural society***

When this picture of rural power is read through Ambedkar’s lens, of a segmented caste society then we find the presence of groups who are doubly disadvantaged. Not only are they landless i.e., have no material security but they also have to carry the additional oppressive burden of

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<sup>88</sup> Bandopadhyay, D. 1995. ‘Reflections on Land Reforms in India since Independence’, ch 10 in T.V.Satyamurthy (ed) **Industry and Agriculture in India Since Independence**, vol 2, Oxford: p325.

<sup>89</sup> Leiten, G.K. 1996. **Development, Devolution, and Democracy**, IDPAD 18, SAGE, New Delhi, p223.

<sup>90</sup> In addition attention must also be paid to the opportunity, in this globalized world, for introducing innovative managerial and marketing strategies to revive the attractiveness of goods produced in the rural economy. The global market for herbal products, hand woven cloth, artisanal goods etc., makes one feel that it is possible to link the rural artisanal economy to the global economy. While Gandhian economic ideas may be utopian even naïve, they draw attention to the range of products and activities that the rural economy can support such as spinning and weaving, bee keeping, oil pressing, gur making, paper making, hand grinding of wheat, etc. These are products that have niche markets. They have, unfortunately, been forced to compete in mass markets and hence lose out to goods produced by corporate India. The Khadi Village and Industries Commission (KVIC) needs inputs from designers and modern management gurus. We felt it necessary to very briefly mention this idea of bringing modern management and design ideas to producing goods for niche markets and thereby to revive the rural artisanal economy because isolated cases where such initiatives have been taken e.g., Fab India, Tilonia, have proved to be popular. Renga Rajan, L.S 1997. ‘Gram Swaraj – a Gandhian Perspective’ **Kurukshetra**, August p48.

social and cultural stigmatization. Large spaces of rural society become thereby exclusion zones for Dalits, who not only cannot enter with dignity the localities of the upper caste but also have to remain within their own ghettos. The size of this Dalit segment is put at approximately 170 million 'citizens'. The bulk of the poor 40 percent of the population, are landless agricultural labourers a majority of whom are Dalits. The extent of their deprivation covers the whole range from land, houses and water to health and education. But inspite of this great deprivation the submissiveness of an earlier era is changing and a new assertiveness is emerging through the language of rights. The journalist P.Sainath re-visiting some of the rural areas that he had visited 7-8 years ago reported at a recent workshop on Dalits and the State,<sup>91</sup> that the 'single biggest battle for human dignity is taking place in India today'. The Dalits are fighting on multiple fronts simultaneously.<sup>92</sup> This is taking place across the country and is expressed in caste violence in Tamil Nadu and caste massacres in Bihar.

### Upper Caste violence

This aspect of violent reprisal must be recognized here as an important aspect of the upper caste response to the new language of rights of the Dalits as well as to their increasing political empowerment through Panchayati Raj.<sup>93</sup> In rural North India there is a privatization of violence through private armies of land owners such as the Ranvir Sena which respond to Dalit demands by torching Dalit houses and raping and looting their villages often in the face of a bystander state controlled by the same landed castes.<sup>94</sup> The story below is illustrative of this struggle.

For the past two months the southern districts of Tamil Nadu have been rocked by caste-related clashes in which six persons were shot dead by police while 14 more were killed during the clashes. The main reason behind these clashes was the planned effort by oppressive castes to throw out Dalits from their settlements. It is a sorry state of affairs that even the political and the state power stood beside the oppressive castes. Following this what happened at Melavalavu village on June 30, 1997 was the epitome of intolerance by high caste people. On this day just because Dalits stood for elections to the village Panchayat (Melavalavu being a reserved constituency) the high caste people of the village brutally murdered six persons, including the President and Vice-President of the Panchayat, in broad daylight. They severed the head of the Panchayat president and threw it inside a well... The post of the Panchayat president in this village was reserved for the Dalits during the recent Panchayat elections. The high caste people, unable to face this encroachment on what they had traditionally considered their domain, protested against it and threatened the Dalits with reprisal if they contested for the post. They burnt even their houses.<sup>95</sup>

The murders were a result of Dalits contesting elections. The failure of the 'rule of law' to protect the vulnerable Dalits can be illustrated by what P.Sainath refers to as the seven stages that a Dalit

<sup>91</sup> Workshop on **Dalits and the State**, organized by Vikas Adhyayan Kendra, Old Goa, 2-4 February 2000.

<sup>92</sup> P.Sainath has recounted this struggle for human dignity in his series of articles on Dalits in **The Hindu**.

<sup>93</sup> Discussant Mark Robinson's comment on the paper of Peter.R.deSouza 'Decentralization and Local Government: the 'second wind' of democracy in India', at the conference on **Constitutional Ideas and Political Practices: Fifty Years of the Republic**, 22-25 January 200.

<sup>94</sup> The emergence of the middle castes as a political force as a result of the Green Revolution, has introduced one more theatre of struggle for the Dalits who now have to fight against these castes that have benefited from the limited land reforms and are thus resistant to more radical measures of further redistribution.

<sup>95</sup> Larbeer, Mohan. 1997. 'Atrocities in Melavalavu Panchayat', **Panchayati Raj Update**, July no 43, p6.

has to go through before a court can even hear the case. These are (i) pressure from the caste Panchayat, (ii) entry fee to enter the police station, (iii) resisting a brokered compromise, (iv) paying money for filing an FIR, (v) delay in recording the statement of witnesses, (vi) coercion in the village, and (vii) feeding of the judges. This only confirms that if an ethnography of a rural police station were to be done it would dispel, once and for all, the utopian liberal idea of the impersonal 'rule of law' being available in a democracy to all citizens equally.

### Rural Patriarchy

This oppression on Dalits is paralleled by the suppression of women in rural society which remains very patriarchal. The opportunity space provided by CSAA has, however, begun to challenge the patriarchal structure. The number of women who have now been catapulted into positions of power is large. The story of Fatima Bi, Sarpanch of Kalva village in Andhra Pradesh, who received the UNDP's Race against Poverty Award for Asia is well known. But other cases can also be

recounted of women becoming more active and assertive. The case of Sudha.K.Patil, a blind Sarpanch of village Changa in Anand district (Gujarat) shows how this opportunity space begins to change social relations and self-esteem. Sudha Patil when asked whether she would be interested in becoming Sarpanch again replied that she would 'like to contest for the Lok Sabha and show what an MP can ideally do for rural development and social welfare'.<sup>96</sup> The number of women in PRI institutions in the six states are as in table 4 below. This cannot but have a transformative effect.

Table 4 : Number of Elected Women in PRIs

State	GP (W)	Total	PS (W)	Total	ZP (W)	Total
A.P	78000	230529	5420	14644	363	1093
Karnatak	35305	80627	1343	3340	335	919
Kerala	3883	10207	563	1547	104	300
M.P	156181	474351	3169	9097	319	946
U.P	174410	682670	14002	58165	648	2551
W.Beng	22014	62172	3202	9516	227	664

### Poverty of Cultural Capital

While the structure of land holding and the concomitant rural power structure constitutes one set of constraints especially on the opportunities for disadvantaged groups to participate in the local self-government institutions brought about by CSAA, their poverty in terms of their 'cultural capital', constitutes another set of significant constraints. By cultural capital we mean the cultural capability to perceive opportunities, to perceive them as 'new', and then to have the self-confidence to avail of them. The social fabric of rural society, a caste structure superimposed on semi-feudal economic relations in addition to illiteracy and poverty, deprives the disadvantaged groups e.g., Dalits, Adivasis, and women, of this cultural capital. They do not find themselves equipped with either the knowledge requirements or the confidence requirements to use the opportunities of the decentralized state. Hence quite easily they succumb to being proxies of the dominant group. This is aided by the fact that the dominant groups manipulate the provisions of the CSAA and Conformity Acts to get the outcomes they desire.

<sup>96</sup> Interview with Sudha.K.Patil, 1999. 'Face to Face', *Panchayati Raj Update*, May, p6.



The study of the *Panchayats* suggests that (reservation for women) has only led to a membership or even pradhanship by proxy. For the pradhan, the statutory female quota appears best fulfilled by selecting socially vulnerable women: divorcees, widows, spouses of migrant husbands, fit the bill. Their bargaining power is usually non-existent. Their knowledge of the world outside the village and of opinion within the village on important developments in that world is abysmally low. The few cases of women, from the lower castes, who have been active on their own terms, suggest that, if the male chauvinist attitude could be changed, they could play a conscientious and dedicated role in the *Panchayats*.<sup>97</sup>

This lack of cultural capital amongst those the CSAA seeks to empower, those whom the CSAA sees as agents of decentralized democracy and development emerges most clearly when we do an ethnography of the Indian state i.e., an analysis of the everyday practices of local bureaucracies and the discursive construction of the state in public culture.<sup>98</sup> A political anthropologist study of corruption and the state brings this out.

When villagers complained about the corruption of state officials, therefore, they were not voicing their exclusion from government services because they were costly, although that was no small factor. More importantly, they were expressing frustration because they lacked the cultural capital required to negotiate deftly for those services.<sup>99</sup>

#### Information deficiency

This inability to 'negotiate deftly for those services' is not only because the poor women, Dalits, s, do not have the information on what is available (this is a serious disability and results in poor utilization of schemes) but also because of the governmentality of the state. When targeted beneficiaries approach the government offices, the officials or dealing hands harass them to fill multiple forms which are often 'out stock', incur considerable travel expenses, and ten delay payments. The lack of sensitivity in dealing with such vulnerable groups makes one wonder whether the PRI system is not in fact creating more governmentality (emphasis on mentality) which now the citizen has the deal with. It is not beneficiary friendly.

#### Resources of civil society

For the PRI structure to work well it needs to draw on the resources of civil society. Self-help groups, voluntary associations, NGOs all have a potentially complementary relationship with PRIs. Even though NGOs sometimes compete with PRIs, because they work in the same area, their role as a 'social critic and policy advocate for specific issues' and of 'building civil society institutions' show important synergies between the two<sup>100</sup>. A vibrant civil society is therefore good for PRI governance.<sup>101</sup> With respect to NGOs the well known case of *Eklavya* launching various programmes in M.P. such as *Khushi-Khushi* in partnership with government bodies such

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<sup>97</sup> Leiten, G.K. and R. Srivastava. **Unequal Partners**, ...p 203.

<sup>98</sup> Gupta, A. 1995. 'Blurred Boundries: the discourse of corruption, the culture of politics and the imagined state', in **American Ethnologist**, 22(2): p 375-402.

<sup>99</sup> Ibid p381.

<sup>100</sup> Mahajan, V. 'Challenges before Voluntarism', **Seminar**, Annual 1998, 473, p85.

<sup>101</sup> Mathew, G. 'Decentralized Institutions: Governmental and Voluntary Sector', **Economic and Political Weekly**, Feb 27, 1999, p533.

as SCERT, thereby changing the face of rural education, illustrates the importance of NGOs in service delivery.

Involving the local community in service delivery in association with PRIs is another track that can be followed. For example in the field of education four roles for communities are prescribed. 'First, local communities must be free to decide the location, type and scale of buildings to be constructed from the funds to be provided by the state government; they must be free to supplement this from developmental resources devolved by the state to local bodies under the new *Panchayat Raj* system, and such additional resources as they may mobilise on their own for this purpose. Second, local communities and teachers must have flexibility subject to broad guidelines – to adapt building designs, teaching and vacation schedules and school timings in the light of local circumstances. Third, while the government should pay greater attention to curriculum design, supervision and inspection, and prescription of standards, local communities must be given a significant role in monitoring teacher performance, with mechanisms for fair review of complaints and ensuring speedy remedial action. Fourth, if an adequate complement of teaching staff is not available in a school, and the government is unable and unwilling to make good the deficiency, the community should have the freedom to appoint, if it so chooses, additional teachers at their own cost and on terms which they can afford. In all these respects, there is need to recognize the diversities and provide room indeed actively encourage – for local initiative and experimentation.<sup>102</sup>

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<sup>102</sup> Vaidyanathan, A. 1996. 'The Rural scene', **Seminar**, 464, April p53.

## Part V

### The Road Ahead

#### Opportunity Space

The first important observation that must be made about the new PRIs is that they constitute a new 'opportunity space' for citizens and groups to compete for social resources. This is a political advancement especially since, in the last five decades, there has been a growth in the numbers of citizens who have entered the political system and in the volume and complexity of demands being placed on it. This growth has highlighted the inability of the system to meet these demands resulting in a demand overload. New institutions were hence required to handle this overload. PRIs can be seen as one package of such institutions.

The features of the 'opportunity space' created by PRIs show how and why many of the impediments to the expansion of democracy in India, especially in terms of its goal of equal citizenship, will be reduced. By creating a third tier of government, which in turn has three tiers of Gram *Panchayat*, *Panchayat* Samiti, and Zilla Parishad, and by giving it Constitutional status, and by requiring States to pass their own Conformity legislation within one year, by reserving seats for Dalits, s, and women, by creating an SFC, and an SEC, and by prohibiting supersession and suspension, the CSAA has created new political 'spaces', with potential to (i) impact the system, and (ii) in which citizens can make demands. Even in the cynical scenario where these 'spaces' are taken over by local oligarchies they are considered a political advancement to the pre-CSAA situation even by the victims of these oligarchies.<sup>103</sup> Fortunately the contrary optimistic scenario has many examples<sup>104</sup> of how the opportunities brought about by PRIs have been used by women<sup>105</sup> and Dalits and Adivasis to improve their lot, to not just get some benefits from the state<sup>106</sup>, but also to lay claim to the state. Three aspects of this new 'opportunity space' are worth noting (a) the *gram sabha*, (b) representation through reservation, and (c) fixed terms.

By making the *gram sabha* the centrepiece of the PRI system, the CSAA has sought to derive all the benefits of the system of direct democracy for the larger democratic project. Some of these are:

- (i) The small distance between representative and represented resulting in a flatter power structure,
- (ii) The face to face exchange which promotes transparent and accountable government and thereby gives it legitimacy,

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<sup>103</sup> G.K.Leiten and R.Srivastava. 1999. **Unequal Partners: Power Relations, Devolution and Development in Uttar Pradesh**, IDPAD 23, Sage, New Delhi.

<sup>104</sup> These are reported regularly in ***Panchayati Raj Update*** over the last five years.

<sup>105</sup> One recent study exploring the use of this 'opportunity space' by women is that of Poornima and Vinod Vyasulu, 'Women in *Panchayati Raj*: Grass Roots Democracy in Malgudi', **Economic and Political Weekly**, December 25, 1999, pp3677-3686. Six illustrations are given. Commenting on one case of Gangamma Jayeker who used her position as President of the Zilla *Panchayat* to start a mahila mandal, and access government schemes such as TRYSEM. They see 'Gangamma Jayeker as an example of the new politician emerging from the PRI system in Karnataka. Women like her would have found it impossible to make a mark in the system without the reservations. Yet, she argues this is only a first step. Without educational improvements, women will find it difficult to work the system'.

<sup>106</sup> G.Mathew et al . 1997. 'What it means for the Oppressed'

- (iii) The capability enhancing and empowering experience of participation in the *Gram Sabha* especially for weaker and oppressed and hitherto excluded sections of the village such as women, Dalits, and Adivasis<sup>107</sup>, and
- (iv) The deliberative route adopted by the collective to decide how village resources are to be utilised leading to better-targeted utilisation.

The reservation policy for women, Dalits and Adivasis takes empowerment of excluded groups to a qualitatively new plane. This is particularly so in the case of the reservations to the post of the Sarpanch who in practice, in most cases, leads the decision making in the PRIs. Even though these are vulnerable groups, susceptible to becoming proxies, as they have been in innumerable cases the fact of reservation at the very least forces dominant groups to negotiate power with them. This is an advance since it now causes these groups to recognise their potential power. This education will, over time, breed resistance to continued domination and exploitation.<sup>108</sup> The tangible experience of having state power, of being able to negotiate with exploiting groups, even if from a position of formal not substantive equality, of learning about Centrally sponsored and State level schemes, of becoming acquainted with the furniture of government, is one which will change the pattern of social power in the rural areas. The potential of this 'opportunity space' cannot be over emphasised.

In a formal sense it represents an institutional space. Here the activity of authoritative decision-making becomes accessible to groups that were hitherto excluded from the domain. For them it also represents a social and political opportunity to challenge and re-order societal relationships because now that these excluded groups have entered this institutional space their opponents (read oppressors) have to recalculate the implications of earlier attitudes. For the oppressed groups this opportunity space represents an important psychological experience of demystification of the aura that surrounds dominant groups, individuals, high office, and the edifice of the state. There is a resulting growth in self-esteem in the confidence of being an active political agent. Of course the material conditions for the optimal benefit to be derived from this 'opportunity space' do not exist, there is still too much vulnerability because of the grinding poverty, but the 'political space' that it has opened up will become the route through which these material conditions will be improved. Signs of this are already happening in Karnataka.<sup>109</sup> By making the term of PRIs fixed and by prohibiting supersession the CSAA has introduced a new spirit of competition into rural politics. This will ensure a better delivery of services.

The second important observation that can be made with respect to the post-CSAA PRIs is the entry of new political leaders into the system. The number of new entrants is nearly two and a half-million,<sup>110</sup> a number that has revolutionary consequences for politics in India. This is particularly so since these new leaders now have legitimate authority and also since a sizeable number of them are women, Dalits and Adivasis. In addition to their potential for mobilising the citizens and of making local government more accountable, thereby resulting in better utilisation

<sup>107</sup> It is true that so far the level of participation in the *Gram Sabha* has been poor because of various factors such as the time of the meeting, the location, poor publicity, size. etc. Some states are seeking to rectify this with Madhya Pradesh seeking to introduce a fourth level of PRI, the village level. The *Gram Sabha* hitherto comprised of a group of villages.

<sup>108</sup> R.C.Crook and J.Manor. 1998. **Democracy and Decentralization in South Asia and West Africa: Participation, Accountability, and Performance**, Cambridge University press, Cambridge. In his discussion of the working of the PRI system in Karnataka Manor records the increased participation of disadvantaged groups since decentralization in 1987.

<sup>109</sup> Ibid.

<sup>110</sup> M.Robinson. 1999. '*Panchayati Raj: Five Years On*', Paper prepared for the regional Tripartite Interface Interactive Workshop on *Panchayati Raj* for the Eastern Region, Calcutta, IIMC.

of resources,<sup>111</sup> these new agents in politics put pressure on state level leaders to improve service delivery because they represent for the latter a threat of replacement. Members of this group, because each represents a small constituency, ensure that the locality, both in terms of its needs and its imagination, gets a hearing in politics. Minorities, in the broadest sense, hence find a place (Table 5).

Table 5: Number of SC and ST members

State	GP (SC)	GP (ST)	PS (SC)	PS (ST)	ZP (SC)	ZP (ST)
A.P	38674	15304	798	803	128	66
Karnata	17918	7575	601	169	165	47
Kerala	1256	136	179	17	30	4
M.P	64997	132638	1345	2780	143	267
U.P	101939	867	9126	135	389	7
W.Beng	13644	3319	2354	582	200	50

Source: *Panchayati Raj Update*

#### Accountability and Effectiveness Mechanisms: Within and Without

*The picture of the rural power structure and of the practices of the Indian Government institutions discussed earlier leads one to the realistic conclusion that for PRIs to function as effective institutions of local self-government one would need to introduce a package of measures which impact on these PRIs from both directions from with and from without. We could broadly refer to them as accountability and effectiveness mechanisms since they contribute to the 'good governance' outcome that we are seeking.*

#### Mechanisms within

Some of the suggestions in the literature to strengthen accountability within the PRI system are as follows:

#### **Audits**

Three types of audits are recommended. The first is that the financial accounts of the PRI system should be audited by the Controller and Auditor General's Office thereby ensuring scrutiny by some independent authority. The second type of audit is the democracy audit. This has been effectively done with considerable success in the U.K. where four broad aspects of local governments are assessed. These are with respect to: (a) powers and effectiveness, (b) free and fair elections, (c) open, accountable and responsive government and (d) citizenship rights.<sup>112</sup> The third type of audit is a social audit where the social performance of an organization is assessed.<sup>113</sup>

<sup>111</sup> R.C.Crook and J.Manor, 1998. **Democracy** ... p 42-49.

<sup>112</sup> Beetham,D and Stuart weir, 'Audit Pack on Democracy at the Local /regional level', U.K.

<sup>113</sup> World Bank Social development Forum, 1998. 'Social Auditing: Accountability and Organizational Development'.

### ***Inter-Zilla Panchayat Parishad***

An Inter-Zilla *Panchayat* Parishad should be constituted in every state with the Chief Minister as its Chairperson. This would enable coordination on legislative financial and administrative matters between the PRI system and the state government and between each Zilla *Panchayat*.<sup>114</sup>

### ***Panchayat Raj Services Board***

Such a Board would manage all government employees in a state. It can be given the powers to transfer the employees of one Zilla *Panchayat* to another. 'Such a measure will also give confidence to the employees and insulate them from possible political vendetta which cannot entirely be kept away in the smaller units of administration.'<sup>115</sup>

### ***Training Institutes and Training Programmes***

One of the major deficiencies of the implementing apparatus is its lack of perspective and involvement in ensuring prompt and effective delivery of services. The PRI personnel hence have to be motivated and exposed to the larger issues of transformation as well as to some of the successful experiments such as that of Anna Hazare at Ralegaon Siddhi or that of Seva Mandir at Udaipur. This can be accomplished by focussed training Programmes such as that conducted by the 'People's Campaign for the Ninth Plan'.

### ***Constitution of Social Justice Committee***

The Dalits and Adivasis have been subjected to various indignities and oppressions over the years especially in rural society even though there is the SC and ST Atrocities (Prevention) Act of 1989. By constituting Social Justice Committees in the PRIs, the responsibility of preventing such atrocities can be given to the elected members of the Dalit and Adivasis in PRIs.<sup>116</sup>

### ***Standing Committees and Tribunals***

To strengthen the autonomy of the PRI system vis-à-vis the states, 'standing committees on *Panchayati* Raj should be constituted by the State legislatures along the lines of committees on Public Undertakings with the Leader of the Opposition as Chairman. Each year the committee may examine the relations of the state government with *Panchayati* Raj bodies in one of the district. Secondly, tribunals should be constituted at the State and district levels to entertain appeals against undue interference of the state in local affairs'.<sup>117</sup>

### ***District Planning Committees***

Many states have not yet constituted their District Planning Committees, The Constitution of the DPC must be given priority and its procedures for functioning should be based on the principles of decentralized planning. With the Kerala case being taken as a model. This would give a composite plan covering both urban and rural areas. The benefits have been discussed earlier. (See the People's Campaign for the Ninth Plan)

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<sup>114</sup> Mishra, S.N and Sweta Mishra. 1995. 'Future of Panchayati Raj after 73<sup>rd</sup> Constitutional Amendment Act', **Kurukshetra**, pp26-30.

<sup>115</sup> Meenakshisundaram, S.S. 1993. 'Personnel Policies for *Panchayats*', **The Administrator**, Vol xxxvii, pp 101-108.

<sup>116</sup> Prasad, R.R and K.Suman Chandra 1995. 'Reservation for Scheduled Castes and Scheduled Tribes in *Panchayati* Raj Institutions: Policy Implications', in SP. Jain and TW Hochgesang, **Emerging Trends in Panchayati Raj in India**, NIRD and Konrad Adenauer Stiftung, pp45-59.

<sup>117</sup> Ranga Rao, S.P. 1998. 'Autonomy – The Essence of *Panchayati* Raj', **Kurukshetra**, April p27.

### ***Chamber of Panchayat Raj Research***

Just as Industry has its Chambers to lobby Government, to petition MPs/MLAs, to serve as members on the various government committees, to take the case into the public domain, so should there be a Chamber of *Panchayati Raj* which Acts in a manner similar to FICCI, CII, etc. It is important for the PRI case to get this level of exposure, to mobilize opinion, to influence the public of what is significant, so that when government policy is made the PRI interest is not at a discount as it is today. Such a chamber should sponsor research, liaise with government, hold workshops for journalists, conduct courses at university etc.

### ***Second Chamber in the States***

To establish links between the third and the second tier, especially with respect to the formulation of development policy which takes into account the different levels of interest, it would be worthwhile to have in each state a second chamber of the Assembly. In addition to representation from different categories a certain percentage of the chamber could comprise of members indirectly drawn, on the basis of some formula, from the different levels of the PRI system. This would ensure representation at the higher levels of government.

### ***National Finance Commission***

To address the perennial question of adequate PRI finances, the terms of reference of the National Finance Commission should be expanded in the light of the 'new sub-clause, 280(3)(bb), which makes it obligatory on the National Finance Commission to make recommendations to the President as to 'the measures needed to augment the Consolidated Fund of a State on the basis of recommendations made by the Finance Commission of the State'.<sup>118</sup> This would ensure that PR finances are not dependent on the political maneuverings at the State level.

### ***Panchayati Raj Finance Corporation***

The recommendations of the Santhanam Committee of 1963 to set up a *Panchayati Raj* finance Corporation still remains valid. This is particularly so since the State and International donor agencies have no hesitation to set up corporations such as the 'Power Finance Corporation', 'Infrastructure, Finance and Leasing Services', IT Venture Capital Funds etc. It is time rural society had access to similar financial services, to not just combat this imbalance but also to re-establish the importance of the social sector. The world of finance is too heavily biased in favour of the big corporations the consequences of which are to treat a large segment of society, the rural segment, as a segment that can be ignored.

### ***All India Panchayat Parishad***

The All India *Panchayat* Parishad, constituted as an associational pressure group, needs to be revived. Good governance will be furthered when such groups apply pressure at various points within the governmental structure in the pursuit of their interest. Government policy is increasingly being influenced by lobbies. The AIPP should serve as the PRI lobby.

### ***Mahila sabha***

'For active involvement of women in the affairs of the village a separate Mahila Sabha may be constituted as a distinct statutory sub-unit of the Gram Sabha with defined rules, rights, and

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<sup>118</sup> Inamdar, N.R. 1995. 'The Next Phase: Problem Areas in *Panchayati Raj*', in SP. Jain and TW. Hochgesang, **Emerging Trends...**, p38.

access to funds. The forum of such Sabhas as sub-units provides opportunity for 'women to women' contact which will enlighten them for meaningful participation in the Gram Sabha'.<sup>119</sup>

#### Mechanisms without

In addition to the above mechanisms that would contribute to a strengthening of local self-government one should also consider other initiatives outside the PRI system that would add to this deepening of participatory democracy. Some of these are as follows.

#### ***Redressing information deficiency***

One of the biggest constraints on rural people participating effectively in the Gram Sabha is their lack of information. This has been sought to be reduced in Rajasthan through the Freedom of Information Legislation. This has led in some cases to demands for accounts, for displaying on notice boards statements of expenditures borne by the *Panchayat*, for display of Gram Sabha agenda etc. This movement for Freedom of Information is leading towards an increasing transparency in certain *Panchayats* now that people can educate themselves on the decisions and policies of the *Panchayat*. Another initiative that can be tried is the use of audio-visual media to inform the people about successful experiments, such as *pani-Panchayats*, about SEWA, Eklavya, etc. Since there is a high illiteracy in rural India the use of the audio-visual medium has been successfully used by the political parties to mobilize people. It should therefore also prove effective for educating people about the importance of the 'opportunity space' that has become available through the CSAA, about the experiences and experiments being tried out in different areas from water harvesting strategies to joint forest management initiatives to *Panchayat* involvement in village schools.

#### ***Strengthening the cooperative movement***

Based on the assumption that a vigorous civil society will strengthen the institutions of participatory democracy, because citizens will have developed the cultural capital necessary for it, the suggestion of strengthening the cooperative movement has considerable mileage. Regular elections to cooperatives, and transparency in their functioning will go a long way in building up this commitment to the institutions of participatory democracy.

#### **Competition between states**

One final point needs to be made. The post CSAA PRI experiment that has been underway for nearly 7 years now has already exposed one generation to the system. It has, in these years, gained momentum and legitimacy as a result of which it has changed the agenda of politics in India. The new group of leaders who will be contesting the second round of elections due to start will have a baseline on which to build. The PRI system seems to have taken root. Many strategies of building a consensus are being attempted in different villages. Not all of them are positive.<sup>120</sup> Various decentralization routes are being tried out from *Janmabhoomi* in Andhra Pradesh, to 'land reform with political reform' in West Bengal, to the 'people's campaign for the Ninth plan' in Kerala, to the recent devolution of 16 subjects to PRIs in Uttar Pradesh, to the more comprehensive functional and financial devolution in Madhya Pradesh. These various initiatives show that the state governments, ruled by different political parties, have begun to compete with each other to design better and more effective mechanisms for the delivery of basic services. In

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<sup>119</sup> Dutta, V.R. 1994. 'Gram Sabha: Base of *Panchayati Raj*', **Kurukshetra**, p21.

<sup>120</sup> The case in Karnataka where gram *Panchayat* seats were auctioned is one such example.



the context of coalition politics at the national level, where States have become powerful actors and hence have to be secured by political parties so that they can forge winning national coalitions, decentralization appears to be the face of the future. Parties see it as a way of consolidating their mass base. This they hope to do building up the allegiance of the emergent leadership of PRI and also by improved service delivery. The different strategies being tried by the various states therefore need to be studied very closely. They have managerial and political lessons to offer.

## THE ANDHRA PRADESH PANCHAYAT RAJ ACT, 1994

The Andhra Pradesh *Panchayat* Raj Act, 1994 came into force on 23rd April, 1994. As per the Andhra Pradesh *Panchayat* Raj Act, 1994, the state has a three tier system of *Panchayati* Raj, with the Gram *Panchayat* (GP) at the village level, the Mandal Parishad (MP) at the intermediate level and the Zilla Parishad (ZP) at the district level.

### Disqualification to be a Member

One of the interesting provision that can be found in this act is that, it provides for disqualification to be a member of *Panchayat* at all the three tiers based on number of children. Section 19(3) provides that if any candidate to the election of *Panchayat* having more than two children shall be disqualified for election or for continuing as members, provided that the birth within one year from the date of commencement of Andhra Pradesh Panchayat Raj Act, 1994, of an additional child shall not be taken into consideration for the purposes of this section. This provision may be made for controlling population growth and to give effect to directive principles of state policy. In Rajasthan this provisions were challenged as violative of fundamental rights in *Mukesh Kumar Ajmerq v. State of Rajasthan* (AIR 1997 Raj. 250). But the Rajasthan High Court have upheld the validity of the provision.

But, at the same time there is no doubt that this provision will debar a number of representative of the weaker sections from contesting the elections to the *Panchayat*.

### Remuneration

Section 29 provides that no sarpanch, Vpa-Sarpanch or member shall receive, or be paid from the funds at the disposal of or under the control of the gram *Panchayat*, any salary or other remuneration for services rendered by him whether in his capacity as such or in any other capacity. This may kill their initiative to work and may also prompt them to adopt corrupt practices.

### Beneficiary Committee

Sec. 40 provides for a Beneficiary committee for the execution of the works of the Gram *Panchayat*. The composition, co-option of members, the powers and functions and other related matters of the Beneficiary committee, shall be such as may be prescribed.

But the Act does not lay down a clear demarcation of their duties and functions. There is no provision for standing committees at the Gram *Panchayat* level.

### Joint Committees

Sec. 42 provides that a G.P. may, if so required by the Govt. join with one or more other local authority in constituting a joint committee for any purpose in which they are interested or for any matter for which they are jointly interested or jointly responsible.

### Election Offences

Sec. 211 of the Act also lays down what will constitute corrupt practices at election, eg. Bribery, that is to say, any gift, offer or promise by a candidate, or his agent or by any other person with the consent of a candidate or his election agent, of any gratification to any person, with the object directly or indirectly of inducing (a) a person to stand or not to stand as or to withdraw or not to

withdraw from being candidate at an election, (b) an elector to vote or refrain from voting at an election.

Sec. 212 provides for punishment for such offence which may extend to three years and with fine which may extend to three thousand rupees.

#### Powers and functions of Sarpanch

As per Sec. 25 a sarpanch may exercise following powers provided that it is not prohibited by or under the Act:-

- iii. make arrangement for the election of the Vpg-sarpanch.
- (b) have full access to the records of the Gram *Panchayat*.
- iii. exercise administrative control over the executive officer for the purpose of implementation of the resolution of the G.P., or any committee thereof. Thus, the executive officer would be under the control of the sarpanch.

Sec. 33 provide for Emergency powers of Sarpanch. In emergency, he may, in consultation with the executive officer direct the execution of any work or the doing of any act which require prior sanction of G.P. or its committees, if immediate execution is necessary for service or safety of the general public, but he shall report the action taken and reasons thereof to the G.P. or the concerned committee at its next meeting. Every meeting of the G.P. shall be presided over by the sarpanch. (S. 37)

#### Powers, functions and Property of Gram *Panchayat*

Sec. 45 provide that subject to provisions and rules made under the Act, and limits of the funds, the G.P. should make reasonable provision for carrying out the requirements of the village and it gives the list of them and other functions which the State Govt. may entrust from time to time.

One of the important function entrusted to G.P. under S.45(3) is that the G.P. shall do resource planning at village level. So, under this section the G.P. is expected to prepare an inventory of the physical, human, financial, natural and other resources available in their jurisdiction and to report on their level of exploitation and how their full potential can be harnessed. This resource planning will help the G.P. in preparation of its Development plan.

Under S. 32 the executive authority is made responsible for the implementation of the resolutions of the G.P. and of the committees.

S. 36(5) provides that all officers and other employees of the G.P. shall be subordinate to the G.P.

But S. 147 provides that the Govt. may transfer any power or function vested in G.P. to Mandal Parishad (MP) or Zilla Parishad (ZP) or any other local authority.

#### Mandal Parishads

Sec. 149 provides for composition of M.P. It provides for inclusion of MLAs, & Mps, of the respective constituencies in the composition of M.P.

As per S. 168 the Mandal Parishad Development officer and other officers and staff of a M.P. shall be subordinate to the M.P.

Sec. 163 also empowers the M.P. at any time, to require the Mandal Parishad Development Officer (MPDO) to furnish any document in his custody, and he has to comply with every such requisition.

Sec. 165 lays down the powers and functions of the President and Vice-President of the M.P. He can exercise administrative control over the Mandal Parishad Development Officer for the purpose of implementation of the resolution of the M.P., he has to preside over and conduct the meetings of the Mandal Parishad, and shall have full access to all records of the M.P.

### Zilla Parishad

Sec. 177 provides that in the composition of ZP shall include MLAs, MLCs, Mps from the constituencies within the territory of ZP. So, also two persons belonging to the minorities to be co-opted in the prescribed manner.

Sec. 192 lays down the powers and functions of the ZP. Sec. 193 provide for powers and functions of Chairman and Vice-Chairman of the Zilla Parishad.

### Standing Committees of a Zilla Parishad

The Act provide for seven standing committees at ZP level.

1. Standing committee for Planning and finance.
2. Standing committee for Rural Development.
3. Standing committee for Education & Medical Services
4. Standing committee for Women welfare.
5. Standing committee for Social welfare.
6. Standing committee for Agriculture.
7. Standing committee for Works.

Sec. 191 further provides that a standing committee may at any time require the chief executive officer to furnish any document in his custody and he shall comply with every such requisition.

### State Election Commission

Sec. 200 makes provision for constitution of state election commission for the superintendence, direction, control and preparation of election to all the *Panchayat* Raj Institutions governed by the Act.

Sec. 201 provide for powers and functions of the state election commission. All election to the *Panchayat* Raj institution shall be held under the supervision and control of the state election commission and for this purpose it shall have powers to give such directions as it may deem necessary to the commissioner, District Collector, or any officer or servant of the Govt. and the *Panchayat* Raj institutions so as to ensure efficient conduct of the elections under this Act.

### Finance Commission

Sec. 235 provide for the constitution of a finance commission on the recommendation of the state Govt., as soon as within one year from the date of commencement of the constitution (Seventy-Third) Amendment Act, 1992 and thereafter on the expiration of every fifth year.

As per Sec. 241 the functions of commission shall be to review the financial position of G.P, M.P & Z.P and make recommendation to the Govt. as to the principles which should govern the distribution of the taxes, duties, tolls, and fees between the state and G.P, M.P, & Z.P from the consolidated fund of the state.

### Staff

#### Gram Panchyat

S.30 provide for appointment of executive officers for Gram *Panchayat*. The executive officer shall be appointed by the commissioner for any gram *Panchayat* or for any group of gram *Panchayat*. But it is also provided that the executive officer and other employees of G.P. shall be sub-ordinate to the Gram *Panchayat*. (S.30(4) S.36(5)). The function of executive officer is that he shall be responsible for implementing the resolutions of the Gram *Panchayat* and of the committee.

Besides, there shall be other officers and staff of G.P. who shall be appointed by the State Govt. and their service conditions etc shall also be determined by the state govt.

#### Mandal Parishad

The Mandal Development Officer is the chief executive officer (CEO) of the Mandal Parishad. He shall be appointed by the State Govt. The Govt. may also create any other posts if it considers them necessary for carrying out the functions of the Mandal Parishad. CEO shall be responsible for implementing the resolutions of the Mandal Parishad and shall also exercise such powers and perform such functions as may be entrusted to him by the Govt. He shall also exercise such powers of supervision over the Gps in the MP as may be prescribed. Sec. 168 lays down that the Mandal Parishad Development officer and other officers and staff of a Mandal Parishad shall be subordinate to the Mandal Parishad.

#### Zilla Parishad

Sec. 186 provide that there shall be chief executive officer for every ZP, who shall be appointed by the Govt., He shall exercise all the powers and perform all the functions conferred upon him under the Act. He shall also lay down the duties of all officers and servants holding office under ZP. He shall also supervise and control the acts of the officers and servants holding office under ZP. Sec. 195 provides that the Govt. may, at any time create such posts of officers and other employees of ZP as it may consider necessary for carrying out the purposes of the Act.

Thus, the chief executive officer shall be appointed and also transferred by the state Govt. only. The ZP chairman has no role either in the appointment or transfer of the CEO. He shall exercise administrative control over the CEO only to the extent it is necessary for the purpose of implementation for the resolution of the ZP or its standing committees. For all other practical purposes he shall be under the control of the State Govt.

The State Govt. is also empowered to appoint other officers and staff of the ZP. In other words the ZP is not empowered to recruit even temporary staff. It would have been better if the Act would have provided for creation of a separate *Panchayat* cadre. It shows the lack of political will on the part of the state level leaders to share power with the grass-roots leaders and workers.

### Other Controls of the State Govt. on *Panchayati Raj* Institutions

#### Power to Inspect and Supervise:

Sec.44 lays down that the commissioner shall supervise the administration of all gram *Panchayat* in the State. So also Sec. 167(1) empowers the Mandal Parishad Development officer to exercise powers of supervision over the Gram *Panchayats* in the Mandal.

#### Transfer of functions of Gram *Panchayat*:-

Sec. 147 provide that the Govt. may in consultation with MP & ZP or other local authority and the G.P. concerned, subject to such control and revision, direct that any power or function vested in GP, shall be transferred to and exercised and performed by the MP or ZP or the other local authority, or any power or function vested in MP or ZP or other local authority shall be transferred to and exercised and performed by the GP.

#### Power to cancel or suspend Resolution of a Gram *Panchayat*, Mandal Parishad or a Zilla Parishad:-

One of the harsh power which is given to the State Govt. is enlisted in Sec. 246 which provide that the Govt. may either suo motu or on a reference made to them by the executive officer or Mandal Parishad Development officer or the chief executive officer, cancel any resolution passed by a Gram *Panchayat*, MP or a ZP or any standing committee of a ZP, if it is in their opinion not legally passed, or in excess or abuse of powers conferred by or under this Act, or any other law, or in its execution is likely to lead to a riot or affray.

#### Power of Govt to take Action in Default of a GP, MP or a ZP (S.247)

If at any time it appears to Govt. that a GP or its Sarpanch, or the MP or its president or the ZP or the chairman or any standing committee of ZP had made any default in performing any function or discharging any duty imposed by or under this Act, or any relevant law for the time being in force, the Govt. may by order in writing fix a period for performing such function or discharging such duty.

#### Power of Govt. to remove Sarpanch, President or Chairman etc. (S. 249)

If in the opinion of the District collector the Sarpanch or the Vpa-Sarpanch and in the opinion of the Govt. the president or the vice-president or the chairman or the vice-chariman of ZP

- Wilfully omitted or refused to carry out the orders of the Govt. for the proper working of the concerned local body; or
- Abused his position or the powers vested in him, or,
- is guilty of misconduct in the discharge of his functions and duties entrusted to him under the Act to the detriment of the functioning of the concerned local body or has become incapable of such performance.

#### Powers of Govt. to dissolve G.P, M.P or Z.P (S. 250)

If at any time, it appears to the Govt. that a GP or MP or ZP has failed to exercise its powers or perform its functions or has exceeded or abused any of the powers conferred upon it by or under this Act or any other law for the time being in force, the Govt. may direct the GP, Mp, or ZP, to remedy such incompetency, failure, excess or abuse or to give a satisfactory explanation, and if the GP, Mp, or ZP fails to comply with such direction, the Govt. may dissolve it with effect from a specified date and reconstitute it either immediately or within six months from the date of dissolution.

#### Power of Govt. to make rules (S.268)

The Govt. have power to make rules as provided for in the Act and also to make rules generally to carry out all or any of the purposes of this Act.

#### Links between the three tiers

There is no provision for the representation of GP in MP in the ZP to establish an organic link between the three tiers, as provided in UP etc.

The representation of the Sarpanchs in the MP as members should have been provided in the Act for establishing an organic link between the two bodies. S. 158 only provide that sarpanches of the Gps shall be permanent invitees to the meetings of the MP.

Sec. 192 provide that ZP shall have power to examine and approve the budget of MP in district; distribute the funds among the MPs, supervise generally the activities of the Mps in the district.

Sec. 253 provide that every MP shall furnish to ZP a report on its administration for each year.

Sec. 259 provide that MP may with the approval of ZP make bye-laws for carrying out any of the purposes for which it is constituted.

#### Motion of No-Confidence

Sec. 245 provide for procedure of passing no-confidence motion against Sarpanch, President, Chairman etc. of GP, MP & ZP. But no restrictive period is mentioned as in Madhya Pradesh for introducing the motion. Laying down of time limit for introducing the motion of no confidence & prescribing time gap between one motion and another, would have acted as a better check on frequent passing of no confidence motion.

#### Provisions for Nyaya Panchayat

There are no provisions made for the constitution of Nyaya Panchayat.

## **THE KARNATAKA PANCHAYAT RAJ ACT, 1993**

The State of Karnataka adopted a fresh legislation- The Karnataka *Panchayat* Raj Act, 1993 in conformity with the constitution (73rd Amendment) Act, 1992. Karnataka has three tier *Panchayati* Raj system. Gram *Panchayat* at lower level, Taluka *Panchayat* at intermediate level and Zilla *Panchayat* at District level.

### Disqualifications

The Act have provided for disqualification to be a member of the *Panchayats*, Sec 128 provides for disqualification to be a member of taluka *Panchayat*. Sec. 167 provides for disqualification to be a member of Zilla *Panchayat*. One of these to - if a person has been sentenced by the Criminal Court to imprisonment for a term exceeding three months in respect of an offence under Karnataka Excise Act, 1965.

### No Confidence motion

Sec. 49 provides for No Confidence motion against the Adhyaksha or Upadhyaksha of Gram *Panchayat*, if a resolution expressing want of confidence in him is passed by a majority of not less than two thirds of the total number of members of the Gram *Panchayat*. But the Act does not provide for any time limit for the passing of the no confidence motion.

### Panchayat Election

Sec. 308 provides that, the superintendence, direction and control of the preparation of electoral rolls and the conduct of all elections to the GP, TP & ZP shall be vested in the State Election Commission consisting of State Election Commissioner appointed by Governor, who shall also make available to the State Election Commission shall staff as may be necessary for the discharge of the functions conferred on it.

### Finance Commission

The Karnataka *Panchayat*, Act also makes a provision for constitution of finance commission. Sec. 267 provides that the Government shall within one year from the date of commencement of the Act and thereafter at the expiration of every fifth year constitute a finance commission to review the financial position of the Zilla *Panchayats*, TP & GP and to make recommendation to the Government.

### District planning Committee

Section 310 makes a provision for creation of the District Planning Committee to consolidate the plans prepared by the ZP, TP & GP, to prepare a draft of development plan for the district as a whole.

It shall consists of:

- (a) Members of the House of people who represent the whole of or part of the district.
- (b) The members of the council of state who are registered as electors in the district.
- (c) Adhyaksha of the ZP.



- (d) Major or President of the Municipal Corporation, having jurisdiction over the head quarters of the District.

It also provides that Chief Executive Officer shall be the secretary of the committee. The chairman of the District Planning committee shall be chosen in the manner as may be prescribed by the State Government.

#### Standing Committees

The Act provide for creation of standing committee at the three level. Sec. 61 provides that at GP level following committees shall be constituted

- (a) Production Committee
- (b) Social Justice Committee
- (c) Amenities Committee

Sec. 148 provides that at TP level following standing committees shall be constituted

- (a) General Standing Committee
- (b) Finance, Audit & Planning Committee and
- (c) Social Justice Committee.

The Executive Officer is made the secretary of every standing committee.

Sec. 186 provides that at ZP level five committees shall be constituted namely:

- (a) General Standing Committee
- (b) Finance, Audit & Planning Committee
- (c) Social Justice Committee
- (d) Education and Health Committee
- (e) Agriculture & Industries Committee

#### Grants to Panchayats

Sec. 206 provides that the Govt. shall make annually a grant of one lakh rupees to each GP which shall be utilised for meeting the electricity charges, maintenance of water supply, sanitation & other welfare activities.

Sec. 207 provides that Govt. shall make a grant to every Taluk *Panchayat* and Zp to cover the expenses of establishment at such scale as may be determined by it.

#### Yaya Panchayats

The new Karnataka *Panchayat* Raj, Act, 1993, does not provide for Nyaya *Panchayats*. The judicial fuctions enjoyed by the GP under the 1993 Act have been taken away from it under the new Act, which disempowers the *Panchayats* in an important sector.

#### Staff

The arrangement for providing staff for the *Panchayat* bodies at the different tiers have been given in three separate chapters in the Act. Sec. 111 provides that even GP shall have a full time secretary who shall be an employee of the State Govt., who shall draw his salary and allowances from the Zilla *Panchayat* fund. As per Sec. 112 the Govt. can be order specify the staffing pattern, the scale ofpay and mode of recruitment of staff of GP.

Sec. 113 gives powers to GP with prior approval of the Chief Executive Officer to appoint other employees of the GP and pay their salaries from the GP fund, and also the GP is empowered to reduce in rank, remove or dismiss any employee appointed by it.

Sec. 155 makes provision for staff of TP. Accordingly, the TP shall have an Executive Officer who shall be a Group 'A' officer for the State Civil Service or have the rank of an assistant commissioner. Besides, the State Govt. is also empowered to post from time to time Group A, or Group B, C or D, service officers to work under the TPs. As these officers shall be under the overall control of the State Govt., it is also empowered to transfer them from one TP to another. The TP's position in regard to its staff is worse than that of the GP. The GP at least has the power to recruit its staff if it finds such recruitment necessary, but the TP is not empowered to recruit even class D officers.

Sec. 156 enlists the functions of the Executive Officers and other officers and officials.

Sec. 196 provides that the Govt. shall appoint an officer not below the rank of the Deputy Commissioner of a district as Chief Executive Officer at Zilla *Panchayat*. The Govt. is also empowered to appoint a Chief Accounts Officer & one or more Deputy secretaries to each Zilla *Panchayat*. Govt. can also transfer officers from one district to another. Thus, even the ZP is not really empowered to appoint its own staff. But Sec. 196 (5) makes a provision that the Govt. may empower the ZP to appoint its staff.

Sec. 197 enumerates the functions, powers and duties of the Chief Executive Officers & other officers.

#### Gram Panchayats

Sec. 4 lays down that any area comprising a village or group of villages having a population of not less than five thousand and not more than seven thousand be declared as *Panchayat*. One member shall represent a population of 400. The term of GP shall ordinarily be five years. The members of the GP shall then elect its Adhyaksha & Upadhyaksha. As per Sec. 52 a GP shall meet for the transaction of its business at least once in two months.

Sec. 58 gives the functions of the GP, which are enlisted in schedule I of the Act. A part from this Sec. 59 provides that the Govt. may transfer to any GP the management and maintenance of a forest situated in the *Panchayat* area and entrust such other function as may be prescribed by it.

Sec. 62 gives the powers and duties of the Adhyaksha and Upadhyaksha in addition to the powers given in the provisions of this Act, such as access to the records of the GP, and supervision & control over the acts of the officers and employees of the GP.

Sec. 315 empowers the GP to make bye-laws to carry out the purposes of this Act.

#### Taluk Panchayat

Sec. 119 provides for creation of Taluk *Panchayat* as the intermediate tier. Sec. 121 every member of the TP shall represent a population of ten thousand. The TP constitute of directly elected members; MLA's & MLC's representing part or whole of the Taluk. One fifth of the Adhyakshas of the GP in the Taluk by rotation for a period of one year as the Assistant commissioner may determine by lot.

The term of office of TP shall be five years (Sec. 134) The elected members of the TP shall appoint among themselves an Adhyaksha and Upadhyaksha. Sec. 139 makes a provision for salary to the Adhyaksha and Upadhyaksha of TP.

The Taluk *Panchayat* shall hold a meeting for the transaction of business at least once in two months (Sec. 141).

Sec. 145 provide that the TP shall perform the functions as enlisted in Schedule II. Sec. 146 also provides that the State Govt. may assign to a TP any functions of the State Govt.

Sec. 152 enumerate the powers and duties of Adhyaksha which include power to exercise supervision and control over the Executive Officer for securing implementation of resolution and decisions of the TP. Sec. 314 empowers TP to make regulations to carry out the purposes of this Act.

### Zilla Panchayat

Sec. 158 provides that a ZP shall be constituted for each district, each member shall represent a population of forty thousand. Sec. 159 provides that the ZP shall be constituted of (i) the elected members, (ii) MLAs, MLCs & MPs representing part or whole of district and the Adhyaksha of Taluk *Panchayats* in the district.

The elected members of the ZP shall choose two members amongst them to be Adhyaksha and Upadhyaksha (S. 177) Sec. 178 makes a provision for the salaries of Adhyaksha & Upadhyaksha. A ZP shall hold meeting for the transaction of business at least once in two months (S. 180) The ZP may require the presence of Govt. officers having jurisdiction over the area at the meetings (S. 182)

Sec. 184 provide that the functions of the ZP shall be as enumerated in Schedule III of the Act.

Sec. 185 empowers the State Govt. to assign to a ZP any function which is assigned to it. So also, Sec. 191 provides that the ZP shall have powers to do all acts necessary for or incidental to, carrying out the functions entrusted to it.

Sec. 193 enumerates the power of Adhyaksha which include power to accord sanction upto a total sum of rupees one lakh in a year for the purpose of providing immediate relief to those who are affected by the natural calamities in the district, Sec. 313 empowers the ZP to make regulations to carry out the purposes of this Act

### Link/relationship between Three Tiers

The Act have provided for link among the three tiers. Sec. 120 (iv) provides that one-fifth of the Adhyakshas of the GP in Taluk *Panchayat* by rotation for a period of one year, to be determined by Assistant commissioner by lot, shall be included in constitution of TP. Sec. 159 (iv) provides for representation of Adhyakshas of TP in the ZP. The provision for the representation of the lower tier in the higher tier is very important for establishing an organic links among them.

### Government Control

Under the Act, the *Panchayats* have been put under the control of the State Govt. and its officials. The Act have a number of provisions which disempowers the *Panchayats* of its powers.

Sec. 8 provides for appointment of an Administrator by the Deputy Commissioner if GP cannot be constituted by difficulty in holding an election or failure to elect such member at two successive elections, or any other sufficient reasons whatsoever.

Sec. 48, 136 & 179 empowers the Govt. if it thinks fit to remove any member for misconduct.

Sec. 232 gives power of inspection and supervision to the secretary, Rural Development & *Panchayat* Raj Department or commission in case of ZP or Chief Executive Officer (C.E.O) in case of TP and Executive Officer (E.O) in case of GP. They can also examine the books of accounts, registers and other documents of ZP, TP, GP. They can call for any written statement, account or report.

Sec. 233 gives Heads of Department concerned or officers incharge of the Department power of Technical Supervision and inspection.

Sec. 236 empowers the Govt. at any time to make an inquiry into affairs of any GP, TP & ZP by its officers,

Under Sec. 240 the Govt may by general or special orders specify from time to time the role of GP, TP & ZP in respect of programmes, schemes and activities related to the functions specified in schedule I, II & III.

Further Chap. XVII of the Act provides for financial control and audit.

Sec. 298 provides for Dissolution of *Panchayats*. If in the opinion of the commissioner, a GP exceeds or abuses its powers or is not competent to perform or makes persistent default in the performance of the duties, the commissioner may dissolve such GP.

Also, if in the opinion of the Govt a ZP or TP exceeds or abuses its powers or is not competent to perform the duties imposed on it under the Act the Govt. may dissolve such ZP or TP.

Sec. 311 gives Govt. power to make rules to carry out the purposes of this Act.

Sec. 312 says that the Govt. may omit, amend, or add any activity, programme or scheme covered by or mentioned in schedule I, II & III.

Sec. 316 provide that the Govt. can make model regulations and bye-laws for GP, TP & Zp.

Thus, the new Act have put too much restrictions on *Panchayat* Raj institutions and brought them more firmly under the dominance of the bureaucrate and State Govt. The only shows the hostility of the state level leadership and bureaucracy towards the institutions. The Act does not establish self-Govt. as envisaged in Art. 2439 of the constitution to enable greater participation of th people in governace. Unless the State Govt. gives them adequate powers and transfers the prescribed functions nothing much can be achieved.

### THE KERALA PANCHAYAT RAJ ACT, 1994

For a long time Kerala had only one tier set up of *Panchayats*. Kerala passed a new Act, the Kerala *Panchayat* Raj Act, 1994, in conformity with the constitution (73rd Amendment) Act, 1992, and followed the all India Pattern of three tier system of *Panchayat* Raj: Village *Panchayat* (VP) at lower level; Block *Panchayat* (BP) at intermediate level and District *Panchayat* (DP) at District level.

#### Disqualifications

The Act provides for disqualification to be member and also for registration of name in the electoral roll. Sec. 17 provides for disqualifications for registration in electoral roll, which include unsoundness of mind; if he is disqualified for voting under any law for corrupt practices or offences in connection with elections.

Sec. 30 disqualifies all the officers or employees in the service of the state or Central Govt. or local authority or corporation, or any university controlled by state or Central Govt. or local authority for election or for holding office as a member of a *Panchayat* at any level.

Sec. 33 disqualifies a member for failure to lodge account of election expenses.

Sec. 35 disqualifies a member if he is sentenced by a Criminal Court for offence described in clause (b) of sub-section (1) of Sec 34; or if he is adjudged to be of unsound mind, or has been convicted by a Criminal Court for any electoral offence or he has been adjudicated as insolvent.

#### Motion of no Confidence

Sec. 157 provides for passing of No Confidence motion against President or Vice-President or chairman of a standing committee of the *Panchayat*. A written notice of No confidence motion must be given signed by not less than half of the total elected members. If it is passed by absolute majority the President or Vice-President as the case may be stands removed. The quorum shall be one half of the total elected members.

As in case of Andhra Pradesh, the Kerala Act does not lay down any time limit for introduction of motion nor does it prescribe any time gap between one motion and another. It would have been better if the motion was prohibited in first two years or a time gap would have been provided between two motions, which would have allowed them to settle down in their duties instead of constantly no-confidence motion hanging over their heads like a sword.

#### Corrupt Practices and Electoral Offences

Sec. 120 of the Act have also provided in detail various acts which may amount to corrupt practices and electoral offence, for which a person is liable for punishment and disqualifications mentioned in the Act. It mentions Bribery i.e. any gift, offer or promise by candidate, his agent or any other person with consent of candidate with object to inducing a person to stand or not to stand, to withdraw or not to withdraw from election, or to vote or retain from voting etc. amount to corrupt practices and electoral offences.

### State Election Commission

KPR Act, 1994 also provides for constitution of State Election Commission. Detail provision have been made towards its constitution, staff, power, functions etc. It is entrusted with the responsibility of conduct of election to all tiers, preparation and revision of electoral rolls ( S. 16, 22) taking of election accounts from candidates, etc. The staff of State Election Commission shall be provided by Govt. (S. 12) The State Election Commission, in consultation with the Govt, may nominate an officer of the Govt as District Election Officer for each district. The commission have been given powers of Civil Court under Code of Civil Procedure, 1908 in trying a suit. It has also power to regulate its own procedure ( S. 141).

### Dispute Regarding Election

Any dispute regarding any election shall be called in question only through an election petition in accordance with the provisions of the Act. The court having jurisdiction are in case of VP the munsiff's court; BP or DP the district court. The Govt, can with consultation with High Court notify appropriate courts in the Gazette.

### Salaries to Members

The Act have also made provision for fixed allowances to members of *Panchayats* and other perquisites to the President of District *Panchayats* (Sec. 160).

### Staff

The Act have also made provisions for the staff of the *Panchayats*.

Sec. 179 provide for appointment of secretary who shall be a Govt. servant.

Sec. 180 provides that the officers and employees of the *Panchayat*, other than contingent employees shall be Govt. servants, but the control of the officers of the *Panchayat* shall be with the *Panchayat*.

Sec. 181 empowers the Govt. to lend the services of Govt. officers and employees to the *Panchayats* for implementation or any scheme, project or plan. But the full control and supervision of the employees transferred shall rest with the *Panchayats* concerned.

Sec. 182 empowers the secretary to control the officers and employees working under the *Panchayat*, but it is made subject to general superintendence and control of the President of the *Panchayats*.

### Finance Commission

Sec. 186 of the Act makes provisions for constitution of finance commission, consisting of three members including the chairman, having special knowledge and experience in financial matters and economics, public Administration etc. The commission shall have powers of Civil Courts in requiring attendance or any person etc. The commission shall review the financial position of the *Panchayats* and submit recommendation to Governor as to sharing among the Govt. and *Panchayats* of net-income of taxes, duties, less, fees etc.

### Standing Committees and Joint Committees

Sec. 162 makes provisions for standing committees at the three levels of *Panchayati Raj*. The membership of each committee is between 3-5 members elected from within elected members. The President and Vice-President are ex-officio members of all the standing committees. One SC/ST and one women member must be included in all standing committees. The various committees specified for the three levels are:

1. Village Panchayat: A standing committee for assessment of tax, finance, accounts and planning.
2. In a Block Panchayat:
  - (i) Finance and planning standing committee.
  - (ii) A Welfare Standing Committee
3. In a District Panchayat
  - (i) A finance and planning standing committee
  - (ii) Development standing committee
  - (iii) Welfare standing committee
  - (iv) Public works standing committee.

Sec. 165 provide for constitution of joint committee by the *Panchayat* with one or more *Panchayats* for any purpose for which they are jointly responsible.

### District Planning Committees

Another important provision made to ensure participation of rural and urban areas in the district in constitution of a District Planning Committee (DPC) (S. 175). The membership of this committee will be in proportion to the rural and urban population in the district. The president of the District *Panchayat* will be the chairman of the committee. MLAs, MPs and Presidents of Municipalities/Corporation will also be members of the D.P.C. The district collector will be the secretary of the committee.

### Nyaya Panchayat

No provision have been made for the constitution of Nyaya *Panchayat* in the Act.

### Gram Sabha

Following the dictates of Sec 243A of the constitution (73rd Amendment) Act, 1992, the Kerala Act provide for constitution of the Gram Sabha (Sec. 3). In it the people's participation in planning and implementation is sought to be achieved. But, unlike in other states, where Gram Sabha is constituted for every Gram *Panchayat*, Kerala has made an exemption to this rule, due to large population of the village *Panchayats*, Gram Sabha is constituted for every ward in the *Panchayat*. The ward member is made the convenor of that particular Gram Sabha. The Gram Sabha is to meet at least twice in a year and the meetings are presided over the President of the Gram *Panchayat*. The quorum for meetings is fixed at 50 members.

The functions of the Gram Sabha include:

- (i) to assist the *Panchayat* for the preparation and promotion of plans for the village and supervise their implementation;
- (ii) mobilisation of voluntary labour & contributions in kind and cash for the community welfare programmes;
- (iii) rendering assistance in the implementation of developmental schemes pertaining to the village and identify beneficiaries;
- (iv) discussion on the schemes to be implemented in the current year the expenses thereof and to submit suggestions and recommendations for development;
- (v) promoting harmony and unity among the various groups of people in the *Panchayat*.

#### Village Panchayat

A Gram *Panchayat* is constituted at village level (S.4). It consists of 8-15 members elected by the voters of the Gram *Panchayat* (S. 6). The elected members shall elect among themselves a President and a vice-president (S. 153, S.6 (8)). Its term shall be five years (S. 149).

The functions of President and Vice-President is that they shall be responsible for the due fulfilment of the duties imposed upon the *Panchayat*, preside over the meetings of the *Panchayats*; exercise supervision and control over all officers and employees of the *Panchayat* and prepare their confidential reports; he is responsible for the safe custody of the fund of the *Panchayat*; incur contingent expenditure upto such limit as laid down by the Govt. etc. (S. 156).

Sec. 166 provide that the powers, duties, and functions of village *Panchayat* will be as enumerated in the third schedule of the Act. They also have power to enhance employment facilities and to undertake developmental activities and to start man power banks, under the leadership of the village *Panchayats*.

As per Sec. 167 the Govt, or BP or DP may transfer any of their function to VP. So also the public roads, streets, paths, bridges, community property etc have been vested in village *Panchayat*.

#### Block Panchayat

The Block *Panchayat* is constituted for every block or at intermediate level. It consists of 8-15 members directly elected by voters of the block, the Presidents of the village *Panchayats* in the territorial area of the block *Panchayat* which provide for an organic link between the two tiers. The directly elected members elect from amongst themselves a President and a Vice-President.

The powers, duties and functions of block *Panchayats* have been enumerated in the fourth schedule (S. 172). It have exclusive power to administer the matters enumerated in the fourth schedule. Under Sec. 174 the Govt. may delegate to the block *Panchayat* any of its functions.

#### District Panchayat

The District *Panchayat* is constituted for every district. It consists of 15-25 members directly elected by the voters; the president of the block *Panchayats* in the district. Kerala have excluded MLAs & MPs totally from the *Panchayati Raj* bodies. This was done through an amendment to the Kerala *Panchayat Act*, 1994.



The directly elected members elect from amongst themselves a President and Vice-President.

The powers, duties and functions of District *Panchayat* are enumerated in the fifth schedule, it has exclusive power to administer on those matters (S. 173)

Under Sec. 174 the Govt may delegate any of its powers and functions to the District *Panchayat* subject to such restrictions and conditions as may be specified.

#### Link Between Three Tiers

The Act provides for representations of the lower tier into higher tier. Sec. 8 provides that in the composition of Block *Panchayat*, the Presidents of the village *Panchayats* in the territorial area of the Block *Panchayat* shall be included. Sec. 9 provides that in the composition of the District *Panchayat* the Presidents of the Block *Panchayats* in the District shall be included.

Sec. 166 (4) provides that the District *Panchayat* and the Block *Panchayat* shall, subject to availability of resources, provide necessary financial, technical and other assistance of the village *Panchayats* to enable them to discharge their functions.

According to Sec. 192, the VP & BP has to submit to the DP a report of its administration for each year.

District Planning Committee also acts as a link between three tiers (S. 175)

#### Govt. Control

As we have seen in other states that the basic ideology of 73rd Constitutional Amendment Act, 1992 of making *Panchayats* institutions of self-Govt had been largely ignored in the state enactments. Kerala too falls in that category. Several instances can be given where Kerala Govt. has ignored the content and spirit of 73rd Amendment Act, while enacting KPR Act, 1994. Even though the preamble of KPR Act, 1994 speaks of securing a greater measure of participation if the people in planned development and local governmental affairs; entrusting *Panchayats* with preparation and implementation of schemes for economic development and social justice, the powers that the Govt. holds over these bodies almost nullifies whatever is envisaged in it. Some of the instances of Governmental power *Panchayati Raj* institutions are as follows:

- (i) Under Section 10 Govt. retains the power of delimitation of constituencies with Govt. instead of assigning it to the State Election Commission.
- (ii) Sec. 151 gives power to Govt. to appoint administrative committee or special officer to manage the affairs of the *Panchayat*, if there is any delay or failure in holding elections.
- (iii) Sec. 159 gives power to the Govt. to remove the President, vice-president, or member or chairman of standing committee, if it thinks fit, and is satisfied that such person makes persistent default in the performance of his duties and function under the Act, or becomes incapable of performing his duties, or has been convicted by any court for misconduct.
- (iv) Sec. 188 gives power to Govt. or any officer appointed by the Govt. the power of inspection, control, superintendence, etc of the *Panchayats*.
- (v) Sec. 191 gives power to the Govt. to cancel or suspend any resolution, or decision or action initiated by a *Panchayat* or any of its committees.

- (vi) Sec. 193 gives power to the Govt. to dissolve the *Panchayat*.
- (vii) Sec. 254 gives power to the Govt. to make rules to carry out the purposes of the Act.
- (viii) Sec. 282 provide that in case a dispute between the *Panchayats* or block and district *Panchayats* the decision of the Govt. shall be final.
- (ix) Sec. 283 gives power to the Govt. to change the contents of the schedule of this Act.



### THE MADHYA PRADESH RAJ ADHINIYAM, 1993

As per the new Madhya Pradesh *Panchayat* Raj Adhiniyam, 1993, the state has a three tier system of *Panchayati* Raj with the Gram *Panchayat* (GP) at the village level, the Janapad *Panchayat* (JP) at the intermediate level or Block level and the Zilla *Panchayat* (ZP) at the district level.

One of the interesting or good provision that can be found in this Act is that, it provides that, No-confidence motion can be passed certain period of time against the Sarpanch and Up-Sarpanch in the case of Gram-*Panchayat* (Section 21), President or Vice-President in case of Janapad *Panchayat* (Section 28) and President or Vice-President of Zilla *Panchayat* (Section 35). All these sections provides that No-confidence motion shall not lie against the sarpanch or Up-Sarpanch, President or Vice-President, as case may be within a period of:

- (i) One year from the date on which they enter their respective office;
- (ii) Six months preceding the date on which their term of office expires;
- (iii) One year from the date on which previous motion of no-confidence was rejected.

The laying down of the time limit for introducing the motion of no-confidence and prescribing time gap between one motion and another, is a better sign. If the motion is prohibited in the first year of their time, this would naturally allow them time to settle down in their duties instead of allowing the no-confidence motion hanging over their heads like a sword. Actually, this one year period should have been increased to two years, to have a better check on the game of musical chairs they play.

#### Inclusion of MLAs, MLCs AND MPs IN JP & ZP

Section 22 and Section 29 provides for inclusion of MLAs, MLCs and Mps of the respective constituencies in the composition of the JP & ZP.

There inclusion may be a debatable question. it may prove to be against the spirit of self-governance. Their inclusion will invariably bring party policies. It would have been desirable to keep them out of the local politics.

#### Disqualification to be a member

According to Section 36, no person shall be eligible to be an office-beatrer of *Panchayat* who has either before or after the commencement of this Act been convicted. This will guard the entry of criminal elements into local politics.

#### Transperancy

Section 118 inorder to bring transperancy in the *Panchayat* administration provides that on payment of such fees as may be prescribe, the records of the *Panchayat* or any committee thereof, shall be open to inspection to such persons.

### Jurisdiction of Courts Ousted

Section 121 Bars the jurisdiction of the courts in electoral matters.

### Control of State Govt. on Panchayats

Section 39 provides for suspension of the office bearer of *Panchayat*, accordingly, the prescribed authority may suspend from office any office bearer.

The section does not even gives any grounds for such suspension.

Further Section 40 provides that the State Government or the prescribed authority may after such enquiry as it may deem fit, may at any time remove an office bearer, on flimsy grounds such as

- (a) guilty of misconduct in the discharge of his duties; or
- (b) if his continuance in office is undesirable in the interest of the public.

This may proved to be arbitrary clauses, in the hands of Government.

### Power to Make Rules

Section 43: empowers the state to make rules relating to composition, election, co-option of members and related matters of the *Panchayats*.

Section 95: gives powers to the state Govt. to make rules for carrying out the purposes of this Act.

Though Section 96 empowers the *Panchayats* to make by laws, but the same will not come into force untill it has been confirmed by the prescribed authority.

Also, Section 97 empowers the state Govt. to make model by laws for the guidance of *Panchayat*.

### Chapter X Control

Section 84 provides for the inspection of proceedings of the *Panchayat* by an officer of the state Govt. and the *Panchayat* is made bound to afford access to all such information and records as may be demanded by the inspecting authority.

Section 85 further empowers the state Govt. to suspend the execution of any resolution passed, order issued, license or permission granted or prohibit the performance of any act by a *Panchayat*.

Section 87 empowers the state Govt. to dissolve *Panchayat* for reasons enlisted therein. It even provides that on such dissolution and until the *Panchayat* is reconstituted, all powers & duties of the *Panchayat*, may be excercised by such persons, as the State Govt. may appoint.

Thus, the mere existence of the *Panchayat* is depended on the sweet will of the State Govt.

Section 88 empowers the State Govt, to inquire into affairs of the *Panchayat*.

Section 90 lays down that any dispute between *Panchayat* and other local authorities, shall be referred to the State Govt. and who's decision shall be final.

The presence of the provisions have made a mockery of the *Panchayats*, which are supposed to be the institutions of self-government. Though the 73rd Amendment Act seems ideal for the creation of local Govt. The powers that the Govt. hold over these bodies almost nullifies whatever is envisaged in the 73rd Amendment Act. Whatever powers the Govt. gives to the *Panchayat* from one hands, it takes them back from the other hand.

#### Panchayat Staff

As regards the personnel of the *Panchayats*, the State Govt is empowered by Section 69 to appoint a secretary for a Gram *Panchayat*, Chief Executive Officer for the Janapad *Panchayat*, and secretary for the Zilla *Panchayat*.

Section 70 empowers the *Panchayat* to appoint such other officers and servants as it considers necessary for the efficient discharge of its duties, but the same should be made with previous approval of prescribed authority.

Section 71 empowers the state govt. to dispute to the service of the *Panchayat* such of its servants as it considers necessary, and even the service consitions of such servants shall be prescribed by the state govt.

Section 72 further provides that the functions of secretary of a Gram *Panchayat*, Chief Executive Officer of Janapad *Panchayat* and secretary of Zilla *Panchayat* shall be prescribed by the State Govt.

Thus, it is clear from all these sections that *Panchayats* have no say in decisions about their personnel and staff. To imbibe the spirit of 73rd constitutional Amendment, it is desirable that the *Panchayat* must have its own cadre.

#### Powers and Duties of Sarpanch, Up-Sarpanch, President, Vice-President

Section 48 gives the list of powers which the sarpanch, Up Sarpanch, President, Vice-President shall exercise.

Section 49 (absent in the Bare Act) "State *Panchayat* Acts- A critical review" Pg. 85

Under Section 49 of the Act, twenty-nine functions have been listed for the Gram *Panchayat*. But in substance, these functions are in the nature of assistance to the higher tiers and the State Govt. and carrying out of directions and orders of the State Govt. and its officials have been assigned to this body. Thus, what it means is that, it is the state Govt which will determine the extent to which the Gram *Panchayat* can discharge the responsibilities even in this limited sphere. Further it is provided that functions may be entrusted to the Gram *Panchayat* by the State Govt, the ZP and the JP. But while performing such functions the GP shall act as an agency of state Govt., the ZP or the JP depending upon which authority has assigned the task.

Section 53 gives powers to state Govt. in relation to functions of *Panchayat*. The State Govt may by general or special order, entrust to the *Panchayats* preparation of plans and

implementation of schemes for economic development and social justice including those in relation to the matter listed in schedule IV.

Section 54 gives powers to the Gram *Panchayat* as to public health facilities and safety, but the same are subject to the rules made by the State Govt.

#### Functions of Janapad *Panchayat*

Section 50 lays down the functions to be performed by the Janapad *Panchayat*, but there are made subject to the rules and general or special orders as may be issued by the state govt., from time to time, and they also depend upon the availability of funds at the disposal of the janapad *Panchayat*. This section also empowers the Janapad *Panchayat* to carry on any other functions, other then those enlisted in the section, but the same are subjected to the prior approval of the State Govt or Zilla *Panchayat*.

Further the Janapad *Panchayat* have been enclowned with control and supervision of the administration of the community development block or tribble development block within its jurisdiction, but the same should be done in accordance with the instructions issued by the State Govt. from time to time.

Section 51 As per Section 51 the state govt. may entrust to a Janapad *Panchayat* functions in relation to any matter to which the executive authority of the state Govt. extends. The JP is bound to perform such functions.

#### Functions of Zilla Parishad

Section 52 lays down the functions to be performed by the Zilla Parishad, but they are also made subject to rules made by state Govt. and instructions issued by the State Govt.

Thus, from all these provisions it is aptly clear, that all the hopes that after the constitution (seventy-third) Amendment Act, 1992, *Panchayat* would enjoy self-government status, or they would enjoy functional, administrative an financial freedom, were not realised. The Conformity Act passed by the Madhya Pradesh have not enabled them to function as institutions of self-government. The basic idea of making *Panchayat* institutions of self-government have been largely ignored and the spirit of the 73rd Amendment Act have not been incorporated. Much wider role ostensibly is envisaged for *Panchayats* in the 73rd constitutional Amendment, then the development role the *Panchayats* are given in the present enactment.

#### Conduct of Elections

Sec. 42 provides that the State Election Commission shall supervise, direct and control the preparation of electrol rolls and conduct of elections to the *Panchayats* at all the tiers.

#### Standing Committees

There is also a provision for the formation of standing committees. Section 46 provides that a Gram *Panchayat* may for discharging its functions and duties constitute standing committee not exceeding three and they are to exercise such powers as may be assigned to them by the Gram *Panchayat*. It has no function under the general control of the Gram *Panchayat*.

It further provides that no person shall be a member of more than two committees at a time.

#### Committees for JP & ZP

JP & ZP may constitute the following standing committees (a) General Administration Committee; (b) Agricultural Committee; (c) Education Committee; (d) Communication and works committee; and (e) Corporation & Industries Committee. More committees can be set up if the *Panchayats* so desire, with prior approval of prescribed authority.

#### Link between the three tiers

There is no provision for representation of the GP in the JP and the JP in the ZP is establish an organic link between the three tiers.

#### Finance Commission

There is also no provision for constitution of finance commission in the Act.

#### Nyaya Panchayat

Provision for Nyaya *Panchayat* have been made in the Act, very recently.



**THE UTTAR PRADESH PANCHAYAT RAJ ACT, 1947**  
(As Amended upto 1994)

The Uttar Pradesh *Panchayat* Act, 1947 and the Keshtra Samiti (intermediate level) and Zilla Parishad. Adhiniyam 1961 were amended on 22nd April, 1994 in consonance with constitution (seventy-third) Amendment Act, 1992. Under this amendment, the words Samiti and Parishad have been replaced by *Panchayat*.

The U.P. *Panchayat* Raj Act, 1947 provide for three tier *Panchayati* Raj system. Gram *Panchayat* (GP) at village level, Kshettra *Panchayat* (KP) at intermediate level and Zilla *Panchayat* (ZP) at district level.

Disqualification for Holding office

Sec. 5A lays down the disqualification for Holding office under Gram sabha & Nyaya *Panchayat*. Sec. 6 provides for cessation of membership. S. 13 of U.P. kshettra *Panchayat* and Zilla *Panchayat* Adhiniyam, 1961 provides for the disqualifications for membership of kshettra *Panchayat* on grounds such as conviction for an offence involving moral turpitude; conviction for an election offence etc. Section 26 provide for disqualification for membership of Zilla *Panchayat*.

No Confidence Motion

Sec. 14 of U.P. Pan. Raj Act, 1947, provide for passing of No confidence motion against the Pradhan and up-pradhan. It lays down that at least 15 days prior notice shall be given to remove Pradhan by a majority of two-third of all the members.

It also provides that a meeting for the removal of a Pradhan shall not be convened within two years of his election. it also provides that if the meeting is not taken up for want of quorum or fails for lack of requisite majority, no subsequent meeting for the removal of the same Pradhan shall be convened within two years of the date of previous meeting.

The laying down of the time limit for introducing the motion of no-confidence and prescribing time gap between one motion and another is a good sign and would act as a check on the game of musical chairs. This would naturally allow them time to settle down in their duties instead of allowing the no-confidence motion hanging over their heads like a sword.

S.15 of U.P.K.P & Z.P. Adhiniyam, 1961 provides for no confidence motion against Pramukh or up-pramukh of the KP. Sec. 28 provides for no-confidence in Adhyaksha of ZP.

Allowances

Sec. 12 AA of U.P.P. Raj Act, 1947 make provision for allowances to the Pradhan, Up-pradhan and members. S. 264a U.P.K.P & Z.P Adhiniyam, 1961 makes provision for the payment of honorarium and allowances to Adhyaksha, upa-Adhyaksha of Z.P, Pramukh & Vpa-Pramukhs of KP and members of ZP & K.P. This is a welcome step as it will increase the efficiency of the *Panchayat* and also may reduce corruption to some extent at their level.

### Finance Commission

Sec. 32A directs that the Governor shall as soon as within one year from the commencement of the constitution (seventy-third) Amendment Act, 1992 and thereafter at the expiration of every fifth year, constitute a finance commission to review the financial position of the Gram *Panchayat*, kshettra *Panchayat* an Zilla Parishad.

It shall also make recommendations to the Governor as to principles which shall govern the distribution between the state, G.P, K.P, & Z.P, of net proceeds of the taxes, duties , fees etc. leviable by the state, Grants-in-aid to G.P, K.P & Z.P. The finance commission shall consists of a chairman and two other members.

### State Election Commission

Sec. 12BB lays down that the superintendence, direction and control of the conduct of the election to the office of Pradhan, up-pradhan or a member of Gram *Panchayat* shall be vested in the State Election commission. As per Sec. 12BC in addition to the supervision, control & direction of the State election commission, the District Magistrate shall supervise the conduct of all election, of the Pradhans, Up-pradhans and the members of Gram *Panchayats* in the District.

The state election commission may require all or any local authority and the management of every educational institution receiving grant-in-aid from state Govt. to make available such staff as may be necessary for the performance of any duties in connection with such election, and such staff would be bound to perform such duty.

Sec. 264b of UPKP & ZP Adhiniyam 1961 also provides that the superintendence, direction and control of the election to the office of Adhyaksha, Up-Adhyaksha or a member of ZP, and Pramukh & Up-Pramukh or a member of KP shall be vested in the state election commission.

### Jurisdiction of the Courts

Sec.12I provides that no civil courts shall question the legality of any action by an officer or authority under this Act in connection with the conduct of election.

### Nyaya Panchayats

Sec. 42 provides for creation of Nyaya *Panchayats* with a view to assist in the administration of civil and criminal justice in the rural areas. The chief aim of its provision is to revitalize village corporate life and instil in the people the spirit of self-reliance and common endeavour to ameliorate their condition without depending too much on Govt. agencies. The idea underlying it is that the village people should in all minor cases be able to settle their dispute through a local tribunal which is expected to be in touch with local conditions and without elaborate and complicated procedure.

Sec. 43 provides for appointment of Panchs and their term. They shall be appointed by the Prescribed authority i.e. the district Magistrate out of the members of a Gram *Panchayat* such number of persons, as may be prescribed to be Panchs of the Nyaya *Panchayats*.

The prescribed authority is empowered to lay down the qualifications to be appointed as a Panch of the Nyaya *Panchayats* and no person will be appointed unless, he have the prescribed qualification. Provided that where suitable person having the prescribed qualification are not

available for such appointment, any or all of such qualifications may be relaxed by the prescribed authority.

Sec. 49 provides that the sarpanch shall form bench consisting of five panchs for the disposal of cases. No panch or sarpanch shall take part in the trial of or inquiry in any case in which he is personally interested. The state Govt. is also empowered to constitute a special Benches for the trial any class or classes of cases. Any dispute relating to constitution of Benches etc shall be referred to the prescribed authority i.e. District magistrate, whose decision shall be final.

Sec. 52 lays down what are the various offences of which the Nyaya *Panchayat* can take cognizance.

Sec. 54 empower Nyaya *Panchayat* to inflict a substantive sentence of imprisonment and also can impose fine as per the limits laid down.

Sec. 55 lays down that no court, except as otherwise provided shall take cognizance of any case triable by such Nyaya *Panchayat*. Sec. 56 further directs that if a court finds that a case is triable by a Nyaya *Panchayat*, it shall transfer the case to the Nyaya *Panchayat* and S. 58 provide for transfer of case from Nyaya *Panchayat* to the courts.

S. 73 provides that principles of Res Judicates shall be applicable to the Nyaya *Panchayat*.

S. 94A empowers the Nyaya *Panchayat* to punish any person for its contempt.

#### Committees

S.29 U.P.P.R. Act provide for various committees such as i. Samata Samiti for promotion of economic, social and cultural interest of SC, Sts, & OBCs, their protection from social injustice and exploitation in any form; Welfare of woman and children and their protection from social injustice and exploitation in any form.

ii. Vikas Samiti for functions relating to agricultural production, animal husbandry, rural industry and Poverty alleviation programmes.

iii. Gram Shiksha Samiti for functions relating to promotion and development of primary education.

iv. Lokhita Samiti for functions relating to public health, public works and other functions of the G.P.

Sec. 30 provides for Joint Committee for two or more Gram *Panchayat*, who may combine to appoint a joint committee for transacting any business in which they are jointly interested, or construction and maintenance of any joint work.

#### Bhumi Prabandak Samiti

Sec. 25b & 28 provide for formation of Bhumi Prabandak Samiti to discharge the duties of unkeep, protection and supervision of all property belonging to and vested or to be held by Gram Sabha.

### Staff

Sec. 25 provides that the G.P. may appoint its own staff except for the *Panchayat* Secretary. But, it shall not create any post not already provided for in the budget except with the previous approval of the prescribed authority.

It also lays down that Gram *Panchayat* may create any post in an emergency, but the same should be confirmed by prescribed authority.

Further, the power to appoint, punish, discharge, dismiss or control a servant of the Gram *Panchayat* other than a secretary is also vested in the gram *Panchayat*.

It is clear from S. 25 that G.P. does not have any control over its Panchyat Secretary. Even S. 23 does not empower the G.P. to enquire and report his misconduct. The Pradhan has neither direct nor indirect control over his *Panchayat* Secretary. So no question of his loyalty comes to the Gram *Panchayat*.

Sec. 39, 48, 49 of U.P.K.P & Z.P Adhiniyam 1961, deals with the staff/officers and servants of the Zilla *Panchayat* and kshetra *Panchayat*.

### Gram Panchayats

As per Sec. 12 the G.P. consists of the Pradhan (chairperson) and Up-pradhan (vice-chairperson) and other members elected from the different constituencies depending on size of *Panchayat*. There is a provision for Reservation for Scs, Sts, OBCs & Women. The meetings of G.P. shall be held at least once in a month (S.12B)

#### Powers, Duties, functions of Gram Panchayat:-

The functions of the G.P are specified under section 15, 15A and 16. The functions can be broadly classified into tow types, one, which are those already devolved to the *Panchayats* and, secondly, those which can be assigned to them by the Govt.

Sec. 15 gives a list of 30 items/functions, which the G.P. can perform, but the same is made subject to such conditions as may be specified by the State Govt.

Sec. 15A provides that a G.P. shall prepare every year a development plan for *Panchayat* area and submit it to kshetra *Panchayat*.

Section 16 provides that State Govt. may assign to G.P. any or all the functions enumerated in that section such as (a) management and maintenance of a forest situated in the *Panchayat* area. (b) management of waste lands, pasture lands or vacant lands, and (c) collection of any tax or Land Revenue and maintenance of related records.

Section 17 provide for the power of G.P. as to Public Streets, water ways and other matters.

Section 18 provide for improvement of sanitation, under which the G.P. may orde removal of certain articles which pollute the environment. But here also, the ultimate power of decision making is vested in the

District Medical Officer, who can vary, set aside or confirm it.

Section 19 empower G.P. with maintenance and improvement of schools and Hospitals.

Section 20 provide for two or more G.P to combine to establish & maintain schools, hospital or dispensary; to construct and maintain roads or bridge etc.

Section 22 empowers G.P. to make Representations and recommendations to proper authorities for matters concerning the welfare of the persons residing within its jurisdiction.

Section 23 empowers the G.P with power to enquire and report about the misconduct of certain officials.

### Kshettra Panchayat

Sec. 6 of U.P.K.P. & Z.P Adhiniyam 1961 deals with composition of Kshettra Panchayat. Accordingly, a kshettra Panchayat shall consist of a Pramukh who shall be its chairperson and all elected members chosen by direct election from the territorial constituencies in the Panchayat area. (b) all the Pradhans of the Gram Panchayats in the Khand/Block. (c) The members of the House of the people and the members of the legislative assembly of the State representing constituencies which comprise wholly or partly the Khand, (d) the members of the council of state and the members of the state legislative council who are registered as electors within the khand.

Sec. 7 provides that in every KP a Pramukh, a senior Up-pramukh and a Junior Up-Pramukh shall be elected by the elected members of the KP from amongst themselves.

Sec. 8 lays down that the term of KP shall be five years, unless sooner dissolved under the Act.

### Powers and functions of Kshettra Samitis

Sec. 32 gives the power and functions which kshettra Panchayat can exercise, which are enlisted in Schedule I. It contains 32 items. In addition, the State Govt., if it so desire, may assign some other functions to the Kps.

S. 86 lays down that the kshettra Panchayat shall prepare every year a development plan for the khand after including the development plans of the Gram Panchayats of the Khand.

### Zilla Panchayat

Sec. 17 of U.P.K.P. & Z.P. Adhiniyam 1961 provides that the state Govt. shall by notification in the gazette establish for each district a Zilla Panchayat bearing the name of the district. Sec. 18 provide for composition of Zilla Panchayat . Accordingly, a ZP shall consist of an Adhyaksha, who shall be its chairperson and (a) Pramukhs of all kshettra Panchayats in the district. (b) elected members chosen by direct election from the territorial constituencies in the Panchayat area. and (c) members of the council who are registered as electors within the Panchayat area.

The term of the Z.P. shall be five years, unless sooner dissolved under S. 232 (S.20). Sec. 33 lays down the general powers and functions of Zilla Parishad such as (1) to classify fairs and festivals (2) to classify roads as village roads, district roads etc for maintenance. (3) to supervise

the activities of G.P & K.P and any other functions as may be prescribed. Sec. 56 empowers the Adhyaksha of ZP to submit to the prescribed authority the statements, accounts, reports etc, and to exercise such powers and duties referred in the Act and the control and supervise the staff. Sec. 61 further provide that ZP shall meet for the transaction of business at least once in every two months. Sec. 63 lays down the ZP shall prepare every year a development plan for the district after including the development plans of the kshettra *Panchayats* of the districts.

#### Governmental Control

Chapter VII of U.P. *Panchayat Raj Act* deals with external control over the Gram *Panchayat*. Sec 95 provides for inspection by State Govt. The state Govt. may cause to be inspected any immovable property owned by G.P. (2) Institute any enquiry in respect of any matter relating to a Gaon *Panchayat* or Nyaya *Panchayat* (3) Suspend or supersede or dissolve any Gaon *Panchayat*. (4) Suspend a Pradhan or Up-pradhan or a member of Gam *Panchayat*. (5) Remove a person, if having elected as a pradhan if he does not possess the required qualifications.

Sec. 95A further provides that, if it appears to the State Govt. that a Gram *Panchayat* has made default in performing a duty imposed on it by or under any enactment, the State Govt. may by order fix a period for the performance of that duty, and if the duty is not performed within the period so fixed, the State Govt. may direct any authority as may be specified to perform it and may further direct the expenses thereof to be paid from Gram *Panchayat* fund.

Sec. 110 further empowers the state govt. to make rules for carrying out the purposes of the Act. S. 111 provide that may authorise prescribed authority to make bye-laws and subject to such bye-laws and the rules made by Govt. the G.P. may frame bye-laws (S.112)

#### Control on KP & ZP

S.16 of UPKP & ZP Act, 1961 provides that if in the opinion of the state Govt. Pramukh or any up-pramukh of a KP wilfully omits or refuses to perform his duties and functions under the Act or abuses the powers vested in him may order his removal. S. 29 provide for removal of Adhyaksha & upa-Adhyaksha of ZP on the same ground.

Sec. 225-237 makes provision for controlling the *Panchayat Raj* bodies by the State Govt. and its bureaucracy. S. 225 provides that the prescribed authority or the District Magistrate within his jurisdiction call for and inspect books or documents and call for monthly report. Inspect books and documents of K.P, ZP or its committees or joint committees, Direct the ZP or its committees to furnish any statements, accounts and records in writing.

Sec. 226 empowers the District Magistrate from time to time to call the Adhyaksha and Mukhya and Vitya Adhikari to discuss matters relating to planning and development with him. The district magistrate shall furnish report to the state govt. about the progress of the development works.

Under section 228 the prescribed authority is empowered to suspend any resolution passed by ZP.

Sec. 229 gives extraordinary powers to the District Magistrate in an emergency. The state govt. has sweeping powers under sec. 230 to 232 of the act.

Sec. 231 empowers the state govt. to remove a member of the ZP on any ground enlisted therein e.g. misconduct, or physical or mental unsoundness. Sec. 232 provides that if it appears to

the state govt that a ZP makes default in the performance of its duties, the govt. may dissolve or supersede it.

Sec. 235 gives power of inspection to the prescribed authority or the District magistrate, who may inspect any property, call for records, books, etc in writing. Sec. 237 empowers the state govt. to make rules for carrying out the purposes of the Act.

Thus, it is clear from the above that the state govt. and its bureaucracy have sweeping powers to supervise and control democratically elected bodies. The local self-governing bodies are not allowed full freedom to function. If these bodies are to be involved and play their role, they should be given adequate functions and responsibilities along with appropriate powers. Accountability can be demanded only if necessary powers and functions have been given to an institution.

After analysing the control the govt. holds on these bodies, the object of the act which was supposedly to revitalise village corporate life and instil in the people the spirit of self reliance and common endeavour, to ameliorate their condition, without depending too much on govt. agencies, how to maintain.

#### Link between the three tiers

The act provides for an organic link between the three tiers. Sec. 159 of UP *Panchayat* Act, 1947 provide that a G.p. shall prepare every year a development plan for the *Panchayat* and submit it to kshetra *Panchayat* concerned.

Sec. 111 empowers ZP to frame bye-laws for *Panchayats*. Sec. 63 of UPKP & ZP Act, 1961, lays down that a ZP shall prepare every year a development plan for the district after including the development plans of the kshetra *Panchayats* of the district. S. 86 empower KP to prepare every year a development plan for the khand after including development plans of the gram *Panchayats* of the khand.

So also, there is a provision for the representation of lower tier into higher tier. Sec. 6 provide that KP shall consist of all the pradhans of the G.P. in the khand. Sec. 11 provide that if the pramukh of the KP wants to resign, he must give notice in writing to the adhyaksha of the ZP. So, also, if Adhyaksha of ZP wants to resign, he do so by writing under his hand addressed to state govt. (S. 24) Sec. 33 lays down that one of the power of ZP shall be to supervise the activities of the G.P & K.P.

## **The West Bengal Panchayat Act, 1973**

**(As Amended upto Jan 1993)**

The West Bengal have three tier *Panchayati Raj* System. Gram Panchayat at lower level comprising of a group of villages, Panchayat Samiti at intermediate/block level and the Zilla Parishad at District level. The main aim of the act was to recognise *Panchayats* and assign to them a major role in the planning and implementation of development programmes.

### Disqualifications

Sec. 8 of the Act provides for disqualifications to be member of Gram *Panchayat*. If a person is a member of any Municipal authority, if he is in the service of the central or the state govt. or a G.P/P.S/Z.P or the Mahakuma Parishad or the council or he has been adjudged by a competent court to be of unsound mind, or is an undischarged insolvent.

### No Confidence Motion

Sec. 12 lays down that a pradhan or an upa-pradhan of a Gram *Panchayat* may, at any time be removed from office by a resolution of the Gram *Panchayat* carried by the majority of the existing members of the Gram *Panchayat* at a meeting specially convened for the purpose, by giving notice of such meeting to the prescribed authority. No time limit is mentioned in the introduction of no confidence motion, or any time gap between one motion or another.

### Panchayat Elections

In West Bengal election are hold to the *Panchayat* institution with open participation of political parties sec. 203 provides that there shall be a State *Panchayat* Election officer appointed by State Govt. to supervise the conduct of all elections in the state under this Act and the rules.

Also, there shall be a District *Panchayat* Election officer appointed by the State Govt. subject to the superintendence and control of the State *Panchayat* election officer, to co-ordinate and supervise all works in the district in connection with the conduct of such elections.

### Finance commission

Sec. 206A provides for constitution of finance commission by the State Govt. comprising not more than five members, including a chairman, selected from amongst the jurists, economists, administrators, and social and political workers of eminence.

The function of the finance commission is to review the financial position of the G.P, P.S & Z.P and make recommendations as to the principles which should govern the distribution between the state and the GP, PS & ZP of net proceeds of taxes, duties, tolls and fees leviable by the state, the grants-in-aid to the G.P, P.S. & Z.P from the consolidated fund of the state etc.

The chairman and other members of the finance commission shall hold office for one year and the term of office may e extended for six months by the state govt.



Standing Committees and other committees  
G.P. level there are no committees.

Panchayat Samiti

As per Sec. 124 PS functions through 10 standing committees and one co-ordination committee. Each of the standing committees consist of (a) Chairman and Vice-Chairman of the Samiti. (b) 2-5 members elected by the PS members from among themselves; (c) such number of persons being officers of the state govt. or of any statutory body or corporation or being eminent persons having specialised knowledge as the state govt. may think fit, appointed by state govt. each of the committees has a secretary.

Sec. 125 provides that the members of a standing committee shall elect, a chairman called karmadhyaksha from among themselves, who is responsible for the financial and executive administration in respect of the schemes and programmes. He is empowered to call for any information, return statement, account or report from the office of the PS and can enter in and inspect any immovable property of the samiti.

Functions of the Standing Committees

The standing committees are the action arms of the PS. It is empowered with function of implementation of schemes of the PS. The decisions and action of the committees are regarded as those of the samiti. Their financial powers are determined by the state govt. Each and every committee have to consult the standing committee on finance, establishment, development and planning before giving any financial & administrative approval. The most powerful standing committees are the Artha, Sanstha, Unnayan and Parikalpana committee.

Co-ordination Committee (Samanway Samiti)

Sec. 127A makes provision for co-ordination committee consisting of the Sabhapati, Sahakari Sabhapati, the Karmadhyakshas and the executive officers of the P.S. The secretary of the PS is the secretary of this committee. The Block Development Officer (BDO) is the executive officer of the PS. The co-ordination committee meets at least once in a month. It is responsible for co-ordinating functions between a standing committee and the PS and among the different standing committees and for monitoring the activities of the gram *Panchayats* in respect of schemes for which funds are allotted by the PS to the Gps.

Standing Committee of the Zilla Parishad

Sec. 171 provide for different standing committees, each of which consist of (a) the sabhadhipati (b) 3-5 members elected by the parishad members from amongst themselves, and (c) not more than 3 govt. officers appointed by the State Govt. each Committee elects its own chairman (Karmdhakshya). The secretary of ZP acts as the Secretary to all committee of the ZP (S. 174A) As in the PS there is a co-ordination committee of the ZP which performs similar functions.

Staff

As per sec. 35 of the West Bengal *Panchayat* Act, 1973, there shall be a secretary who perform all the official work, and he is appointed by the state govt. he works under the control of

the pradhan and upa pradhan. He also discharge such other functions as the pradhan would ask him to do.

Sec. 36 empowers the *Panchayat*, subject to rules made by the state govt. to appoint such officers and employees as may be required by it, and also to fix the salaries and allowances to be paid to the persons so appointed.

Sec. 37 is an interesting provision which says that for general watch and ward, prevention of crime, protection of life and property etc, within the local limits of the jurisdiction of a Gram *Panchayat*, every GP shall maintain under its control such numbers of Dafadars and Chowkidars, as State govt. may determine.

Sec. 39 further empowers the chowkidars with certain police powers, such as, he may, without an order from magistrate and without a warrant, arrest any person, or arrest any proclaimed offender etc.

Sec. 119 provide for staff the staff of *Panchayat* samiti. It provide that there shall be an executive officer for every *Panchayat* samiti and the Block Development Officer shall be the ex-officio executive officer. It also makes a provision for secretary and the extension officer.

Sec. 120 provide that the state govt. may place at the disposal of the *Panchayat* samiti the services of such officers and employees serving under it, as it may think fit.

The executive officer is responsible for implementation of all decisions taken by the samiti. He supervises the activities of all officers connected with working of the PS. he is responsible to the Sabhapati. He assist the sabhapati in maintaining link between PS, State Govt. ZP and Gps.

Sec. 166 provide for staff of ZP. It says that there shall be executive officer for a ZP appointed by the state govt. Sec. 168 provides that the executive officer shall exercise general control over all officers and other employees of the Z.P. He is also empowered to award any punishment other than dismissal, removal or reduction in rank to an officer or employee of a ZP.

Thus, it can be seen that Bureaucracy has not been allowed to dominate the process of rural administration and development. To a certain extent it have brought the district level bureaucracy under the control of an elected representative of the people.

#### Nyaya Panchayat

Sec. 51 provides for constitution of Nyaya *Panchayat*. It provides that a G.P., with authority from state govt. constitute a Nyaya *Panchayat*, consisting of five members to be called Vicharakas, elected by it, among the persons who's names are included in the electoral roll pertaining to area of the G.P, other than a person who is a member of any GP, PS or ZP council, or municipal authority.

Thereafter the Nyaya *Panchayat* shall elect one of its members as Pradhan Vicharaks. Its term shall be five years.

Sec. 52 empowers Nyaya *Panchayats* with criminal jurisdiction. NP have been given jurisdiction to take cognizance of offences within local limits of the GP notwithstanding

anything contained in code of criminal procedure, 1898 and no other court shall take cognizance of such offence.

Sec. 59 further empowers the NP to impose fine not exceeding fifty rupees or to award compensation. But it also provide that no sentence of imprisonment, simple or rigorous, shall be awarded by any NP.

As per Sec. 77 of NP shall follow the same procedure as laid down in West Bengal Court fees Act, Code of Criminal Procedure, Civil Procedure & Indian Evidence Act, etc.

Sec. 81 provide that the sessions judge and the sub-divisional judicial magistrate, shall have the power at all times to inspect the proceedings of any criminal case and the records of criminal case maintained by the NP.

Sec. 91 provide that the state govt. may by order in writing remove a member of a NP for good and sufficient reason.

### Gram Panchayat

The gram *Panchayat* (GP) is the lowest tier in the three-tier *Panchayat* structure in the state. The head of the GP is called the pradhan. The term of office of members of GP shall be for a period of five years (S.7).

Sec. 16 provide that every GP shall hold a meeting at least once in a month. There is also a provision for a public meeting of the G.P. of annual and a half yearly meeting for each Gram Sabha (Sec. 16A).

Sec. 17A provides that in such public meeting the GP shall place for deliberation, recommendation and suggestion,- The budget of the G.P, the various reports prepared, which shall include recommendation & suggestions, made in such meeting; reports on the audit of accounts of the G.P.

### Powers and Duties of GP

Sec. 19 gives the obligatory duties of GP like sanitation, conservancy and drainage, prevention of public nuisance, supply of drinking water, maintenance, repair & construction of public street etc.

Sec. 20 lays down other duties of the GP as the state govt. may assign to it in respect of primary, social, technical, vocational, adult education, rural dispensaries, health centres, maternity & child welfare centres, irrigation, agriculture, rural housing programmes etc.

Sec. 34 gives the powers, functions and duties of pradhan and upa-pradhan. They are responsible for maintenance of the records of the GP. He is generally responsible for financial & executive administration of the GP; exercise administrative supervision and control over the work of the staff of the G.P. and the officers and employees whose service may be placed at the disposal of GP by the State Govt.

### Panchayat Samiti

The intermediate tier at the block level is *Panchayat Samiti* (PS). It consists of

1. Pradhans of the G.P within the Block

2. not more than three persons to be directly elected by the voters of each gram area being divided into three constituencies.
3. MLAs, MLCs, MPs elected from the block but not being ministers and members of ZP, not being sabhadhipati or sahakari sabhadhipati, elected thereto from the constituency comprising any part of the block.

Every *Panchayat* samiti elect its own chairperson and vice-chairperson called sabhapati and sahakari sabhapati. (Sec. 98)

Sec. 105 provides that every *Panchayat* samiti shall hold a meeting in its office at least once in every three months.

#### Powers and duties of *Panchayat* Samiti

Sec. 109 lays down the powers of *Panchayat* samiti.

- i. It is empowered to undertake schemes or adopt measures, including giving of financial assistance relating to the development of agriculture, livestock, cottage industries, co-operative movement, rural credit, water supply, irrigation, public health and sanitation and other objects of general public utility.
- ii. Undertake execution of any scheme etc entrusted to it by the state govt. or any other authority.
- iii. make grants in aid to any school, public institution or public welfare organisation within block.
- iv. to adopt measures for the relief of distress;
- v. Co-ordinate and integrate the development plans & schemes prepared by Gps in the Blocks.
- vi. Examine & sanction the budget estimate of the G.Ps in the block.

Sec. 112 empowers PS to take over the maintenance and control of any road, bridge, tank, ghat, well, channel or drain, belonging to a private owner or any other authority.

Further S. 114 makes provision for state govt. to vest such certain other powers under any local or special act as it thinks fit. Sec. 115 gives supervisory power to PS over the Gps.

Sec. 118 gives the powers, functions and duties of sabhapati and sahakari sabhapati. A sabhapati is responsible for maintenance of the record of the PS and have general responsibility for financial and executive administration of P.S.

#### Zilla Parishad

The highest tier of the *Panchayat* system in West Bengal is the Zilla Parishad, operating at the district level. The ZP consist of (i) sabhapati of the PS within the district (ii) two persons one from each of two such constituencies comprised in the block within the district elected by secret ballot. (iii) MLAs, MLCs, MPs elected from the constituency comprising the district, not being ministers.

The term of the ZP is five years (S.141). The members of the ZP elect among themselves the sabhadhipati and sahakari sabhadhipati of the ZP (S.143). The ZP shall hold meeting at least once in every three months, which shall be presided over by the sabhadhipati.

### Powers, Functions and Duties of ZP

Sec. 153 lays down the powers of the ZP, which are subject to any general or special direction of the state govt.

- i. It is empowered to undertake schemes or adopt measures including giving of financial assistance, relating to the development of agriculture, livestock, industries, co-operative movement, public health, attainment of economic development and establishment of social justice.
- ii. manage or maintain any work of public utility.
- iii. make grants in aid to any school, public library, public institution or public welfare organisation within the district.

The ZP have the power to advise the state govt. on all matters relating to the development work among the GP & PS.

Sec. 157 empowers the ZP to take over the maintenance and control of any road, bridge, tank, ghats, well channel or drain, belonging to a private owner or any other authority.

Sec. 163 gives power of supervision by ZP over the PS and GP in the district.

Sec. 165 gives powers and duties of sabhadhipati and sahakari sabhadhipati, who are responsible for the maintenance of the records of the ZP, have the general responsibility for the financial and executive administration of the ZP.

It has power to exercise administrative supervision and control over all officers and other employees of the ZP.

### Link/relation between three tiers

The WBP. Act have made provision for establishing an organic link between the three tiers, by providing for representation of lower tier into higher tiers and also the higher tiers have been given supervisory powers over lower tiers.

Sec. 4 (2A)(ii) provide that in the constitution of GP shall include the members of the PS, elected from the G.P. Sec. 94 provide that the constitution of PS shall include, pradhans of the G.P. within the block S. 140 provides that the ZP shall consist of sabhapatis of the PS within the district.

Sec. 31 provides that A ZP may with concurrence of GP, delegate to such GP any of its functions. Sec. 115 empowers the PS to supervise over Gps in the block , who are further duty bound to give effect to give such direction of pS. PS have the power to inspect Gps, their properties and performance.

Sec. 163 empowers ZP to exercise general powers of supervision over PS and the Gps in the district who duty bound to give effect to any direction of the ZP. ZP can inspect, or cause to be inspected, any immovable property used or occupied by a PS under it or any work in progress under the direction of the PS. It can also require a PS for the purpose of inspection or examination to furnish any return, plan, estimate, statement, accounts or statistics or the furnish or obtain any report or information.

### Government. Control

The control that the state govt. exercise over the *Panchayat* Raj bodies are:-

Sec. 11 provide that the prescribed authority may after giving an opportunity to a member of a GP to show cause against the action proposed to be taken against him, by order remove him for office.

Sec. 145 provide that the prescribed authority may, after giving opportunity to a member of a ZP, to show cause against the action proposed to be taken against him, by order remove him from office.

Sec. 205 provides that the state govt. shall appoint a director of *Panchayat* and such other officers as it may consider necessary for the purpose of inspecting or superintending the work of all, or any class of GP, PS & ZP.

Sec. 207 provides that the state govt. may transfer any institution under its management or control to a ZP or PS or GP.

Sec. 214 gives power to state govt. to supersede a GP, PS or ZP, if in the opinion of the state govt. any GP, PS, or ZP has shown its incompetence to perform or has persistently made default in the performance of the duties or has exceeded or abused its powers. The govt may supersede such *Panchayat*.

Sec. 224 empowers state govt. to make rules for carrying out the purposes of this Act.



**OVERVIEW OF RURAL  
DECENTRALIZATION  
IN INDIA**

*Volume III*

**BACKGROUND PAPER NO. 2**

**Fiscal Decentralization in India  
Strengths, Limitations and Prospects for  
Panchayati Raj Institutions**

**Shikha Jha**

**September 18, 2000**





## **ABSTRACT**

The process of rural decentralization in India was given a boost in 1992 with the 73<sup>rd</sup> Constitutional Amendment Act. However, important matters such as implementation, service delivery and transfer of responsibilities and powers to rural local bodies were left to the discretion of the state legislatures. This has raised concerns as to the quality of this process. In this paper we study fiscal aspects of the decentralization process of the Panchayati Raj Institutions (PRIs), the recommendations of the State Finance Commissions and the consequent changes being brought about in PRIs of seven selected states. We also measure the extent of fiscal decentralization and evaluate the responsibilities, authority and autonomy that the PRIs actually enjoy. The objective of this study is to clarify fiscal issues associated with decentralization using quantitative and policy information and to examine how far the transfer of powers and responsibilities enables the PRIs to have effective control over expenditure decisions that make a difference at the ground level. Learning from the experiences of these states, we put forth certain issues that emerge.



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## 1. Introduction

The political and economic rationales of increased political responsiveness and participation at the local level, allocative efficiency of public spending reflecting local needs, higher competitiveness of local governments leading to better innovation and increased willingness to pay for local services, have led many countries towards a process of decentralization. See, e.g., Litvack and Seddon (1999). Huther and Shah (1998) argue that at the macroeconomic level, quality of governance may be greatly enhanced by greater fiscal decentralization. Decentralization is expected to achieve higher economic efficiency, better accountability, larger resource mobilization, lower cost of service provision and higher satisfaction of local preferences. These improvements can be brought about through local fiscal autonomy, which stands for the right and capacity of local governments to collect, decide upon and spend their own revenues. But for such achievements local bodies require, among other things, substantial administrative capacity, significant discretion over financial resources and willing bureaucrats. Moreover, Bird and Rodriguez (1995, p. 35) warn that a “big conflict” needs to be taken care of in the implementation of center-state/ local decentralization: “the greater the weight that the central government places upon the equitable delivery of essential services ..., the less the weight that can be given to the autonomy of local governments in the sense of leaving them free to spend as they see fit”. While a centralized system suffers from lack of knowledge about local conditions, a decentralized system is prone to capture by the local elite. Thus both the systems are amenable to potential corruption and lack of accountability. A comparison of relative tradeoffs can help make the choice between the two alternatives. Among others see Bardhan and Mookherjee (1998) for a theoretical framework to study such trade-off.

India gave a boost to the process of rural decentralization in 1992 with the 73<sup>rd</sup> Constitutional Amendment Act and followed it up in 1996 with the Provisions of the *Panchayats* (Extension to the Scheduled Areas) Act.<sup>121</sup> To make the amendment effective, the states and union territories amended their respective Panchayat Acts by the deadline of April 1994, one year after the amendment act came into force. These provided for a uniformity in structure in terms of three-tier local governments at the district, block and village levels: *Zilla Parishads* – ZPs, *Panchayat Samitis* – PSs, and *Gram Panchayats* – GPs respectively.<sup>122</sup> Small states with population below 20 lakhs were given the option of not having the middle-level panchayat. Among other things, decentralization was meant to open new avenues for opportunity and challenge at the local level. Concerns, however, have been raised as to the quality of this process since important matters such as implementation, service delivery (including local capacity building) and transfer of responsibilities and powers to rural local bodies have been left to the discretion of the state legislatures. See, among others, Gulati (1996), Oommen (1998), Mathur (1999) and Rani (1999). In this paper we take a closer look at the fiscal aspects of the Panchayati Raj Institutions (PRIs), the rural local bodies in India, and evaluate the responsibilities, authority and autonomy that they actually enjoy. In particular, we analyze the recommendations of the State Finance Commissions (SFCs), the consequent changes being brought about in PRIs of certain selected states and measure the extent of fiscal decentralization. The objective of this study is to clarify fiscal issues associated with decentralization using quantitative and policy

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<sup>121</sup> Rural decentralization refers to the “transfer of political, functional and fiscal responsibilities to locally elected bodies in rural areas and the empowerment of rural communities to exert control over these bodies”. In this paper we confine attention mainly to the fiscal aspects of decentralization.

<sup>122</sup> Although these bodies are named differently in different states, for ease of reference we shall in general refer to the local government at village level as GP, at the block level as PS and at the district level as ZP. We also use the term ‘panchayat’ to refer to all the three levels of rural government together, unless otherwise specified.

information and to examine how far the transfer of powers and responsibilities enables the PRIs to have effective control over expenditure decisions that make a difference at the ground level. Learning from the experiences of Indian states, we put forth certain issues that emerge.

In this paper we consider the cases of seven Indian states, their choice being guided by the need for useful contrasts and comparisons: Andhra Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh.

The rest of the paper is organized as follows. In sections 2 and 3, we describe the distinctive features and fiscal characteristics of PRIs with a background of their recent history and evolution touching upon the new mechanism design through institution building in line with the constitutional amendment. In section 3 we also discuss their sources of income and power to spend. In section 4 we summarize the recommendations of the SFCs of individual states and examine the differences and similarities across states. In particular, we compare the powers and responsibilities of PRIs and the formulae used for devolution. In section 5 we take an overview of the problems that continue to persist, measure the degree of rural fiscal decentralization and consider ways of improving the latter. Finally, in section 6 we conclude by bringing out some important emerging issues and provide policy recommendations arising from the analysis.

## **2. Distinctive Features of PRIs**

### **2.1. Rural/ urban distinction**

Given the large size of the rural countryside – both in terms of area and population – a rural-urban break-up could easily be justified. But is it right to do so? Perhaps not, as this break-up combined with a rather complex structure of rural governments makes it difficult, e.g., to obtain distributional implications of spending by different levels of rural bodies. The local governments in rural India follow a three-tier structure arranged in a hierarchical order with a lower level government being subordinate to the higher level government. At the district level there are *Zilla Parishads*, followed by *Panchayat Samitis* at the block or *taluk* level and finally, *Gram Panchayats* at the lowest village level. The system of the hierarchically three-layered rural government is clearly differentiated from local governments in urban areas, which are more autonomous in nature. While the PRIs have hitherto been attached to the state administration, the municipal authorities are disjoined and have had fiscal powers to raise resources for their additional fiscal requirements. In general there are lesser expenditure responsibilities for rural than urban governments. Another important difference is that the area and population under the jurisdiction of different urban bodies is different. However, in rural areas, there is an overlap. The area and population of GPs falling under a PS are also within the jurisdiction of the latter. Similarly, a ZP also covers the area and population of a PS that is located within its boundaries. Such inter-tier jurisdictional overlap complicates the issue of inter-se distribution of resources, particularly from higher level governments.

### **2.2. Implementing agencies and service delivery mechanisms**

The wide diversity in health, education and other basic needs across different climatic regions and different socio-economic characteristics of the Indian population entails decentralized provision of public services. In rural India, not only the quality of public services is poor, but their access and utilization is low too, particularly among the poor [Srinivasan (1997)]. Comparing public with private expenditure from the (National Sample Survey) NSS data gives

the ratio of public (PRI-level) spending to private spending. This ratio will give an idea of the relative levels of local public service provision in rural areas of different states. Considering data for 1993-94, for which the latest consumption expenditure data are available, we note that total PRI expenditure including capital expenditure as a fraction of private final consumption expenditure varies widely across states. It is the highest for Karnataka at 23%, followed by Maharashtra and AP at 10% and then Rajasthan at 5%. The remaining three states Kerala (1.32%), MP (2.26%) and UP (1.87%) have this ratio below 3%. Even after accounting for differences in efficiency of spending, these differences are likely to persist and reflect in differences in service provision. But the experience from Kerala, where per capita PRI spending increased by almost 5 times between 1995-96 and 1999-2000, shows that it is possible for decentralization efforts to succeed in improving these ratios.

In a study based on a survey of 13 villages in 6 states conducted in 1996-97, Gupta (1999) analyzes the service delivery mechanisms for various programs and schemes for rural poverty alleviation. One of his findings is that the schemes have not been fully successful due to inadequate and ineffective administrative planning, coordination and implementation and lack of appropriate infrastructure. Other reasons include rigid program guidelines, lack of appreciation of field conditions, weak management, monitoring and evaluation and limited capabilities of development functionaries reflecting on the lack of capacity of local institutions to successfully implement programs. In order to improve the design of the delivery system, particularly at the GP and PS levels, Gupta makes several suggestions. They include strengthening participatory planning and capabilities of PRI functionaries through their training in office management and organizational development to enhance their knowledge and skills, decentralized system of administration with “concurrent evaluation” and appropriate changes made where necessary.

Mahal et al (2000) empirically examine the contribution of decentralized decision making by PRIs to increased efficiency of rural public service provision in the education and health sectors. They conduct an econometric exercise based on a 1994 National Council of Applied Economic Research (NCAER) survey data covering more than 1700 villages and 33,000 households across almost all the Indian states. They use a dummy variable as a proxy for decentralization for “states that are known to have made advancements towards decentralization during 1970-94”. Mahal et al also use the frequency of elections as an indicator of democratization. Their main finding is that decentralization/ democratization influences enrolment rates in schools positively and child mortality negatively, after controlling for the effects of various socio-economic circumstances, presence of NGOs and capture by local elite groups. But this effect is not always statistically different from zero. An interesting finding from their paper is that infrastructure plays an important role in service delivery: the longer the distance from the nearest bus stop, the lower the enrolment ratio in primary schools and the higher the under-5 child mortality. The distance variable in the enrolment regression reflects the “quality and attendance problems among teachers” given that “almost every village has a school”. Although this analysis relates to 1994, the essence of the results may hold even today.

There is a greater recognition now of the role that community participation and NGOs can play in improved service delivery of various programs for rural development and anti-poverty that were hitherto the mainstay of the governments.<sup>123</sup> See, among others, Gaiha (1998) and

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<sup>123</sup> Panchayati Raj Update (December 1996 and January 1997, Institute of Social Studies) reports on an innovative participatory experiment, *Janmabhoomi*, in this line that was organized in AP from January 1-10, 1997. The project costing Rs.170 crores, to help panchayats in development, involved *shramdan* (donation of labor) by 6 lakh college students who visited/ stayed in villages with each group of about 8-15 students covering a population of 1000. The idea was to sensitize the people of the need for “self-help” and



Mathew (1999) in this context. One of the ways for improving the quality of public services is thus through participatory and demand driven mechanisms of service delivery. Another way is to encourage private sector participation as commercial service providers.

### 2.3. Size, representation and empowerment of weaker classes

Another distinct characteristic of the Indian system is the reservation policy for socially weaker sections. The reservations policy for women, SCs and STs (scheduled castes and scheduled tribes) in panchayat elections is meant to guard against the hitherto prevalent situation where such people were normally not included in the public decision-making process.<sup>124</sup> An offshoot of this policy is that the members of the newly elected local bodies are occasionally illiterate and not familiar with office work thereby lacking understanding of their roles, duties and responsibilities. But a positive impact of this policy is the creation of knowledge that education is an important trait of an elected leader. This knowledge in fact led to the search for educated representatives from these classes for the recently concluded PRI elections. Over a long run, such changes may change the power equation in the states. While quotas can “divide or weaken the poor” in the short run, they may “legitimize power sharing” over a long time period [Gaiha (1998, 2000) and Gaiha et al (2000)]. But there is a possibility that even the limited participation by the poor may remain only a formal arrangement if they do not have the support of influential groups. In addition to direct representation to women and other weaker sections, empowerment of the rural poor in general through institutions such as cooperatives, labor unions and other rural organizations can help to serve them better. This can also be achieved by ensuring that the representatives of the poor head the panchayats. But so long as the size of the rural, particularly village, governments is small relative to the state, their efficacy in public service provision and delivery is likely to be low. While community participation can improve service delivery and improvements brought about with better design and implementation of rural decentralization, the elected representatives would need at least initially to be guided to make the best use of this process by learning how to govern.

Table 1 lists the size and representation of the weaker sections in rural government.<sup>125</sup> While most states have close to 1/3<sup>rd</sup> representation of women, as mandated through reservations for them, some states like UP (only 25%) and Karnataka (a high of 43%) are outliers. There is a much wider variation across states in the representation of SC/ ST from a low of 15% (again in UP) to almost 42% in MP. It is not clear if this is due to varying relative populations of these classes in total population of different states as the seats for them are reserved in proportion to their population. It is to be noted that of the total seats reserved for SC/ ST, 1/3<sup>rd</sup> are meant for their women. In general the elected women are restrained by various social, cultural and information-linked limitations [see Aslop et al (2000), Lieten and Srivastava (1999) and Vyasulu

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to initiate schemes for safe drinking water, hygiene and adult literacy through direct meetings with individuals and participation in gram sabha meetings. Simultaneously, the students collected information in each of the 60,000 habitations in the state on 65 different attributes of the village facilities available to the families they visited in order to prepare an action plan for the development of the village.

<sup>124</sup> The concerns relating to representation of weaker sections is not unique to India. For example, in Ghana after its District Assembly reform, the 1994 electoral process did lead to a better representation of the disadvantaged groups of the poor and unschooled in English that included illiterate farmers, artisans, traders and clerks. Economically weaker local primary school teachers were hugely over-represented though the elected women councilors constituted only 1.6% of the total, despite the government's encouragement [Crook and Manor (1998)].

<sup>125</sup> Note that due to overlapping membership of some people such as chairpersons across different levels of panchayats, we present the average size of all panchayats and not the total number of members.

and Vyasulu (1999) for evidence from MP, Rajasthan, Karnataka and UP]. Nevertheless an important finding of Aslop et al (2000), based on interview data from more than 2000 respondents in 53 villages of MP and Rajasthan, is that neither service delivery nor general performance nor public satisfaction differ significantly between panchayats headed by people from reserved categories and general panchayats. What does make a clear difference though is the level of education of the elected representatives and the peoples' access to information on the powers of the *sarpanch* (the head of a panchayat), on how to enforce the villagers' rights, on how to question the misdeeds of the sarpanch etc. Vyasulu (2000) reports on the elaborate search process that took place in many villages for educated women, SCs and STs for the recent second round of elections to PRIs.

### **3. Fiscal Characteristics of PRIs**

#### **3.1. A historical perspective**

Panchayats in India have for long been an integral part of village administration though the character and institutional set-up of a 'panchayat' varied over time and across regions. After independence, the constitution gave the responsibility of organizing and shaping local institutions to the state governments. The tasks of the state governments included endowing village panchayats with the necessary powers and authority so as to function as units of self- government. The Balwantrai Mehta committee set up in 1957 recommended such devolution with the basic rural unit being at the block level and the higher level being the ZPs. The implementation of the Mehta committee report in the 1960s delineated the system in rural areas from local governments in urban areas. While the PRIs were attached to the field administration of the state, the municipal authorities were detached and had some fiscal powers, having to devise their own ways to meet their additional fiscal requirements. Thus, it was almost by design that the PRIs were made heavily financially dependent on higher levels of government. Moreover, the PRI structure failed to lead to adequate rural development, as political and bureaucratic control and various social factors marred it. As the central government initiated 'central plan schemes' and 'centrally sponsored schemes' with a need to strengthen rural developmental programs, the urgency of empowering the panchayats became significant. In 1986, L.M. Singhvi Committee recommended constitutional status for PRIs with gram sabha as the basic unit. Such series of recommendations culminated in the Constitutional Amendments in 1992 requiring the state governments to pass appropriate legislation, as local governance is a state subject. Among others, see Datta (1992), deSouza (2000) and Singh (1997) for more details on evolution of the current framework.

#### **3.2. Constitutional amendments and institution building**

The 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments (for rural and urban areas respectively) are designed to promote self-governance through statutory recognition of local bodies. The latter are expected to move away from their traditional role of simply executing the programs handed down to them by higher levels of government and to formulate and implement their own programs of economic development and social justice. The 73<sup>rd</sup> amendment gives incentives to states in the form of Schedule XI to enlarge the domain of panchayats and to include functions with distributional consequences. This Schedule includes such key functions as agriculture, irrigation, drinking water, poverty alleviation, public distribution system, rural electrification, roads, primary, secondary and adult education, and maintenance of community assets.<sup>126</sup> With

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<sup>126</sup> For the complete list of items in this schedule see among others Mathur (1999).

participation through elections to the local bodies, people at the grass roots level are expected to initiate the process of local level planning and development. The elected members would have to begin the process of formulating schemes from the basic units such as *gram sabhas* and prepare a document that specifies the functional area of local bodies and the mode of financing the programs.<sup>127</sup> Such a document is expected to pave the way for local bodies to emerge as units of self-government. Though this will also provide an avenue for accountability of the gram sabhas, its role will be limited by the lack of authority and control they enjoy since their functions are not clearly stated. Except in a few states such as MP, Punjab and Tamil Nadu, the gram sabhas have no powers to approve plans and budgets. Their role is only consultative in nature. It is made more difficult by the presence of officials of the state government who occupy key positions in local government, e.g., the local executive functionary is a civil-servant appointed by the state government. deSouza (2000) discusses various ways in which the state government exercises control over the PRIs, e.g., by withholding grants to them.

An essential feature of the constitutional amendments is setting up and reorganization of various institutional bodies to make the transition possible and smooth. Towards this end, each state is required to set up a State Election Commission to ensure that elections are held periodically every five years with a uniform term of five years for the elected office bearers of PRIs. This Commission's duties include preparation of electoral rolls and implementation of the election process. Similarly, every five years a State Finance Commission is to be appointed in each state to examine the requirement of funds for PRIs and to recommend financial support from the state's resources. Besides, each state is required to set up a District Planning Committee to ensure a bottom-up planning through aggregation of local needs from grass root level institutions.

The centrally sponsored schemes (funded by the central government) are implemented through the District Rural Development Agencies (DRDA), which were hitherto under the administrative control of state governments. In 1995, the Union government decided to bring DRDA under the overall supervision, control and guidance of the PRIs, the elected head of the ZP being the chairperson of its governing body. Proposals for development programs are now supposed to be initiated and processed at the lower level of GPs and PSs and the proposals cleared by them submitted to the DRDA. The district collector who is the chief executive officer of the DRDA and who has the executive and financial powers over these agencies will execute the schemes approved by the governing body of the DRDA.

### **3.3. Sources of income**

In this section, we enumerate the PRIs' sources of income including their tax powers and authority to borrow. It is worth pointing out at the outset that it would not be surprising to find weak rural governments, given the history of their evolution. It would be revealing, however, to find if they can change the priorities of spending, especially of earmarked or tied funds.

With the 73<sup>rd</sup> Constitutional amendment in 1992, panchayats have, for the first time, been statutorily recognized as having constitutional functional and fiscal powers. The degree and extent of power and responsibilities that is delegated to them has, however, been left to the State governments with their legislatures expected to endow them with the "necessary" powers, responsibilities and authority. The amendments merely provide an illustrative or indicative list of

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<sup>127</sup> A *Gram Sabha* (or village assembly) in each village or a group of villages, comprising all registered voters, is the fundamental grassroots body meant for voters' representation as a measure of direct democracy. Interestingly, the year 1999-2000 was declared as the "year of the gram sabha" by the finance minister Yashwant Sinha at the time of presentation of the union budget on February 27, 1999.

functions that are suitable for devolution to panchayats. Unlike the division of subjects and financial relationship between the Central and State governments provided by the Constitution, no such clear-cut demarcation of responsibilities and financial relationship exists between the state and local bodies. Apparently, the suggestion to specify a “local list” in line with the central, state and concurrent lists was not approved by the National Commission on Urbanization in order to prevent “rigidity and conflict with the interests of the state government”.<sup>128</sup> In general, the tax objects of local bodies are less mobile and not easily exportable. They include objects such as taxes on land revenue, lands and buildings, animals and boats etc. The decisions as to which taxes, duties, tolls and fees should be assigned to local bodies and which should be shared by the State with them are with the State legislatures. Consequently, while expenditure responsibilities of local bodies are likely to be extensively enhanced, there is no law to ensure a corresponding assignment of taxes or shares to match the additional responsibilities. Moreover, while the amendments did lead to the setting up of SFCs for improvement of fiscal scene at the local level, most SFCs chose to leave unchanged the existing tax powers of local bodies.

PSs and ZPs in most states are allotted supervisory functions or they act mainly as executing agents for the state government (e.g., advisory body in MP) whereas the GPs carry out major functions (including some obligatory) such as public facilities, health, minor construction, minor irrigation, village roads etc. Accordingly, in most states, only the GPs are empowered to levy taxes directly.<sup>129</sup> The two higher rural tiers, PSs and ZPs, levy only surcharge on GP taxes (AP and Kerala), rely on state and central grants and loans and user charges (Kerala) or do not need special funds as they do not carry out any compulsory functions (MP). In Karnataka, there is a striking contrast between functional responsibilities and tax powers of rural governments. While GPs are dysfunctional for the most part, only they are entitled to impose taxes. In contrast, the higher level rural bodies do not have tax powers although specific functions such as drinking water, streetlights, roads, primary education and health are assigned only to them.

Apart from its own revenue generation, additional funds can accrue to a local body in a number of ways. They include assignment of specific existing state taxes to the local bodies, sharing of existing state taxes, levy of new taxes by the local bodies or even by the state government with a provision for tax sharing and state grants. In addition funds also flow from the central government on the basis of the recommendations of the Central (National) Finance Commission (CFC) and the Planning Commission. User charges provide another important source of income to PRIs. Evidence from UP/ MP shows that people are willing to pay user charges provided the quality of supply (e.g., of electricity/ water) is good. However, there is evidence that though there is a willingness to pay, it is too low and does not add up to the total required investment.

At present local governments except municipal corporations have no borrowing powers.<sup>130</sup> K. Santhanam Committee recommended as early as 1963 the establishment of Panchayati Raj Finance Corporation to give loans and financial assistance to PRIs. But, e.g., the UP SFC report clearly mentions that “... panchayati raj institutions in the State are not empowered to raise loans on their own, whatever loans they have received in the past and are receiving at present relate primarily to loans from the state Government” (p.200). This limitation is manifested in the requirement that expenditure must be strictly “within the limit of their income” so that a situation of deficit budget does not arise (Maharashtra SFC Report, p.116). This requirement results in postponement/ avoidance of certain “essential expenses” at the end of the

<sup>128</sup> Reported in UP SFC report, pp. 60.

<sup>129</sup> GPs have the constitutional right to raise own tax revenues.

<sup>130</sup> Even the borrowing powers of (urban) municipal bodies are governed by the Local Authorities Loans Act, 1914, under which they can borrow only with previous sanction of the State government.

PRIs and makes them even more dependent on the state government. In Maharashtra, unutilized grants form about 5% of annual income of PRIs.

Stein (1998) makes a case for limited borrowing rights to state and local governments for public infrastructure investments whose benefits are spread over time since it is inappropriate that the current taxpayers pay for the entire cost. Since it is difficult for higher level governments “not to bail out state and local governments when they are in financial trouble”, such borrowing could be limited to the extent that the marginal rate of return from investment of borrowed funds does not fall below the interest rate. It is interesting to note in this context that on May 7, 1999 the Prime Minister Vajpayee announced direct lending to panchayats.<sup>131</sup> GPs, self-help groups and NGOs are now allowed direct lending from the revamped Rural Infrastructure Development Fund for providing roads, primary education centers, rural health centers and drinking water in villages. This, however, does not mean that the PRIs can directly raise loans on their own, particularly for other purposes. But there are certain exceptions. The Maharashtra SFC has recommended a rating system to be developed in consultation with commercial credit rating agencies or financial institutions such as CRISIL or ICICI to help the state government decide on whether to give loans or guarantees to PRIs and urban bodies. The SFC for MP has recommended setting up of a Rural Development Fund from 50% of the amount (Rs.44 crores) received from the central government on account of recommendations from the 10<sup>th</sup> CFC. This Fund would be used as guarantee money or margin money for projects on drinking water.

### **3.4. Power to spend**

In this section, we look at the PRIs’ expenditure responsibilities and autonomy in expenditure decision-making. The following quote from the Report of the SFC for Rajasthan (p.65) paints a dismal picture, which characterizes to a large extent the general scenario in most states.

“... the current expenditure pattern of PRIs does not really reflect meeting their functional obligations according to their own needs and priorities, but indicates programmes and schemes under which funds are transferred by the external agencies with national norms and conditions for expenditure. For lack of their own resource base to determine a function-related, local need based expenditure pattern, these institutions have merely been reduced to executing arm at the field level, of the external funding agencies.”

Table 2 presents a break-up of consumption expenditure of government departments at the central, state and local levels. The share of central government consumption expenditure dropped by a little over 3% between the late 1980s and late 1990s. During this period, the share of state governments went up by more than 2% and that of rural and urban local governments by less than 1%. One of the reasons for this trend could be that post-amendment the center no longer channels the requisite funds for central schemes through the states but directly passes them on to the local bodies.<sup>132</sup> However, data on PRI finances show that the share of central grants in their income has come down in recent years while that of state grants gone up (Table 3). But as states become more dependent on the center, with their debt rising faster than their revenues as reported in Reserve Bank of India (2000), their transfers to local bodies are likely to be affected adversely. This is captured by Table 4, which gives the transfers from state to local governments. Indeed there seems to be a slight slowdown in these transfers in the last 2-3 years in most states.

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<sup>131</sup> Reported in Panchayati Raj Update, Vol. 65, May 1999, Institute of Social Sciences, New Delhi.

<sup>132</sup> Until recently, states used to channel central transfers to local bodies [reported by Singh (1997)].

A break-up of grants into tied versus untied grants could exhibit the local government's autonomy to spend. But in general, state government grants are tied. In AP, 15%, 6% and 5% of the *general-purpose grants* are "earmarked" for schemes meant for scheduled castes, scheduled tribes and women respectively. Likewise, there have been orders from the state government specifying the use of per capita grants for minor irrigation and roads by PSs (AP SFC Report, p. 99). In Kerala, where grants constituted 1/4<sup>th</sup> of the receipts of panchayats in the first half of the 1990s, untied grants formed a little over 60% of total grants or about 15% of their receipts. It is interesting to note that the SFC in this state recognized the fact that specific purpose tied grants in some panchayats are being diverted to other uses and, therefore, it recommended abolition of earmarked non-plan grants.

Another way to assess autonomy in expenditure decision making is to see if there is a requirement for matching grants. Most of the central schemes require a matching contribution from the states, e.g., IRDP 50%, TRYSEM/ JRY 20%, and DPAP 50%. Even the states seem to follow this line. The SFC in AP recommended statutory sharing of the State's tax and non-tax revenue, with PRIs to make a matching contribution from their side. In Rajasthan even the untied funds coming from the state to the rural government require 50% contribution from the latter. Karnataka SFC points out matching grants for streetlights.

While matching funds can help improve accountability, they can also add to the fiscal burden of local bodies.<sup>133</sup> For example, it is often believed that foreign aid could ease the resource crunch faced by local governments. But Agbonyitor (1998) finds that local financing constraints in most low-income countries become worse in the short run with the inflow of aid requiring additional matching funds for utilization of aid resources, implying cutting down of spending in other areas. Expenditure reform in such cases requires focusing on quality expenditure including on local capacity building for better review and management of local funds and to spend for enhancing growth and thereby enlarging the tax base for higher revenue generation in the long run.

The size of the salary component in centrally sponsored schemes can also give some indication of the degree of expenditure autonomy. It is to be noted that a major portion of funds allocated to the three tiers of PRIs involves payment of salaries most of which come from the on-going programs and schemes. The picture is not so clear for state sponsored schemes. For instance, the information contained in the Report of the AP SFC does not give separately the size of the salary component in total expenditure or even the salary grants on the income side.

#### **4. State Finance Commissions (SFCs) and Rural Government Finance**

In this section we begin with the mandate of the SFCs, recent historical developments in the PRIs of different states leading up to the present situation. We then summarize the recommendations of their first finance commissions and where possible the subsequent changes that are being implemented. We must emphasize that the wide variation in policies followed and the type of information that is available restrict us from making a point to point comparison across states. The following quote from the Report of the 10<sup>th</sup> CFC (p.47, para.10.14) aptly summarizes what was expected as a package of transfers to local bodies.

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<sup>133</sup> The requirement of matching funds is one of the reasons why some states have not been able to utilize central funds for various rural development schemes, in 1999-2000 [reported in the Times of India online, August 21, 2000]. These include EAS meant to provide employment to rural poor in lean agricultural season, Swarnjayanti Gram Swarozgar Yojana (SGSY) to promote self-employment, Jawahar Gram Samridhi Yojana (JGSY) for creating village infrastructure and National Social Assistance Program for social benefits to the poor.

“It can be assumed that the transfer of functions and responsibilities from the State to panchayats would be accompanied by the transfer of staff already working on these schemes/ projects as also the financial allocations budgeted for and envisaged to be spent on the transferred activities. Such a transfer is, therefore, not likely to result in any extra burden on the State. ... A few States have already reported that the number of panchayats may increase as a result of fresh delimitation exercises. ... there would still be a need for supplementation of resources in order to provide for not only the additional set up, including infrastructure facilities, but also the heightened expectations of people from these bodies.”

#### **4.1. A brief background to PRI finances in the seven states**

The state of Andhra Pradesh (AP) came into being in 1953, prior to which it was a part of the composite Madras State. But the Madras Panchayats Act 1950 for Panchayats and the Madras District Boards Act, 1920 for the District Boards continued to be in force. However, the names of the Acts were changed to AP District Boards Act/Village Panchayats Act. In 1958, AP took the lead in introducing the three-tier system as per the recommendations of the Mehta Committee. In 1964, a single Gram Panchayat Act was made applicable to all panchayats in the state. It also covered town municipalities, which were downgraded as GPs. With a view to making administration more accessible to the people, in 1987 the government replaced PSs by smaller (but larger number of) units called Mandal Praja Parishads, and renamed Zilla Parishads as Zilla Praja Parishads. With the 73<sup>rd</sup> amendment, the state government brought out a single comprehensive Act, the AP Panchayat Raj Act 1994. The SFC that was constituted in June 1994, brought out its report in May 1997 (Table 5) and the state government initiated action on its recommendations.

In Karnataka the PRIs developed in three phases after independence. In the first phase (1956-87), three tiers were created under Mysore Village Panchayats and Local Boards Act 1956. Village Panchayats and Local Boards were elected bodies whereas the District Development Council comprised ex-officio and nominated members and was presided over by the Deputy Commissioner. In the second phase (1987-1993), two tiers of PRIs were added – ZPs at district level and Mandal Panchayats below the district level. Taluk Panchayat Samiti, which was not an elected body, existed only in name. After the Karnataka Panchayat Act 1993 was enacted as per the requirement of the 73<sup>rd</sup> amendment the third phase began. Now Karnataka has three-tiers of rural government consisting of ZPs at district level, Taluk Panchayats at taluk level, and GPs below taluk. There are currently 5658 GPs, 175 PSs and 20 ZPs.

Before the Panchayat Raj Legislation of 1994, there were only village panchayats in Kerala. Two new tiers of panchayats, at the higher levels of block and district were created by the Kerala Panchayat Raj Act, 1994. In 1995 the state had 991 village panchayats, 152 block panchayats and 14 district panchayats. The average population of a panchayat in 1991 was about 25000 spread over an area of 37.5 sq. km. The SFC in Kerala came up with an early report in February 1996 and the government began acting on it.

The responsibility for development of PRIs in Madhya Pradesh (MP) was entrusted to Development Blocks when the National Development Council accepted the recommendations of Balwantrai Mehta Committee. The functions of GPs include public facilities, public health, minor construction works, such as minor irrigation projects, village-roads etc. As required by the 73<sup>rd</sup> and 74<sup>th</sup> constitutional Amendment, MP is the first state in India to introduce decentralization of powers through the enactment of MP *Panchayat Raj Adhiniyam* 1993, which came into effect from January 1994. Currently there are 45 ZPs, 459 PSs and 30, 922 GPs.

Prior to Independence, rural governments in Maharashtra were governed by acts such as Bombay Local Board Act 1923, Central Provinces and Berar Local Government Act 1948 and Hyderabad District Board 1955. Following the recommendations of the Mehta Committee, a number of committees set up by the state government recommended various tax and non-tax sources of income for the three layers of rural bodies, although ZPs continued to be the main rural government. Different equalization and matching grants were also suggested on per capita basis. The Bongirwar Committee (1970) recommended preparation of a list of functions for the state, ZPs and PSs and arrangements for corresponding finances by raising the establishment grant, forest revenue grant, additional grants for overhead expenses and increasing the upper limits of local taxes such as cess on land revenue. The existing matching grants were to be simultaneously continued. Each subsequent committee recommended further increases in grants and cess on land revenue to “enhance the financial powers of ZPs” (Maharashtra SFC Report, p.11). The financial powers seemed to consist only of higher grants and higher tax rates (though minimum and maximum limits were imposed) but no new levies. At present the state has all the three tiers with 29 ZPs, 297 PSs and 27289 GPs linked in a hierarchy.

When Rajasthan [then called *Maha* Rajasthan (big Rajasthan)] came into existence in 1949, the need for a unified legislation for Panchayats for the entire state was realized. Prior to that, different regions that subsequently became a part of Rajasthan had their own Panchayat Acts, passed at different points of time.<sup>134</sup> But it was only in 1953 that a unified legislation to this effect was passed in the state. In line with the report of the Balwantrai Mehta committee, Rajasthan introduced the three-tier panchayati raj system in 1959 with GPs at village level, PSs at the block level and ZPs at district level. The 73<sup>rd</sup> Constitutional Amendment resulted in the revision of the Panchayat Law and the introduction of a consolidated act called the Rajasthan Panchayat Act, 1994, applicable to all the three tiers. The Rajasthan SFC pointed out that despite the new act earlier rules continued to be applicable to the PRIs since, during the term of the Commission, new rules had not been framed. The Commission recommended consolidation and introduction of common rules for all the three tiers (p.23).

After the abolition of *zamindari* after independence, Uttar Pradesh (UP) was among the first states to set up the 3-tier system of PRIs by passing the UP *Kshetra* Samiti and Zilla Parishad Acts in 1961. However, for most purposes PRIs “did not exist” for the most part in UP; since they did not function, they could not “evolve their own locally needed functions” (SFC Report). At present, the rural local bodies in UP consist of 68 ZPs, 901 Kshetra – Block – Panchayats (KPs or PSs) and 58,605 GPs. The SFC for UP states that the functions of local bodies “have come to be identified as local in nature not on the basis of any economic logic but on the recommendations of successive committees and commissions...” (p.56). The functions allocated to PRIs in the state are based on “administrative feasibility and political expediency”. Despite the recent amendments to the Constitution, “the problem of allocation of functions to PRIs is not yet settled”. It may seem that it will remain unsettled so long as the elitist, wealthy and politically powerful upper-caste *thakurs* and *brahmins* continue to exercise control over the PRIs in order to retain their stronghold, the (almost non-existent) electoral process notwithstanding. According to Lietaen and Srivastava (1999), who describe panchayati raj in UP as the “raj of the big people”, “panchayats fail to function even in villages where lower castes have succeeded in securing control over the panchayats”. The large-scale violence in the recent panchayat elections reinforces this observation.

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<sup>134</sup> For example, Bikaner passed an Act to establish Panchayats in 1928, Jaipur in 1937, Karoli in 1939, Mewar in 1940 and so on.



## 4.2. The mandate of the SFCs

The Governor of each State is required to set-up a State Finance Commission within one year from the date of commencement of the 73<sup>rd</sup> Amendment Act, 1992 and subsequently at the culmination of every five year period. The objective of this exercise is to examine the financial position of the panchayats under the Constitution of India Article 243-I. The amendment also broadened the terms of reference of the CFC to recommend measures for augmenting the Consolidated Fund of states in order to supplement the resources of local bodies in the state on the basis of recommendations of the SFCs.

As required by the constitutional amendment, most states constituted State Finance Commissions, which submitted their reports in less than 2 to almost 4 years (see Table 5). Terms of Reference of the SFCs are common across all the states. These terms are listed in Box 1. The SFCs are required to recommend financial support from the state and principles for determination of taxes, tolls and fees that could be assigned to or appropriated by the local bodies. The division of the tax domain can be on the basis of assignment of specific taxes, duties, tolls and fees for the collection and/ or use solely by local bodies and on the basis of sharing of tax revenue. Assigned revenues at the state level are of two kinds. First, the law itself authorizes the state government to levy and collect revenue on its own and pass on a portion of it to the local bodies after deducting collection charges. The second category consists of taxes or fees which normally belong to the local bodies but whose collection is taken over by the state for administrative reasons. Once the revenue sharing arrangement is designed, the SFC is required to recommend the allocation of the sharable revenue among different local bodies, both urban and rural. On the whole, there is no common approach followed by the SFCs of different states except that most chose to stick to the existing tax powers of local governments and suggested transfer of funds accordingly.

One of the ideas behind providing grants to local bodies is to enable them to manage functions entrusted to them which could not be otherwise undertaken because of their limited taxable capacity. Furthermore, grants are given to local bodies to undertake functions for which money is provided by the state government. Grants are also given to encourage local bodies to increase their income. For example, the requirement of matching grant may persuade local governments to improve their revenue collection. But such a requirement would also reduce the amount of funds available locally for spending on other purposes. The general-purpose or untied grants such as per capita grant are given so that local governments can spend then on purpose that they consider as fit.

In the absence of clear transfer of functions, all SFCs faced the problem of assessing the resource requirement of the local bodies. SFCs in different states followed different ways of determining the resource requirements of states. They unanimously and strongly recommended that whenever state governments decide to devolve any of the functions of Schedule XI to PRIs, they must also devolve finances along with the functionaries and empower them to discharge the responsibility effectively. In Box 2, we present a comparative picture. The problem common to some states (for example, AP, Karnataka, MP and Rajasthan) is that local bodies (especially Gram Panchayats) do not impose and collect taxes that they are authorized to because such options are perceived to be an unpopular measure [see, e.g., Thimmaiah (1998)]. Accordingly, SFCs in AP and Rajasthan did not recommend assignment of taxes levied by the state government to local bodies, as they are thought to be unfavorable to voters. However, the Rajasthan SFC suggested that this problem can be tackled and it would more acceptable if only the rich villagers were taxed through, e.g., a tax on *pucca* (brick/ stone) houses and big *havelis* (mansions). In states where minimum and maximum rates have been prescribed in the Panchayat Acts, there is a general tendency to impose the minimum rate [Vithal (1997)]. Another problem faced by PRIs is the lack of administrative machinery and staff trained in tax collection. Finally,

the tax bases of available taxes are too low to generate sufficient revenue. This could happen due to say, low per capita income of panchayats. Table 6 presents the taxes and subjects that were transferred to local bodies subsequent to the recommendations of the SFC.

As the reports of the SFCs were delayed, the 10<sup>th</sup> CFC made an ad-hoc provision of Rs.4381 crores for panchayats, equally distributed during 1996-97 to 1999-2000.<sup>135</sup> This was based on 1971 rural population of 4381 lakhs with a per capita provision of Rs.100. This amount is in addition to other funds for PRIs through their share of the assigned taxes, duties, tolls and fees and other funds and grants on account of transferred activity. These grants from the CFC “require suitable matching contributions by raising resources” and are not meant for salaries and wages. For the next five years beginning 2000, the 11<sup>th</sup> CFC was mandated to recommend measures to augment the consolidated funds of the State governments in order to supplement the resources of the panchayats as per the 73<sup>rd</sup> amendment. It is noteworthy that this CFC’s Report is perhaps the first public source for systematic state-wise time series data on panchayat finances that it has put together. In determining the share of states in allocation of panchayats too, it is for the first time that the formula incorporates the revenue efforts of panchayats as also an index of decentralization based on ten different parameters. The 11<sup>th</sup> CFC recommended an annual grant of Rs.1600 crores for panchayats for the 5-year period 2000-01 to 2004-05. This amount is in addition to other state transfers including those based on SFC recommendations.

#### **4.3. Functions and responsibilities of PRIs**

The functions and responsibilities of PRIs at different levels show a pattern. GPs seem to be the most active in most states. While the PSs, in general, are highly dependent on state grants (Table 4) most of their expenses are on salaries (Table 7). Moreover, not only have the smaller states been allowed to drop this level of government, but the proposed 87<sup>th</sup> Amendment Bill 1999 is based on lack of substantive functions to be performed by the elected members of PSs and ZPs. We now consider the functioning of PRIs in individual states. In general, while the GPs carry out major functions (including some obligatory), PSs and ZPs undertake supervisory functions or act mainly as executing agents for the state government (e.g., advisory body in MP). Accordingly, in most states, only the GPs are empowered to levy taxes directly. The two higher rural tiers, PSs and ZPs, levy only surcharge on GP taxes (AP and Kerala), rely on state and central grants and loans and user charges (Kerala) or do not need special funds as they do not carry out any compulsory functions (MP). In Karnataka, there is a striking contrast between functional responsibilities and tax powers. While GPs are dysfunctional for the most part, various specific functions (such as drinking water, streetlights, roads, primary education and health) are assigned only to PSs and ZPs. In contrast, only the GPs are entitled to impose taxes. The higher level bodies are left out under the fear that tax powers to PSs and ZPs would result in tax-base fragmentation and inter-jurisdictional conflicts.

In Andhra Pradesh, the identification of the programs/functions to be transferred to the local bodies had not been finalized when its first SFC submitted its Report. The Andhra Pradesh Panchayat Raj Act, 1994 provides for a list of 11 functions, which the GPs are obliged to undertake. These include construction, repairs and maintenance of buildings, roads, bridges etc., lighting of roads and public places, construction and disposal of drainage, improvement of sanitary conditions etc. These civic functions are common to both GPs and municipalities. The law has also specified a list of 26 functions, mainly welfare and development functions, which the

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<sup>135</sup> Annual grants for rural local bodies by the 10<sup>th</sup> CFC in Rs. crores are AP: 87.75, Karnataka: 55.44, Kerala: 44.70, MP: 87.17, Maharashtra: 86.75, Rajasthan: 53.05 and UP: 189.88.

GPs may undertake depending on their convenience and availability of funds. These include construction of rest houses, planting of trees, promotion of elementary education, maintenance of parks, libraries, dispensaries, etc. In addition to these two lists of functions, GPs may be entrusted with any functions out of the 29 matters listed in Schedule XI of the 73<sup>rd</sup> Amendment Act to the Constitution. There is a considerable overlap between these 29 functions which may be entrusted to the PRIs and the other obligatory and discretionary functions otherwise entrusted. In practice, GPs with their meager funds available are not in a position even to execute the limited number of obligatory functions. The first SFC was thus faced with a problem in arriving at the assignments to local bodies. Its recommendations are therefore based solely on the functions currently being carried out by PRIs. A proper estimate of the financial requirements of the GPs can be made after the state government decides about the new programs to be transferred to GPs, which the GPs are capable of administering. The SFC clearly recommended that additional functional responsibilities should be accompanied with devolution of requisite funds.

The functions of Mandal Parishads – the PSs in the state – consist of community development, agriculture, animal husbandry and fisheries, primary health and rural sanitation etc. in addition to any of the programs from the 29 functions in Schedule XI that they may be entrusted to undertake. ZPs are statutorily required to undertake establishment, maintenance and expansion of secondary, vocational and industrial schools. Their additional functions include rural communication, inter-mandal and district roads and rural water supply.

The Karnataka Panchayat Raj Act 1993 distributed the sub-functions under each of 29 functional responsibilities in Schedule XI between ZPs, PSs (known locally as Taluk Panchayats or TPs) and GPs. But the state government assigned specific functions only to ZPs and PSs. Its notification issued by Rural Development and Panchayat Raj Department does not connote any functions to GPs. According to the SFC, most of the funds are spent on priorities decided at the district and taluk levels and the GPs are dysfunctional. This is probably because of the non-existence of any administrative machinery below block level. PSs came into existence in Karnataka only in 1995 and the GPs did not have staff to maintain records. The expenditure of ZPs has been classified under 45 major items. The important items are primary education, medical and public health, water supply and sanitation, welfare of SCs/STs and OBCs, social security and welfare, agriculture, animal husbandry, programs for rural development, rural employment, village and small industries and roads and bridges. On the capital account the most important item is roads and bridges whereas it is education and rural employment that are important on revenue account. The share of state sector plan outlay, which constituted 61% of the district sector plan in 1987-88 decreased to 55.3% in 1994-95. The share of central sector plan outlay correspondingly went up over the same period.

The government of Karnataka has specified in some detail the functions that may be performed by ZPs, PSs and GPs within the framework of Schedule XI. From among these, the SFC identified some essential public services for their up-gradation and equalization. It recommended that these specific essential public/ civic services should be equalized in physical terms across the entire state.

In Kerala, enhanced responsibility in the 1994 Act for local bodies falls into two categories. In the first category is their traditional responsibility, which they were performing even before the amendments. These activities cover the provision of civic services such as street lighting, public taps, garbage removal, surface drainage etc. The second category comprises additional responsibilities conferred on them as a result of the amendments. These comprise activities which were the direct responsibility of the state government and which have now (with the 1994 Act) been transferred to local bodies. They cover activities, projects and institutions coming under both plan and non-plan categories. Prior to the Act, the state government discharged these additional responsibilities and met the entire expenditure on them on both

revenue (current) and capital accounts from resources available to it. The traditional functions were funded by revenues raised by the local bodies supplemented by grants from the state. However, since the 1994 PR legislation has not increased the access to sources of revenue to PRIs, a question arises as to how the additional responsibilities, that were earlier financed from resources available to the state government, will be met.

In MP, the functions of Janapad Panchayat (JP) and District Panchayat (DP) (MP Panchayat Raj Act, 1962, 1981, 1990 and 1993) comprised implementation of schemes that the state government wanted them to accomplish as its agents. The basic function of the district panchayats was to act as an advisory body but they lacked financial resources and power with which they could formulate and implement plans of development for their respective areas.<sup>136</sup> Provisions of the *Panchayat Raj Adhiniyam* 1993 entrust certain obligatory functions relating to basic amenities only to GPs, which are expected to provide basic public services, services related to public health and public works. In the absence of any obligatory functions to JPs and DPs, both these bodies would function as agents to the state government in performing certain functions.

In general, the ZPs are responsible for rural development and social welfare in Maharashtra. However, central government schemes such as IRDP and (the erstwhile) JRY are implemented by the District Rural Development Agency (DRDA). Each ZP carries out functions listed in the 'District List' with a 'district fund'. This list consists of the subjects in Schedule 1 and can be amended by the state government. When ongoing development projects under this list are passed on to a ZP by the state government, the latter also gives a corresponding grant. Each block has a PS with the members of ZPs who are elected from that block also being members of the PS apart from other members. Using local resources, the PSs prepare plans and estimates of the functions to be undertaken by the ZP and report their work to the ZP. Subjects entrusted to GPs include agriculture, animal husbandry, forest, social welfare, education and public health. Their functions include preparation and implementation of plans and provision of socio-economic justice. After the 73<sup>rd</sup> amendment, the state government has added many new functions (including poverty eradication) from Schedule XI in the list for panchayats.<sup>137</sup> Further, the SFC recommended transferring to PRIs the functions of DRDA, which have so far been entrusted with the task of implementing rural development and social welfare programs.

The largest amount of expenditure incurred by the ZPs in Maharashtra is on primary education, which accounted for more than 66% of total expenditure during 1990-91 to 1994-95. The next highest amount was spent on public works (11%) followed by health and general administration (6% each). Most of the expenditure on general administration and GP Departments is on establishment and it is largely financed from state grants. Among the earmarked expenditures from ZP's own income, the largest increase has been on office bearers and other administrative matters (almost 47% per annum) mainly due to a hike in "honorarium and other allowances" (SFC Report, p.29). The largest component of expenditure at the level of GP is on buildings, comprising 40% of the total. Spending on health, sanitation and water supply account for about 25% whereas on staff 12%.

In Rajasthan, the PSs are the most powerful rural bodies with rural development funds channeled through them. They are entrusted with guiding, supervising and monitoring the works of GPs. The ZPs are the least powerful. At the time the Rajasthan SCF submitted its report, the government did not finalize any new rules with regard to the organization, functions and finance

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<sup>136</sup> According to an estimate (1982-83), their tax-revenue was only 0.1% of the total tax-revenue of the state.

<sup>137</sup> However, the list still does not include land development and land consolidation, fisheries, minor forest products, small scale industries, rural electrification, vocational, informal and adult education, public distribution system and soil conservation.

of the PRIs. Hence SFC considered only those functions that are presently being performed by the PRIs. The Commission noted that the financial resources currently available to the PRIs are highly inadequate to meet even their existing functions, particularly in view of the fact that the 1856 new GPs that were created after the PR Act 1994 needed basic infrastructure.

The important functions of PRIs in UP include maintenance of capital assets and essential services such as maintenance of roads, rural water supply schemes, public lamp posts, drains, sanitary works, buildings and other essential services. The PSs coordinate and implement various development programs within their area of jurisdictions and look after essential non-plan functions relating to maintenance of capital assets. The ZPs perform the agency function of implementing state plan and centrally sponsored schemes. The largest component of ZPs' expenditure in UP is expenditure on office establishment, constituting nearly 80% of the total in 1995-96. This component has been rising over the years owing to larger staff costs associated with execution of additional state plan and centrally sponsored schemes. According to the UP SFC, including this as a non-plan cost is inappropriate since it is incurred for plan schemes and the accounts should be corrected to reflect this anomaly. Both ZPs and GPs spend far less on state and central plan schemes than the grants they receive for these schemes even though ZPs only perform the agency function, thus confirming our assertion about diversion of grants to other purposes. Moreover, data from 1997-98 shows that influential people such as Village Development Officers, Chairpersons of GPs and Panchayat Secretaries, who had access to important financial information on disbursement of grants for anti-poverty programs, diverted these funds. Benefits from JRY, IRDP and other rural development programs to the poor were minimal due to various factors such as selection of beneficiaries by the chairperson of GP rather than the gram sabha and lack of awareness, organization and fear of violence among the poor [Gaiha et al (1998, 2000)].<sup>138</sup>

#### **4.4. Revenue generation**

The states differ substantially as between the sources of revenue available to different levels of PRIs and their administrative set-up. Often the PRIs are entitled to levy very few taxes and, when they are entitled, they do not levy those that they are entitled to. Thus, the tax revenue collected does not reflect the true tax effort. The Ministry of Rural Development suggested that the PRIs be encouraged by the states to levy market fees, tolls, tariffs and user charges for the amenities provided by them. To improve civic services, the 11<sup>th</sup> CFC accordingly recommended suitable restructuring of tax rates and bases for the levy of user charges for drinking water and other services and property/ house tax, which is the single largest local tax in most states. Similarly, it recommended rationalization of taxes on land/ farm income, cess on land based and other state taxes, and tax on professions, trade, callings or employment. To augment the consolidated funds of states to supplement the resources of the panchayats, these taxes could be levied either by states or local bodies with appropriate transfer of tax powers. Next, we consider the cases of revenue generation by different tiers of PRIs in the seven states.

In AP, there is a mismatch between the functions entrusted to the local bodies and the finances made available to them. Of the three tiers only GPs are empowered to levy taxes while the other two tiers are permitted to impose surcharge on the taxes levied by the GPs. Profession tax, compulsory until 1987, was taken away by the state government and the local bodies compensated for the loss. At present, it is obligatory for every GP to levy house tax (revised

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<sup>138</sup> This is based on a survey of a few villages in 3 districts of UP conducted during December 1997 to February 1998, focusing on the implementation of JRY and IRDP – the two major anti-poverty programs of the central government.

every three years) and *Kolagaram* tax or *Katarusum* tax on village produce. In addition GPs may also levy certain other taxes such as vehicle tax (other than motor vehicles), tax on agricultural land for a specific purpose and land cess, apart from generating non-tax revenues such as rents etc. Currently GPs do not levy these taxes and cesses. The AP Panchayat Raj Act, 1994 provided for compulsory levy of new taxes like tax on advertisements, water tax, drainage tax and lighting tax. But the government did not issue guidelines regarding the procedure to levy the new taxes, thus, depriving GPs of the income that is rightly due to them.

The logic behind transferring taxes which are local in nature to the local bodies is to endow these bodies with strong revenue base that can be utilized according to their own development plans. But given the (in)efficiency in tax administration and collection by local bodies, the first AP SFC preferred revenue sharing to tax assignment. Moreover, certain revenues levied and collected by the state government may be assigned to local bodies. On this basis, the revenue collected by way of profession tax, land cess/ local cess, surcharge on stamp duty, tax on minor minerals and entertainment tax is assigned to rural local bodies by the state government. This source constituted nearly 21% of the GPs' total income in 1999-2000. It was negligible for PSs and ZPs. The government also gives a variety of grants to PRIs, some of which are for specific purposes while others are untied. Together they constitute about 52% of GPs' income inclusive of grants from the center, which make up about 12% of the total. For PSs and ZPs state grants provided respectively 97% and 67% of total income in 1999-2000.

In that year, the share of income from own sources was about 45% for GPs, 3% for Mandal Parishads (MPs) and 2% for ZPs in AP. For the MPs and ZPs their own sources of income are rents on buildings and commercial complexes and fee from markets etc. The rest of the income of Parishads is derived from assigned revenues and grants. On an average, the annual budget of GPs is about Rs. 2 lakhs, for PSs Rs.1 crores and for ZPs Rs.80 crores. See Table 8.

The Karnataka SFC was unable to project the growth of own revenues of PRIs due to limited sources allocated to them, "their indifference" and their closeness to the voter-tax-payers. The Commission reckoned that there are very few sources of revenue that can be allocated to PRIs. The state government enactment of 1993 had assigned tax on houses and other buildings, licence fee and a host of minor levies to the GPs. The ZPs and PSs were not given any independent sources of tax revenue. The SFC did not recommend any assignment of state government taxing powers to ZPs and PSs as this would result in tax base fragmentation and inter-jurisdiction conflicts. In estimating the potential revenue, which the GPs can raise from tax on houses and buildings, the Commission considered it satisfactory if they were able to raise 60% of their house tax collection. The 10<sup>th</sup> CFC's grants to PRIs in Karnataka were of the order of Rs.55.44 crores every year from 1996-97 to 1999-2000. Of this, the SFC recommended Rs.92,000 to every GP, Rs.2 lakh to each PS and Rs.3 lakh to each ZP for the year 1996-97. For other years, the shares of ZPs, PSs and GPs were worked out using five different criteria discussed in the section on formulae for devolution.

The 10<sup>th</sup> CFC did not specify the purpose for which their recommended grants may be used.<sup>139</sup> The Karnataka SFC recommended that the funds be earmarked for spending over next five years only on reconstruction, improvement and repairs of specified PRI assets such as school buildings, buildings of primary health centers and hospitals. After these expenditure needs are met, the leftover amount may be used for repairing roads and bridges. The SFC makes it necessary for every GP to make a matching contribution of Rs.25,000 in order to be eligible for this non-plan maintenance grant. The 11<sup>th</sup> CFC has recommended grants-in-aid of Rs.394 crores to the PRIs in this state for 2000-2005.

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<sup>139</sup> See Ritcher (1998) for a list of various ways of better coordination between the setting up and functioning of CFC and SFCs.

While entrusting significantly enhanced functional and expenditure responsibilities to local bodies the Kerala Panchayat Raj Act, 1994 substantially retained the same arrangements for tax assignment and sharing as existed before the constitutional amendments. The changes that were made were very marginal. This led to a many-fold widening of the already existing mismatch between resources and responsibilities of PRIs. Local bodies in Kerala have been endowed with almost all the powers to raise resources by way of tax and non-tax instruments that have been recommended by various Committees from time to time (except the power to levy Octroi, which is applicable to urban bodies). According to the Kerala State Planning Board, the functions that have now been transferred to local bodies had a share of 16.7% to 18.7% of total state plan outlay between 1992-93 to 1994-95. However, the block and district panchayats, which were newly created by the Panchayati Raj Act 1994, do not have any assigned or shared taxes. For their expenditure needs, they have to rely on two sources apart from grants and loans from the state government. The first is user charges from institutions transferred to them. The other is, at the instruction of the state government, revenue from surcharge on any levy by the village panchayats that does not exceed 5%.

For reviewing the fiscal position of local bodies the Kerala SFC conducted a survey of the GPs in 1995 to collect data on their income, expenditure and related aspects (PSs and ZPs came into existence only in 1995). It received a whopping 99% response from 983 out of 991 GPs. As Table 8 shows the average budget of GPs is much higher in this state than in the others. Based on the survey, it was found that the own sources of tax revenue make up as much as one-third of total income of the panchayats excluding JRY/ NRY grants for centrally sponsored schemes. This perhaps reflects, at least partly, a good administrative set-up for tax collection. If so, then the assigned taxes, that generate more than 20% of the GPs income but are collected by the state government, could also be passed on to the panchayats for better expenditure autonomy. Excluding the funds received from Centrally Sponsored Schemes like JRY and NRY, tax revenue accounted for about 32%, assigned taxes 23%, shared taxes 6% and non-tax revenue 12% of the total receipts of GPs in 1993-94. Grants from the state government accounted for 24% with a 37% component of tied and 63% untied grants. The average receipts of GPs from all sources including capital receipts in that year was Rs.13.62 lakhs and the average expenditure including capital expenditure was Rs.12.34 lakhs. From 1996-97 the state grants shot up reaching 73% of GPs' income in 1999-2000 (Table 4).

In MP, the GPs have been empowered to levy 6 main compulsory taxes, and with the approval of PSs they could also impose 14 optional taxes. Besides, GPs have the constitutional right to get specific shares of taxes from the state's consolidated fund. The SFC found that funds for different projects under different schemes such as JRY, destitute pension, water supply, Rajiv Gandhi mission etc. were used by GPs but these funds did not find their way to the budget. In practice, PSs generate as much as 70% of their annual income through own resources, whereas GPs and ZPs have very little fiscal autonomy.

In addition to the funds received by local bodies from the state government, the CFC also recommends release of funds from the resources of Central Government. The MP SFC is of the view that under the prevalent rules, there is a scope for tapping additional resources such as revenue from forests or inhabited forests. Moreover, after areas of some village forests are identified and delimited the responsibility of their management can be entrusted to the GPs. In this way, development and protection of these natural resources can be achieved alongside sustained revenue generation. Similarly, local bodies can become partners in revenues of Mandi Committees, e.g., orphanage duty is recovered by the panchayat department through the Orphan Duty Act.

In Maharashtra, the tax sources of ZPs' income comprise cess on land revenue and on irrigation tax (collected by state government), tax on water, irrigated land, land and buildings and

pilgrims. Their non-tax income is from various types of fees they levy and various types of grants from the state. For example, they receive *purposive* grant to run, maintain and implement development schemes and *establishment* grant for staff expenses. The state government gives guidelines and earmarks almost half the own income of ZPs for spending on social welfare and water supply. ZPs receive loans from the state government for construction of administrative building provided they own the required amount of land. For this purpose, the ZPs are also entitled to take loans from banks and cooperative institutions that maintain their district fund.

In Maharashtra, the PSs are relatively very small in comparison to ZPs, their expenditure being merely half a percent of that of the latter. The GPs can impose a number of compulsory and optional taxes and fees with upper and lower limits fixed by the state government. There are two mandatory taxes: one on buildings and lands and the other development charges on land benefiting from the GP's schemes. In addition they receive a number of grants from the ZPs and the central and state governments.

The income of the PRIs in Rajasthan comes from own tax and non-tax sources, transfers from state and DRDA/ central government. GPs have the power to levy the following taxes as sources of revenue. Tax on buildings, octroi on animals or goods brought into its jurisdiction for consumption or use; vehicle tax except on those used for cultivation; pilgrim tax; tax on supply of drinking water by GP and tax on commercial crops. In addition, the list includes any tax which the state legislature has powers to impose in the state and has been approved by the state. The imposition of these taxes is subject to the procedures prescribed by the state government. The non-tax revenue sources internal to the institutions are income from fees, penalties, sale of land, public contribution etc. The external non-tax sources are transfer from the state government and DRDA as assistance and for developmental schemes to be implemented by them.

Revenue sources of PSs comprise tax on landholders, tax on assumed rental value if no rate is payable, tax on prescribed tradings, callings, professions and industries; primary education cess and tax on PS fairs in its jurisdiction. In addition they can also impose a tax on the rent on use of agricultural land, which can be up to 20% of the rent. Their sources of non-tax revenue include sale of immovable and movable properties; income from leases granted for collection of bones in the block and income arising in consequences of hearing appeals against orders of GP. The external sources of finance for PSs comprise grants for functions and schemes transferred by the state government, annual grant from the state government, loans, donations and contributions and a share of land revenue at the rate of 25 paise per head of the block's population.

As regards, ZPs, under the old act they had no tax powers. Under the new Act 1994, they are vested with powers to charge a fee for licensing melas and they are also empowered to levy a surcharge up to 5% on sale of property in rural areas and a 0.5% surcharge on market fee. These provisions have assigned a major role to the ZPs to raise resources for PRIs. They have three sources of income. These are own income (contributions from PSs, which are normally deducted from the grant-in-aid of the PSs and fee on selection of teachers); receipts from the state government and receipts from DRDAs. Their receipts from state government highly fluctuated for a short period between 1989-90 and 1991-92 on account of a brief transfer of middle education to them.

At the time of its first SFC's operation, the PRIs' own sources contributed barely 3.5% of receipts with the state contribution being 60%. In 1999-2000 the GPs generated 14% of their income, PSs merely 2% but ZPs 24%. See Vithal and Sarumathi (1996) for a detailed analysis of the finances of Nellore ZP and the GPs in this district in the early 1990s. The Rajasthan SFC (p.62) hints at possible embezzlement of money meant for implementation of rural development programs, even before it reaches the PRIs. "... though there is a fixed ratio of funds to be transferred to the PRIs, there is no monitoring as to whether the PRIs receive the funds under



schemes to be implemented by them in the fixed ratio.” The SFC in Rajasthan (as also the SFC in AP) did not recommend assignment of taxes levied by the state government to local bodies, as the taxes were perceived to be unpopular with voters. In assessing additional resource mobilization by the PRIs, the Commission noted that not only the tax powers vested with the PRIs have been under-utilized but also that there is not much effort to augment non-tax revenue for which there is good scope. In view of the practical problems of the PRIs and also the existing scope and compulsions to augment their own income, it fixed additional resource mobilization targets for each tier of PRIs.

The UP SFC conducted a survey of local bodies in 1995 and collected information about their receipts and non-plan revenue expenditure. They projected estimates based on responses from 11 ZPs, 8 PSs and 7344 GPs. For ZPs their analysis is based on information furnished by the monitoring cell of the Panchayati Raj Department. There is a substantial scope for improving tax revenue collections. Although at the level of ZPs, the tax on “circumstances and property” has the maximum yield in the tax revenue but 26 ZPs (almost 40%) do not levy it at present. The SFC suggested that imposing of this tax by all ZPs could vastly improve their own resources. However, for the purpose of assessing the resources of ZPs, the SFC did not take into account the receipts that will accrue to these 26 ZPs after the imposition of the tax. In the total income of ZPs from own resources, the contribution of non-tax revenue has been significant (ranging from 70 to 90%). Important sources of income under this category are income from disposal of dead animals, licence fees, receipts from property (rent, lease and sale) etc.

In the replies received from 8 PSs in the survey, no accounts have been shown on income from their own sources and non-plan revenue expenditure. They do not levy the taxes that they are entitled to and hence have no income to report and no possibility of incurring non-plan revenue expenditure from their own resources. However, they did furnish some details of allocations that are being received as part of state plan schemes and that too for implementing those schemes/ projects as an agency of the state government. However, if PSs are in due course entrusted with some responsibilities of maintenance of some capital assets etc. which at present are supposed to be looked after by GPs then 10% of the devolution recommended by SFC could be earmarked for PSs out of the share of GPs.

#### **4.5. Formulae for devolution**

While the state plan and centrally sponsored schemes are meant to cover the funds requirement for development purposes, the 11<sup>th</sup> CFC was advised by the Ministry of Rural Development to make recommendations regarding devolution of funds for the PRIs’ regulatory and maintenance needs (Report of the 11<sup>th</sup> CFC, Chapter VIII). These needs include maintenance and audit of accounts, computerization of PRIs’ database, maintenance of capital assets for drinking water supply, schools, toilets, watershed development etc., staff costs and some core services.

An important element of the terms of reference of the SFCs is to provide guidance for devolution of funds to local governments. One of the terms was to recommend taxes and receipts that can appropriately be raised at the local level. However, SFCs in some states did not assign any tax from the state level to the local bodies. Instead, they were in favor of PRIs being given higher percentage of the state’s taxes shared between state and local bodies instead of their passing some of the taxes from state to the local bodies. Then based on certain criteria these SFCs decided on the total devolution to be divided between PRIs and municipalities. In developing their formulae for transfers to lower-level governments, the SFCs were guided by various existing methods. The Gadgil formula used for transferring central plan assistance to states gives a weight

of 60% to population, 25% to per-capita income, 7.5% to fiscal management and achievement of national objectives, and the remaining 7.5% to special problems of states. Allocation of JRY funds from the center to the states is based on their rural poor population relative to that of the country. Within a state, further allocation is based on an index of backwardness of the districts. This index gives equal weight to the relative SC/ST population in the district (compared to the state) on the one hand and the inverse of per-capita production of agricultural workers on the other. 80% of JRY funds are meant for implementation by DRDA/ ZPs at the district level and by the GPs at the village level.

The general problem faced by SFCs in directly adopting one of these formulae is that per capita income for regions smaller than districts is not available. A similar problem arises with respect to the per capita production of agricultural workers and the poor population. Thus, different SFCs devised different methods for devolution of plan funds to local bodies. In general, the per capita spending by PRIs differs widely across states calling for additional equalization measures not just within but even between states. In Table 9 we present per capita revenue from own sources (including assigned taxes) and per capita total expenditure of PRIs. There are clearly vast differences across states in own revenue generation and expenditure reflecting the differences, inter-alia, in both fiscal autonomy and public service provision.

Table 10 presents the formula/ criteria adopted by the SFCs in terms of the weights attached to various observable characteristics of the region. Table 11 gives the final distribution between urban and rural local governments. Where available, we have also included pre-SFC break-up of devolution between these bodies. In general the share of rural governments in the devolution is very high except in UP. Over time population migrates from villages and districts to cities that might justify low share to PRIs as compared to the share of municipalities in this state. The weights in the formulae presented in Table 10 are used as follows. If a certain indicator, say population, is assigned a weight of  $\alpha$  then this means that  $\alpha\%$  of devolved funds are distributed in proportion to the distribution of that indicator, i.e., in this case in proportion to the population of different regions. In general, the developed formulae are used for distribution of shared tax revenues and general-purpose grants or other grants that are not earmarked. In this section, we shall refer to all such transfers by the term devolution.

## **Andhra Pradesh:**

The Finance Commission of this state felt that the devolution of grants to local bodies should be based on their requirements to discharge their functions and the finances available to them. Towards this end, it considered only the core functions of the GPs and municipal bodies. The Commission also noted that the government was not releasing grants for maintenance of assets created under some programs and held that apart from capital expenditure the grants should also cover maintenance of capital. The SFC requested District Panchayat Officers to furnish information on the requirements for the core functions from a sample of 9 GPs, representing cases of extreme performance among the total of 21954 GPs. But it received details only on 7 GPs. However, since the requirements seemed to be on the higher side, the Commission cut them down and obtained per capita requirements for each GP for each program. These were then projected to the entire districts to arrive at average per capita requirements for each district in each of the three regions of Andhra, Telangana and Rayalaseema. This average varied across these regions and reflected the “differences in geographical, socio-physical and economical conditions” (p.65). The AP SFC took as given the functions entrusted to local bodies and the finances made available to them. Based on this, it estimated the total requirement for GPs, PSs, ZPs and municipalities at 39.24% of the tax and non-tax revenues of the state government. This percentage ranged between about 31 and 37 from 1989-90 onwards. The highest devolution was 40.08% during 1992-93. The Commission recommended that 39.24 percentage of the State’s revenue both from tax and non-tax must be statutorily made the entitlement of local bodies, but coupled with a matching contribution from their side.

For the devolution of the 10<sup>th</sup> CFC grants, it adopted the principle of “no-effort no-grant” in the light of uncollected arrears from the GPs’ tax and non-tax sources exceeding Rs.40 crores in 1994-95. The Commission asked the help of District Panchayat Officers and sent questionnaires to the sarpanches (heads) of GPs to submit statistical information on receipts and charges. Once again their response was poor and the requirements on the “higher side”. Similar was the case with respect to information sought from ZPs and municipalities and the SFC made its own assessments of their requirements for capital works and maintenance. The AP SFC suggested very strongly that the state government work on collecting and compiling statistical data on incomes and expenditures of the PRIs so that the next SFC will be in a better position to estimate requirements and obtain appropriate devolution.

## **Karnataka:**

The Commission identified supply of safe drinking water, street lights, roads, primary education and primary health care in that order as the five most essential public services to be provided in the rural areas. After identifying these, it identified some normative standards up to which the existing physical levels of these essential public/civic services should be raised over the next five years. Using the norms specified by the central and state government agencies and Planning Commission, the SFC worked out “reasonable norms” for the purpose of up-gradation of these services based on financial feasibility. For providing these services it worked out unit additional cost that was then added to determine the total amount of expenditure required for providing such services in PRIs.<sup>140</sup> The additional expenditure so obtained was then added to the

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<sup>140</sup> The Commission assumed 10% of the current capital cost of assets as the requirement for maintaining the normative levels by ensuring proper repairs and maintenance to the capital assets. At present, the proportion of maintenance expenditure provided for in the non-plan account varies from 1% to 3% of the cost of such asset.

projected expenditures of the PRIs for the period 1996-97 to 2000-2001 and earmarked from the share of PRIs in the state government's non-loan gross own revenue receipts. Thus, on an average Rs.283 crores are needed for up-gradation every year, to be earmarked from the devolution of funds recommended by the SFC. The Commission noted that streetlights can be implemented directly by GPs, rural water supply, primary health and primary education by ZPs and up-gradation of rural roads by PSs, with ZPs to monitor the implementation. Hence, it recommended that the amount earmarked for each purpose be given directly to the appropriate tier.

The Karnataka SFC projected expenditure of PRIs assuming it to grow at the rate of 15%. It then set projected plan and non-plan expenditure as well as capital expenditure of the PRIs over the next five years. This included the additional expenditure involved in the up-gradation of the essential public/civic services to a normative level, the additional expenditure required for strengthening their staff and more importantly to ensure proper maintenance of the capital assets created under plan programs.

To allocate the share of devolution of PRIs among individual PRIs, the Karnataka SFC first used the earmarked grants for up-gradation of identified normative standards of essential public/ civic services. It assumed 10% of the current capital cost of assets to be the amount required for proper repair and maintenance of buildings housing schools, veterinary hospitals, *anganwadi* and offices and also roads and bridges to keep them at their normative levels. The estimated cost was then integrated into the total expenditure of the PRIs and set against their total own revenue efforts. However, it recommended expenditure to be met from the devolution of funds from the state government as the first charge and the remaining portion to be provided in the form of block grants. This is to be done for each individual ZP and PS.

The Commission recommended that 36% of the total non-loan gross own revenue receipts of the state government be fixed for state devolution to rural and urban local bodies. Note that the Commission fixed this share in percentage terms and not in absolute terms. Of this 36%, 30.6% is to be transferred to all the three layers of PRIs based on the following five criteria. (a) Proportion of population living in rural areas, (b) proportion of area covered by PRIs, (c) illiteracy rate, (d) number of persons per bed in government hospitals and (e) road length per sq. Km. of area. The shares of ZPs, PSs and GPs in the devolution to the PRIs are 40: 35: 25 respectively. The Commission also recommended that the funds for PSs and GPs be routed through ZPs.

The recommendations of SFC relating to ZPs, PSs and GPs cover the period 1996-97 to 2000-2001. The Commission suggested replacing the present system of sharing a portion of the state government levied specific taxes by a share in the total non-loan gross own revenue receipts of the state government. This is to avoid any adverse financial impact on PRIs of tax concessions/ incentives given by the state government to achieve its non-revenue objective. The total divisible pool includes gross yield from all taxes, duties and fees levied and collected by the state government, and excludes the state's share of the Central revenues transferred on the recommendations of the CFCs and the Planning Commission. In particular, the non-loan gross own receipts include the gross yield from the following collections by the state government. (a) All taxes levied, collected and appropriated by the state government (b) interest receipts, and (c) all duties, fees and other non-loan non-tax receipts levied and collected by the state government under the budget heads. But it does not include grants-in-aid from the central government and state's share in the net yield from income tax and union excise duties. It also excludes the state's share in the grant-in-lieu of tax on railway passenger fare, central grants for natural calamity fund and any grant under Articles 275 and 282. Regarding grants-in-aid, the SFC recommended that

the grant be earmarked as part of the total devolution. Earmarked grants to PRIs would enable them to achieve certain essential public/ private services to normative levels.

Kerala:

Instead of specifying the exact amounts of grants to be transferred to the local bodies, due to a number of difficulties it faced, the Kerala SFC recommended the principles that should govern such transfers. Thus their recommendations are applicable to both plan and non-plan grants but do not account for transfers for centrally sponsored schemes, which are of a tied nature. The difficulties they faced included the following

- Inventory of projects and assets being transferred to local bodies, except roads, not available to estimate non-plan requirements.
- Bottom-up planning procedure with responsibilities for development plan preparation with local bodies not initiated. Hence plan details including programs/ schemes and their funding requirements not available.
- Lack of information on various important variables as described below.

Poverty is a variable that could guide devolution of resources. But for various reasons, the estimate of 38% of rural families below poverty line in Kerala according to a survey conducted by the Department of Rural Development in 1992 deviates substantially from the Planning Commission estimate of about 14% for 1987-88. Thus the SFC did not use this information for the purpose of devolution but instead based their formula entirely on information from the 1991 census. Their devolution formula for plan grants to rural bodies gives 70% weight to population, and 10% each to SC/ ST population, proportion of agricultural in total workers and the number of workers other than those engaged in manufacturing, servicing and repairing outside household industry. The last variable represents unorganized non-agricultural workers.

Expenditure of the GPs in Kerala is broadly classified into General Account (which is further divided into General and Debt Servicing), and Capital Account. Expenditure on General Account is about 70% of the total expenditure, of which 2.4 percentage point goes into debt servicing (41% of debt servicing goes as interest repayment). Establishment cost was about 40% of own income in 1993-94. The SFC noticed that there was a diversion of specific-purpose tied grants towards expenses associated with establishment cost, public works and debt servicing. The extent of such diversion can be very high; the Commission reported that *Edavilangu* panchayat spent more than 84% of total expenditure on the first two categories mentioned above. Accordingly, it recommended that the system of earmarking non-plan grants for specific purposes can be done away with. The probable adoption of this idea is reflected in the hike in 1996-97 of untied grants to local bodies for development purposes to Rs.212 crores from an earlier average of Rs.20 crores. The SFC even suggested providing only a “negative list of purposes ... such as salaries and wages..., travelling allowances etc.” where the funds should not be used and leaving the rest flexible.<sup>141</sup>

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<sup>141</sup> Rajaraman and Vasishtha (2000), using cross-section data of Kerala panchayats for 1993-94, found that higher untied grants led to lower tax efforts. But this happened when the transfers were “unvarying”, “regular” and hence “predictable” and without any strings attached as recommended by the SFC in terms of the “negative list”.

## **Madhya Pradesh:**

The MP Commission thought it difficult to review the financial position of all PRIs. It instead decided to confine to a sample study and selected 25% of PSs and 10% of GPs using random sample method and sent a questionnaire to the institutions selected. It analyzed the budget and some of the points noted by the SFC in the review are the following. The economic position of GPs is deplorable, there are negligible sources of revenue of the panchayats in interior parts, per capita expenditure on basic services is far less than expected and there is no balance between the estimates of revenue and expenditure.

In order to bring per capita expenditure on basic services in GPs at par with minimum per capita expenditure on such services in Nagar Panchayats, the MP SFC estimated the expenditure for making such level of basic services available in GPs. The total amount needed for providing minimum basic services by all the village panchayats was estimated to be Rs.186.66 crores. Using an indirect method of estimating the capacity of GPs for raising this revenue, the Commission assessed that GPs could collect only 30% of this amount. It suggested the balance be met from the resources of the state government.

The MP SFC devised a formula assigning weights to economic development, natural resources, population and other aspects such as economic backwardness and social justice for inter-district distribution of funds. For distribution of allocated amount among the GPs, the Commission assigned 75% and 25% weights to population and area respectively. In its first report it recommended that 2.91% of gross tax and non-tax revenue of the state government in 1994-95 be distributed among the GPs. This amounted to 3.24% of net proceeds of tax and non-tax revenue of the state, with the upper limit on the cost of collection to be 10%. Since no compulsory function has been assigned to PSs and ZPs, the Commission recommended that these bodies should be given grant-in-aid of Rs.14.65 and Rs.1.50 crores respectively every year with effect from 1995-96. Furthermore, it recommended that general purpose grant-in-aid from state starting from the base amount of Rs.16.15 crores be increased at the rate of 10% every year for the period 1996-97 to 2000-2001 from the consolidated fund of the state government.

The SFC also recommended the following other types of grant. *Specific Purpose Grant:* The amount provided by different departments of the state government for their work entrusted to panchayats or accomplished through panchayats be released in the form of specific grant-in-aid. *Agent grant-in-aid for Sponsored Program:* In respect of sponsored programs, the PRIs to be paid 2.5% of the total provision for such programs as agent grant which is to be adjusted within the budget of the concerned department. *Incentive Grant:* The state government to fix targets of revenue recovery for panchayats, and give incentives to those who exceed their targets. *Establishment Grant:* The state government prescribed certain amount of honorarium and other perquisites for officers and administrative personnel of three-tier panchayats. *Non-Recurring Grant:* Finally, the state government to sanction one-time non-recurring grant for furnishing and maintaining offices of PRIs.

## **Maharashtra:**

The ZPs in Maharashtra are responsible for development spending in rural areas. For this, certain norms have been fixed for services such as health centers, primary education, supply of drinking water etc. Most of the spending under this category is plan spending, the grants for which are released by the state government. However, owing to partial release of such funds, there are gaps between the norms and the present level of service provision (p.161). The SFC

calculated the fund requirements for each ZP to fill such gaps for different types of services and also staff shortages. The funds for the PSs come mostly from the ZPs. The gaps for GPs were estimated from a study of GP finances carried out by the Centre for Studies in Social Sciences based in Pune for the SFC in Maharashtra. This study was based on a door-to-door survey of 820 GPs from 13 districts.

These gaps for the PRIs were projected for the future 5 years by applying the past growth rates and after incorporating the effect of inflation, assumed to be 7% per annum (p.173). For improvement in level of services, the SFC focussed only on “water supply” and “sanitation and health”. The growth in total expenditure was estimated to be about 15%. And although the past rate of growth of income was only 9.57%, the SFC presumed the rate could be increased to 16% in future based on its calculations and under the assumption that rates (particularly water rate) and fees will be suitably increased to accomplish this. It particularly emphasized that the “local bodies should become self-reliant by 2001” in respect of revenue spending for water supply and minor irrigation (p.201).

The Maharashtra SFC’s objective of devolution was to provide for capital expenditure. For devolution of grants/ tax shares on a per capita basis, it took the 1991 population as the base. It recommended distribution and sharing between different tiers of rural government based on their revenue generating capacity and recovery rate and their resource gaps to meet the norms. Thus the shares differed across taxes, cesses and grants and across the three tiers.

### **Rajasthan:**

Based on its normative judgement, the Rajasthan SFC assessed the financial capabilities of PRIs to fulfill the objectives for which they exist. Currently, the PRIs match their expenditure to revenue receipts. There is no flexibility in the existing systems of PRI finance to plan and execute schemes according to their needs. The SFC strongly recommended though that whenever the state government decides to devolve any of the functions of Schedule XI to PRIs, it must devolve finances along with the functionaries and empowerment in discharge of the responsibility.

Apart from their regular sources of revenue, additionally, the SFC in Rajasthan fixed a share of 2.18% of the net state tax proceeds to be devolved on the local bodies. The amount so arrived at is to be divided between PRIs and urban local bodies in the ratio of 3.4:1 based on rural/ urban population according to the 1991 census. The amount for PRIs thus comes to Rs.42.80 crores for 1995-96 that steadily increases to Rs.82.67 crores for 1999-2000. Furthermore, the Commission recommended additional devolution to each tier of PRIs in the form of several grants.

The Commission’s projections of receipts and expenditure show that the share of receipts from own income of PRIs would not only continue to be meager but is expected to go down from 3.26% in 1995-96 to 2.65% in 1999-2000. The state government would continue to contribute substantial amount to PRIs. But it is to be noted that the share of state (post-devolution) in total PRIs revenue would remain roughly the same (around 62% in 1995-96 and 59.5% in 1999-2000).

### **Uttar Pradesh:**

In order to maintain “capital assets and other essential services like maintenance of roads, rural water supply schemes, public lamp posts, drains and other essential minimum level of

different civic services”, the UP SFC recommended devolution of 3% of net proceeds of state tax revenue to PRIs. Of the amount thus devolved on PRIs, it recommended that 20% be earmarked for ZPs. The GPs are entitled to the remaining with their per capita devolution amounting to Rs.11.62. In order to maintain “equity” across different PRIs, in the formula for *inter-se* distribution of the amount of devolution, the SFC gave a weight of 80% to population and 20% to area. This is surprising in light of the SFC’s recognition of giving due importance to fiscal performance of local bodies. In its interim report in 1995, the SFC had recommended linking “a certain percentage of amount of devolution ... with the performance of the local bodies in the sphere of revenue collection and levy and collection of obligatory taxes”.

As part of transfer of powers, control of ten departments has been transferred to GPs, which number 58,605.<sup>142</sup> The GPs would be responsible for all decisions in these departments including hiring staff and fixing their pay scales. The SFC has recommended that about Rs.190 crore be given by the state government as matching contribution to 10<sup>th</sup> CFC’s grant of an equivalent amount to rural bodies. Thus the total amount of almost Rs.380 could be made part of the state’s annual plan. SFC does not deviate from its interim recommendation as far as PSs are concerned. The government has decided to set up a core group under the chairmanship of the Chief Secretary to sort out the problems in devolution of powers to local bodies. A six-member Task Force has been constituted to recommend measures for further decentralization of powers.

## **5. Future Prospects**

### **5.1. Continuing problems and possible reforms**

The PRIs continue to face problems on the fiscal front but there are solutions to those including some recommended by the SFCs. In this section we discuss various possibilities. A number of factors (see Box 3) are responsible for the seemingly persisting poor performance of the PRIs. A lack of transparency and informational constraints (see Box 4) also contribute to this problem.

In AP, the PSs and ZPs depend almost entirely on grants and assignments for their expenditure needs. The GPs receive grants earmarked for salary and JRY, the latter constituting about half their income. For other expenditure on development works and civic amenities, they have to generate resources internally. But of late, their own income has become insufficient to meet the requirements of even the core functions of street lighting, public health, water supply and roads. Furthermore, the freedom with which the local bodies in Andhra Pradesh can spend the grants provided to them by the state government is very limited, with even some of the “general-purpose” grants having been earmarked.

According to AP SFC, the quantum of grants released to PRIs has gone up steadily from Rs.664 crores in 1987-88 to Rs.1712 crores in 1996-97. But the share of grants to PRIs in total income of the state declined in recent years (from 30.19 in 1987-88 to 21.53 in 1996-97). Similarly, PRI budget data show that state grants to ZPs declined from an average of 82% of their income in the first half of 1990s to 71% in the latter half (Table 4). The main reason for this trend is that over time, the state government withdrew a number of functions from the PRIs, as pointed by the SFC. In particular, per capita grants to PSs for maintenance of roads and minor irrigation were stopped from 1987. The grants-in-aid have also been very meager in per capita terms as well, having been fixed more than three decades ago for GPs and more than a decade ago for the higher level rural bodies. The SFC recommended raising it from Re.1 to Rs.4 for GPs, Rs.5 to

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<sup>142</sup> These include rural development, primary and junior high schools, health care sub-centers, veterinary hospitals, youth welfare and PDS.



Rs.8 for MPs and Rs.2 to Rs.4 for ZPs. It also recommended incentive grants for GPs that promote family planning and if they have “full” tax collection. For better utilization, it suggested early release of the grants by a single order for the entire year.

On the other hand, the expenditure needs of PRIs are rising on several accounts. For instance, there is a requirement for additional administrative, trained and technical staff for schools, water supply, communications, accounts, tax collection, sweeping and drain cleaning. For example, AP SFC reported that while the number of schools in PSs has gone up, there has not been any corresponding increase in staff to support them. Lack of adequate trained personnel often results in PRIs not being able to spend the resources that they otherwise would. Similarly, while JRY has been passed on to the GPs, no staff has been sanctioned to attend to its work. The SFC suggested appointment of temporary/ short-term contract staff for such posts to keep the service costs low and avoid legal complications.

The State government has accepted the recommendations of the SFC to improve the finances and working of GPs. Government land would be used to further augment the resources of the panchayats. In cases of default in payment of taxes, the Divisional Panchayat Officers have been empowered to collect them as arrears of land revenue with the help of village administrative officers. Of the 29 subjects envisaged under Schedule XI of the Amendment Act, the AP government has transferred 16 to panchayats under threats of self-immolation from *sarpanches* (the heads of panchayats). It will also pay honorarium to sarpanches and clear all dues of the panchayats, of this 25% within the current financial year. The Second SFC would have representatives of local bodies as members.

AP is the first state to computerize JRY accounts of GPs and JRY allocations from ZPs. Village-level computerization under the government’s program to collect and disseminate information will ultimately help improve accountability. The information is first transmitted from village to district headquarters and then to the state government. Each ZP is sanctioned funds for purchase of a computer to maintain their accounts and other records.<sup>143</sup> The SFC recommended further expansion of this trend by providing each PS with a computer to keep its own records as well as those of the GPs under its jurisdiction. The information thus generated could be used for monitoring/ redesigning various programs and schemes.

In Karnataka, as a requirement of the decentralization process initiated in late 1980s, most of the resources were distributed among local bodies according to a formula that prevented favoritism. This transparent system was free of any kind of interference due to factors such as healthy competition between political parties, free press, law-abiding bureaucrats, low levels of socio-economic inequalities etc. Political establishment in districts opened new avenues for younger people in politics. Decentralization changed the processes: fair elections, improved attendance of school teachers, medical officers and para-medical staff in rural institutions, frequent visits to villages by councilors to ascertain their problems, reduced corruption, improved service delivery and communication with citizens due to initiatives taken by bureaucrats, and so on. Although such changes were not universal, they gave a direction to areas that were left behind. One lesson to be learnt from this experience is that the elected representatives need constant monitoring to perform well and improve their accountability. See Crook and Manor (1998) and Meenakshisundaram (1994) for further discussion of such changes.

The Panchayat Raj Act 1993 of the Karnataka state distributed functions based on administrative capabilities and functional feasibility at the three levels of rural government. While

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<sup>143</sup> It is statutorily required that PRIs at each level prepare and present detailed financial accounts at every meeting they hold. The PSs and ZPs are required to maintain these accounts on a monthly basis. This is not being done on a regular basis and the AP SFC felt it is a must to ensure that the PRIs adhere to this rule to develop a database and improve their accountability.

the Act assigned several functions to the GPs, the notifications issued by the state government's Rural Development and Panchayat Raj Department did not indicate any functions for GPs. Since the state government's departmental functionaries work only at block and higher levels, the SFC inferred that perhaps the GPs do not have any staff for managing their offices; there is no administrative machinery at the GP level (p.108).

A common complaint to the SFC from the heads of GPs was that they had neither the access to funds from state nor the power to make their own decisions about their requirements. The GPs seemed to "exist only in name" while the higher level rural governments fixed the priorities and spent the funds (p.111). But since GPs are in a better position to identify truly needy people, the Commission recommended that all individual beneficiary oriented schemes that come under both state sector and centrally sponsored sectors should be entrusted to them for implementation. These include schemes such as IRDP, JRY and other anti-poverty programs. The Karnataka SFC suggested that the GPs receive 25% of the total devolution of state funds, which should be deposited in a nationalized bank under Gram Panchayat Fund. These funds should be divided into plan and non-plan components; the former to be used for the above schemes and the latter for staff salary, maintenance expenditure of water works, electricity charges for street lights and maintenance of intra-village roads within GP area. The Commission further suggested that GPs should actively participate in preparing local plans and that their action plan should be integrated in to PS and ZP plans.

The GPs have been allocated very few sources of tax revenue while the ZPs and PSs do not have any independent sources. However, due to the fears that assigning state taxes to local governments will lead to "tax base fragmentation and inter-jurisdictional conflicts", even the Karnataka SFC felt that there is no scope for assigning any new taxes to the ZPs and PSs (p. 68). The major source for the GPs, as envisaged by the SFC, is the house and building tax, which it assumed, would grow at the rate of 12% per year with a 60% collection of their capacity. But, the GPs lack bill collectors even for this effort of tax collection and were advised by the state government to employ the collectors from their own revenue, which is very meager. This has led them into a vicious circle. To solve the staffing problem and cutting non-plan expenditure of ZPs, the SFC suggested appointing departmental staff from health, education and agriculture etc. to work in divisions covering districts together.

An important recommendation by the Commission towards effective decentralization was to allow the ZPs, PSs and GPs to spend 10% of the district plan outlay according to their own priorities. It also advised on proper training and follow-up of both elected representatives as well as the officials working in the PRIs by experts in rural development, panchayati raj etc. from research and academic institutions based in the state. This is to be complemented by clearly specified "Rules of Business" defining the powers and privileges of the elected representatives and the government officials working in the rural areas.

The SFC in Kerala very strongly recommended more tax authority to local bodies and gave several ways of improving collections from existing sources even without raising the tax rates. For example, the yield of the largest revenue-generating source, property and building tax, can be increased in two different ways. One, by correcting for under-valuation of property by changing the method of valuation from the arbitrary annual rental value to plinth area. And two, by charging higher rates for commercial than residential property and cutting out exemptions.<sup>144</sup> Moreover, the SFC suggested revision of this tax every 4 instead of the current 5 years to improve

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<sup>144</sup> Based on an earlier study the SFC reports that as many as 50-70% of buildings in panchayats get classified as "huts" for availing of exemption from building tax.

its buoyancy.<sup>145</sup> The other recommendations of Kerala SFC for improving the buoyancy of local taxes include imposition of proposed tax on sale of land on an *ad-valorem* basis, fixation by the state government of only the minimum rate of license fee and introduction of entertainment tax on cable television.

Some important recommendations of Kerala SFC towards achieving greater autonomy for local governments include the following. Decision on the application of the non-plan grants should be left to the local bodies according to their own priority and perception of their needs. 85% of the CFC grants may be earmarked for GPs and the remaining 15% may be distributed among PSs and ZPs in the proportion of 3:2 on per capita basis. Local bodies should be competent to execute civil works financed out of funds raised from public. 25% of the funds of various Centrally Sponsored Programs for poverty alleviation should be at the disposal of the local bodies to be spent on poverty alleviation programs formulated by the local bodies and approved by District Planning Committee. Present practice of Rural Development Board being the financing agency as well as the construction and supervising agency should cease and it may lend money to local bodies on merits and at market rates.

The MP Commission studied the budget of the state government for 1994-95 and examined the extent to which the PRIs received shares of taxes or grant-in-aid etc. It computed that funds released to GPs from the budget of the state government to each panchayat through panchayat fund amounted, on an average, to about Rs.800 only, which is 50 paise per capita. Apart from this, about Rs.52.44 crores was being transferred as untied funds under the plan, which is spent mainly on district level programs on priority basis. Some of the other conclusions derived by the SFC from the financial review of the PRIs are as follows. The rates of land revenue, additional stamp duty and cess on land revenue have not been changed for long especially when PRIs' expenditure has been increasing due to increase in population. The main source of revenue of these PRIs has been grants from the government. The percentage of revenue from their own sources has been negligible and declining continually. The size of tied grant has been quite limited and is not sufficient even to meet administrative expenditure. The PSs have not been given adequate opportunities to raise revenue. The grant given under JRY is a major item of grant-in-aid. It strengthens the income-expenditure base of PSs and ZPs.

In Maharashtra, since ZPs and PSs depend significantly on government grants their financial position is vulnerable as regards matching grants. In cases of poor collection or low recovery the grant is appropriately reduced. But since actual collection can not be known a-priori, government budget allocation towards this account can run short of the requirements of the panchayats. A move towards more tax powers to the panchayats would reduce their dependence and hence this problem.

In devolving spending powers, the Rajasthan state government in 1998 transferred Rs.164 crores to PSs for various types of development works to be identified by elected representatives. The supervisory powers for such spending earlier rested with the ZPs though PSs and village panchayats were authorized to use the funds for development. A measure to strengthen PRIs is the appointment of a committee under the chairmanship of O.P. Behari, Principal Secretary and Development Commissioner, to formulate proposals for devolution of functions and powers to PRIs in accordance with Schedule XI and to submit its report within two months. State officials posted in the rural districts are becoming answerable to elected members of the rural local bodies. Apart from this, the *Sarpanches* would be made members of PSs (panchayat samitis) and *Pradhans* members of ZPs with voting rights. All matters relating to primary education were to be entrusted to the PR department from July 1, 1999.

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<sup>145</sup> Among the other states considered in this study, tax rate revision is carried out every 3 years in Rajasthan, 4 years in MP and Karnataka, and 5 years in UP and AP.

Rajiv Gandhi *Pathshala* (school) scheme was launched on May 1, 1999 to cover 16000 habitations that currently lack access to primary schooling. Under this scheme, 12000 new schools became operational by July 1, 1999, with construction of school buildings and selection and recruitment of para-teachers by the panchayats. The funds for this were obtained by pooling various funds available from the 10<sup>th</sup> CFC devolution, the SFC devolution, famine relief works, and other ongoing education projects. Whereas in the past 90% of elementary school teachers hailed from urban areas with absenteeism being a serious problem, now 100% of new recruits are rural residents including 40% females compared to 5% in the existing stock.

The larger GPs in Rajasthan raise substantial resources from their own sources to afford the salaries of a secretary and an assistant. But some small GPs in tribal and desert districts make do with one secretary for 3-4 GPs. In the aggregate, there is a shortage of about 60% in such staff with the GPs. Inadequacy of staff, particularly technical, has seriously affected the functioning of the PRIs. A large fraction of senior staff of the PSs and the ZPs are drawn on deputation from various departments of the state government. Since they are under the administrative and disciplinary control of the state government, which has no clear transfer policy, the functions of PRIs suffer tremendously due to sudden transfers ordered by the government. There is also an urgent need to develop training infrastructure and train the technical staff, e.g., the accounts staff need to be trained in PRI finance, accounts and budgeting. Apart from induction courses, they also need refresher courses at regular intervals.

The Rajasthan SFC noted that the institutions involved in rural development treated transfers as equivalent to utilization of funds whereas the actual utilization took place over several months after the transfers. Moreover, the utilization was low due to various factors including transfer of funds towards the end of the financial year. The other factors included lack of timely sanctions, procedural delays, inability of GPs to utilize funds in time etc. The SFC suggested strengthening the executing agencies of rural development programs and devising/ streamlining procedures for speedy transfers along with periodical monitoring of utilization of transferred funds for an uninterrupted flow. The second SFC has now been constituted, to make recommendations on state-local devolution for the period 2000-2005.

Drèze and Gazdar (1997) point out that lack of accountability of governments in UP is a significant factor in implementation failure reflected in poor scope and quality of public provision of basic education, land reform, child immunization, public works, environmental protection, anti-poverty programs and so on. Given the diversity of UP, the above discussion however, does not preclude the possibility of some areas in Hill UP and other regions having well-functioning PRIs as some recent evidence seems to suggest. It is to be noted that while Drèze and Gazdar characterized the period before the elections in 1995, the post 1995 period – under the 73<sup>rd</sup> constitutional amendment – has been different. According to Srivastava (1999), “in the post 1995 scenario a different stock of panchayat leadership has come up, which include a large number of persons belonging to the discriminated social groups such as scheduled castes, tribes and women. ... Recent field evidence suggests that gram sabha meetings are now held more regularly. ... the capacity of new leadership has shown some improvement over time ... there is some greater accountability of the panchayat leadership in the formulation and implementation of JRY schemes.” It is interesting that the reservation policy for SC/ST and women is having an impact on participation, project and beneficiary selection, and political power at the village level.<sup>146</sup>

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<sup>146</sup> But it is important to make this observation with a caveat that even the women selected for the compulsory reserved quotas in PRIs come with socially and culturally vulnerable backgrounds of “divorcees, widows and spouses of migrant husbands” who can be easily manipulated [Lieten and Srivastava (1999)].

Srivastava (1999) also notes improvements through better coverage and higher utilization under the Employment Assurance Schemes (EAS) in 1997-98 from previous years “by disbursing a part of EAS grant to selected gram panchayats (up to 50%) on approved proposals. In part this was achieved by responding to line department and other proposals for building social and physical infrastructure (schools, roads, *anganwadis*) through dovetailing of EAS (and JRY) funds with departmental funds while keeping the expenditure on the former in line with prescribed norms.” This policy of dovetailing has been strongly identified with the 1997-98 government headed by Kalyan Singh. Srivastava notes that this policy may have diluted the “demand driven nature” of the JRY and EAS to the extent that majority preferences of the non-high caste population has been blocked by PRIs dominated by high castes. But the strategy of the state to create durable and socially desirable assets through these schemes to boost infrastructure has been welcomed by the beneficiaries despite lower employment creation and wages lower than the legally stipulated minimum wage by the state. The PRI elections held recently and marred by violence do not show any indications that the new direction being given to the PRIs will continue.

## 5.2. Strengthening the fiscal size of PRIs through decentralization

In order to measure the extent of decentralization that has taken place in each state in response to the constitutional amendment, it is important to define a measure(s) of decentralization. Our interest is to study both the extent of decentralization that exists at any given point in time across different states and the changes in it over time. We consider decentralization of both revenue and expenditure. On the revenue side, a measure of decentralization must capture the extent to which local bodies can raise their revenue independently i.e., on their own account.<sup>147</sup> Higher generation of own revenue improves fiscal autonomy and revenue decentralization. Own-income of local bodies is one component of fiscal decentralization and consists of revenue raised by way of tax as well as non-tax receipts. On the expenditure side, a measure of decentralization must reflect the extent of the right and the capacity of PRIs to spend their incomes. This can be captured in terms of the relative fiscal size of local governments, i.e., the size of their expenditure vis-à-vis that of higher level governments.

As a first step, we compare the per capita revenue from own sources and per capita expenditure of PRIs across states to judge their fiscal capacity. Rural local governments are fairly small in size in terms of their per capita spending, as shown in Table 9, and the ordering is very clear: Maharashtra (1), AP (2), Kerala (3), MP (4), Rajasthan (5) and UP (6). In 1990-2000, the highest per capita public expenditure was Rs.700 by the PRIs in Maharashtra, followed closely by AP and Kerala. It is noteworthy that in Kerala this spending multiplied almost 5 times between 1995-96 and 1999-2000, reaching Rs.632 from Rs. 133. In contrast, the PRIs in UP continue to spend an abysmally low amount and this has not shown much increase over the years either. In terms of the level of their per capita spending, GPs seem to be the most powerful in Kerala, MP and UP while ZPs are the strongest in Maharashtra and PSs in Rajasthan. GPs are the weakest form of rural governments in AP where ZPs are the most powerful followed by PSs. From their self-raised resources, GPs in Kerala make about 13% of their total expenditure. But the corresponding shares of the important rural bodies in the other states are negligible.

Theoretically, certain revenues are better raised at the local level while certain others are best if levied by the state government. Stein (1998, p.103-104) very succinctly summarizes the theoretical issues of tax assignment in a federal framework

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<sup>147</sup> Gaiha (1998) reports that the share of revenue from taxes, fees and cesses levied by the panchayats varies from just 1% in Punjab to 63% in Kerala.

“... sub-national governments should avoid collecting taxes on mobile tax bases, redistributive taxes, taxes which are liable to be exported to other jurisdictions, taxes on unevenly distributed tax bases, those subject to large cyclical fluctuations, and those that involve significant economies of scale in tax administration, or that require information at the national level. All these taxes, for efficiency or equity considerations, should ideally be left to the central government. ... It should be clear from the above list that the conditions for a tax to be a ‘good’ local tax are rather restrictive. As a result, the potential revenue from the tax bases that can efficiently be exploited locally ... is more limited than the spending obligations typically assigned to the sub-national governments in decentralized economies.”

In the Indian case, the situation of the rural local bodies seems to be worse than this as they do not levy and collect some of the mandatory taxes and receipts due to their proximity to the voters (these taxes tend to be highly unpopular among voters). One of the ways to overcome this practical difficulty is by letting the state (or higher tier of PRIs) raise these revenues and pass them on *in toto* (after deducting collection charges) to the concerned local bodies. Such revenue is generally categorized under *assigned revenue*.<sup>148</sup> A measure of revenue decentralization must take into account this revenue in addition to own-income; a measure that takes only own-income of local bodies into account thus underestimates the extent of decentralization.

Next, we define and estimate four different indicators of decentralization and autonomy in revenue and spending to comment on the levels and changes in decentralization. See McLean et al (1998) for further details on such indicators. The actual picture at the grassroots level can be more firmly discerned from further probing through questionnaires, surveys and interviews of the local bureaucrats, officials, NGOs and other concerned people.<sup>149</sup> In this paper we calculate the following indicators of rural decentralization, which are restricted in definition by the type of data that is available. It is interesting to see what these measures indicate and how they vary across states and over time.

1. Fiscal autonomy	share of local revenue from own sources in total local income
2. Revenue dependency	share of grants from higher level governments in total local income
3. Expenditure decentralization	ratio of local expenditure to total expenditure by local, state and central governments
4. Revenue decentralization	ratio of own local revenue to total own revenue of local, state and central governments <sup>150</sup>

<sup>148</sup> Assigned revenue is different from sharing of taxes levied by the state government between state and the local bodies, e.g., certain SFCs decided to transfer higher percentage of shared taxes instead of assigning taxes.

<sup>149</sup> For instance, Alderman (1999) finds that incorporating information available with local people can yield much clearer insights than what data can show.

<sup>150</sup> Note that taxes which have indeed been passed on to the local bodies but which have not been imposed by them would not show up in this measure of decentralization. Another indicator of effective revenue decentralization would be the ratio of actual tax collections to statutory revenue. However, in order to obtain the latter, i.e., the official or potential tax revenue, we need to know both the local tax rates and their bases, variables on which we do not have sufficient information.

Another indicator is local financial autonomy, which refers to the right and capacity of local governments to access capital markets. These governments do not depend on higher level governments for funds to the extent they are free to choose and use loans from the latter.<sup>151</sup> However, as discussed elsewhere, rural governments have no unconditional borrowing powers in India. As a result, we have not attempted to measure this indicator.

Fiscal autonomy and revenue dependency are *almost* two sides of the same coin in the sense that if revenue from own sources rises, the relative share of grants in the income of PRIs falls and vice-versa.<sup>152</sup> In this sense, the only indicator that does not directly depend on own revenue is expenditure decentralization, which is the share of expenditure made by PRIs as a percentage of total rural expenditure; i.e., the size of the local relative to the total government. Good decentralization is depicted by high values of all these except revenue dependency for which a low value is good.

Let us now consider the levels of these indicators of decentralization over the years including their averages in the pre- and post-panchayat act periods. From data on PRI budgets we find that on average fiscal autonomy is higher in GPs and PSs than in ZPs in all states except Rajasthan and UP (Table 12). But the post-amendment autonomy is lower than in the pre-amendment period for all the three tiers, with the exception of GPs in AP and ZPs in Rajasthan, which are the weakest tiers of rural government in these states. Revenue dependency shows the extent to which local governments rely on the state government and higher level local bodies for their expenditure needs. It gives that component of PRIs' income, which comes in the form of grants. Interestingly, along with a reduction in fiscal autonomy, revenue dependency has also reduced on average implying thereby that sources of income other than own tax and non-tax revenue and grants from higher level governments have become more important (Table 13). These sources include shared taxes and loans. But to the extent that there is an increase in loans, this will raise the debt liabilities of the PRIs in future.

These changes show up in larger total transfers. On an average expenditure decentralization increased slightly in the post-decentralization period (Table 14). AP and Maharashtra lead the group of 7 states in this indicator. Along with this, PRIs are also generating a relatively larger share of own revenue among revenue generated by all levels of government from rural areas (Table 15). But, despite this increase, our last indicator, revenue decentralization, is below 1.5% in all the states considered whereas their spending responsibilities as reflected in expenditure decentralization are much higher. In terms of revenue decentralization, Kerala once again comes the topper followed closely by Maharashtra. Note also that Kerala is the only state that makes more than 20% of its expenditure on categories other than those clearly specified in Table 16.

Kerala has normally been cited as a leading example of fiscal autonomy. But it is to be noted that the share of own revenue in total income of GPs in this state declined continuously from 61% in 1995-96 to 15% in 1999-2000 (Table 12).<sup>153</sup> But at the same time their per capita

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<sup>151</sup> In the context of decentralization from the center to states, see McCarten (1999) for a discussion on the process by which the central government's control over borrowing by state governments makes their budget constraints hard. See also Tanzi (1995) for a discussion on how decentralization of spending responsibilities without a corresponding revenue raising capability can adversely affect the central government's efforts to reduce fiscal deficit.

<sup>152</sup> Note that apart from own revenue sources and grants, there are various other sources of income to PRIs.

<sup>153</sup> Even if local governments have substantial fiscal autonomy, political manipulation, capture of power and rent seeking by middle-class and local elite such as landlords may mean that such autonomy will not be exercised in favor of the poor [Gaiha et al (1998) and World Bank (2000)]. But it is possible to motivate the

expenditure multiplied by close to 5 times over this period (Table 9). While this has been possible through an ever-increasing reliance on grants from higher governments (Table 13), it is quite interesting to note that in general a high level of per capita PRI expenditure is associated with a high degree of expenditure decentralization. Thus, whereas in Kerala expenditure decentralization measured as the share of PRIs in total rural spending was 7% in the latter half of 1990s, in states like AP and Maharashtra, it was more than 10% during this period (Table 14). And the more powerful ZPs in these two states not only depended even more heavily on grants from above (Table 13) but they also led in terms of per capita spending (Table 9). In the remaining states of MP, Rajasthan and UP, low expenditure decentralization is coupled with low per capita spending. A similar picture emerged even from the previous 5 years (see Figure 1).

In the prevailing circumstances, perhaps the key to improving per capita expenditure is through higher expenditure decentralization rather than the traditional fiscal autonomy route. But a pertinent question immediately arises as to whether these expenditures go towards development purposes. Unfortunately, this is not always the case. For example, PSs in AP and Rajasthan spend as much as 90% only on salaries of PRI staff (Table 7). Similarly ZPs in these two states spend respectively 24% and 59% on salaries. However, the salary share is much more reasonable for all the tiers in other states. Table 15 presents the expenditure pattern across states for their important PRIs for the year 1999-2000. It is clear that general administration, most of which goes on salaries, and expenditure on development grants constitute more than 80% of total spending in all the states except in Kerala with 63%. But most of the remaining expenditure is then incurred towards obligatory services leaving less than 2% for services at the discretion of the panchayats. These numbers provide a very important caveat in interpreting even the indicator of expenditure decentralization.

## 6. Concluding Remarks, Issues and Policy Recommendations

In this paper we evaluate the position of rural local bodies in seven Indian states to ascertain the extent to which fiscal decentralization has been effective. Based on our findings, we draw certain conclusions that describe some of the problems faced by PRIs, raise certain crucial issues and give some policy directions.

**Decentralization efforts of states:** While rural decentralization began on a positive note in 1992, criticisms and actions from both sides have marred it. On the one hand, the state governments have been trying to retain some control or looking for and devising ways of making sure that the local governments adhere to their advice. For instance, the Karnataka SFC reports that the lack of departmental officers below the taluk or block level “has been used as an excuse for limiting the scope of functions and responsibilities and funds of the GPs” (p.240). In AP the local bodies have been accused of purchasing items from multinationals instead of small-scale industries, against the advice of the state. The government plans to recall *Sarpanches* with ‘negative attitude’. On the other hand, representatives of panchayats accuse the state government of withholding their due grants and external funds and not devolving sufficient tax powers and authority. Their demands have sometimes resulted in agitation, strikes and violence.<sup>154</sup> This is not to say that none of the state governments has shown any keen interest in transferring powers to local bodies. On the contrary, examples abound. In Karnataka, the power to disburse salaries of school staff has been passed on from ZPs to the lower level government of Taluk Panchayats. In

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non-poor towards pro-poor activities by emphasizing factors such as “growth-inducing effects” of lower poverty and inequality and reduced potential of communicable diseases, crimes and growth of slums from better living conditions of the rural poor [World Bank (2000)].

<sup>154</sup> Reported in various issues of ‘Panchayati Raj Update’ published by the Institute of Social Sciences, New Delhi.



Kerala, panchayats at all levels have been empowered to write off loans up to certain limits, though with the prior approval of their standing committees. The SFC for MP recommended setting targets for revenue collection by PRIs, which should be given adequate incentives for exceeding the targets. It is noteworthy in this context that four GPs in the Indore district of MP were awarded Rs.25000 each for “their excellent performance” in rural development and allied activities. Some states have designed mechanisms for a careful and genuine implementation of the process of decentralization. For example, in UP, the District Collectors’ performance is to be evaluated on the basis of their success in introducing decentralization in their districts.

**Poor tax collection:** Rural local governments are fairly small in size in terms of their per capita annual spending. This varied from Rs.700 in Maharashtra to Rs.97 in UP in 1999-2000. PRIs face several problems in raising local tax revenue such as

- Low tax bases
- Lack of administrative machinery and staff trained in tax collection
- Lack of guidelines (e.g., in AP) regarding the procedure to levy the new taxes recommended by the Panchayat Act, thus, depriving the panchayats of the income that is rightly due to them.
- Unpopularity of certain taxes among voters (e.g., in AP, Karnataka, MP and Rajasthan). Thus, while in general the SFCs recommend transfer of funds and functionaries along with more functions to PRIs, the SFCs for AP and Rajasthan did not recommend assignment of state taxes to local bodies, such as surcharge on stamp duty, entertainment tax and land cess.

**Diversion and misuse of resources:** There are reports of diversion of PRI funds and leakage from poverty alleviation programs in various states [see, among others, Kothari (1999) and Lietaen and Srivastava (1999)]. In Kerala, the SFC noticed diversion of specific purpose tied grants in some panchayats towards expenses associated with establishment cost, public works and debt servicing. It, therefore, recommended abolition of earmarked non-plan grants. In 1996-97 untied grants to local bodies for development purposes went up to Rs.212 crores from an earlier average of Rs.20 crores. The SFC suggested a flexible use of these grants so long as they are not spent for certain “negative” purposes such as salaries and wages, travelling allowances etc. The Rajasthan SFC hinted at possible embezzlement of money meant for implementation of rural development programs, even before it reaches the PRIs. To quote, “... though there is a fixed ratio of funds to be transferred to the PRIs, there is no monitoring as to whether the PRIs receive the funds under schemes to be implemented by them in the fixed ratio.” To control misappropriation of funds for spending under newly devolved powers to the PSs, this government has devised a new procedure. Under this procedure, inappropriate use of panchayat funds will be recovered from Sarpanch, Gram Sevak or Junior Engineer concerned. In UP, both ZPs and GPs spend far less on state and central plan schemes than the grants received by them for these schemes, thus diverting these grants to other purposes. There is also a large-scale diversion of public funds earmarked for poverty alleviation and related programs in this state [Gaiha (1998) and Gaiha et al (2000)].

**Implementation of innovative ideas:** While more functions are transferred to local bodies, in order to cut down transfer of associated funds, some states are adopting more efficient methods of expenditure control. For instance, the state governments in MP, Rajasthan and UP are trying to outsource funds, by contracting out work such as replacing government teachers with “*shiksha karmis*” (para teachers). It is important to examine the debate that though this method lowers costs, it may undermine the decentralization effort; e.g., the para-teachers may not be well trained. But Sharma (1999), who surveyed 10 village schools in MP and interviewed village representatives and parents, found that in some tribal villages, appointment of a local shiksha

karmi as teacher tremendously improved the set-up. The karmi was devoted, committed and motivated to educating the children of the community, was regular and punctual, did not face the language problem and worked for a lower salary, unlike a city-based teacher coming to the school. But this observation was not common to all schools. Apart from decentralization through putting the schools under the control of panchayats, Sharma argues that positive incentives and proper training facilities for the para-teachers may help create and promote better teachers.

**Extent of fiscal decentralization:** A question that is often asked is how far is the transfer of responsibilities combined with matching resources/ tax powers? One of the points noticed in AP, Karnataka, MP and Rajasthan is that the panchayats have not been able to impose/ collect certain taxes assigned to them because of their nearness to the tax payers. PRI budget data show that on average revenue autonomy, defined as the share of own revenue in total income of PRIs, declined in the post-amendment period for every tier of PRIs. This is a very pertinent observation that throws further light on the effectiveness/ usefulness of the decentralization process. Revenue dependency shows the extent to which local governments rely on grants from the state government and higher level local bodies for their expenditure needs. Interestingly, along with a reduction in fiscal autonomy, revenue dependency has also reduced on average implying thereby that sources of income other than grants and own revenue have become more important. These sources include shared taxes and loans. But to the extent that there is an increase in loans, this will raise the debt liabilities of the PRIs in future.

Revenue decentralization, defined as the share of revenue generated by PRIs in the total revenue generated from rural areas in the state, increased by 35% after the amendments. But it is still below 1.5% in all the states, the highest being in Kerala, whereas their spending responsibilities as reflected in expenditure decentralization are much higher. Expenditure decentralization, the share of PRIs in total rural expenditure in the state, went up marginally between the first and second halves of 1990s (the highest being for AP at more than 11% in 1999-2000). But even a high degree of expenditure decentralization does not necessarily translate into effective decentralization so long as the spending is closely associated with pre-specified tasks. Interestingly, we find that a high level of per capita PRI expenditure is associated with a high degree of expenditure decentralization suggesting that the key to improving per capita expenditure is through higher expenditure decentralization rather than the traditional fiscal autonomy route. But an analysis of these expenditures shows that general administration (most of which goes on PRI staff salaries) and expenditure on development grants constitute more than 80% of total spending in all the states except in Kerala with 63%. Most of the remaining expenditure is incurred towards obligatory services leaving less than 2% for services at the discretion of PRIs. These numbers provide an important caveat in interpreting the indicator of expenditure decentralization. Thus, higher expenditure decentralization coupled with promotion of higher expenditure on discretionary services seems to be a pre-condition for effective fiscal decentralization.

**Changes in PRI-state fiscal equations:** What is the evidence of changes taking place in response to the constitutional amendments and the recommendations of the SFCs? Since the SFC reports are quite recent - including as late as December 1998, it is difficult to make a judgement on how far their recommendations have been/ are being implemented and what effects they are likely to have in the near future. Field surveys may bring out the changes taking place at the ground level. Some emerging questions that can only be answered when more information is available over the next few years are:

- Does the transfer of tax powers to rural bodies increase their total (net) income?

- If so, how does it affect the transfers of resources from the state? Is the change fiscally neutral? Does the state transfer increase to reward the good tax efforts? Or, does it decrease to neutralize the effect of higher local earnings?
- Does higher expenditure autonomy at the local level result in better and more efficient service delivery?
- If so, how well does it translate into better indices of achievement in, say, the social sectors?

**Recommendations to make rural decentralization more effective:<sup>155</sup>**

- ⇒ Clearly set the expenditure responsibilities of PRIs at each level.
- ⇒ Impart a degree of autonomy commensurate with spending responsibilities through effective devolution of powers along with responsibilities.
- ⇒ Ensure necessary resources to PRIs through assignment of better tax instruments, user charges and fees for more efficient resource use.
- ⇒ Identify local taxes that are difficult to administer locally. Let the state government collect them and pass on to the PRIs until their institutional capacity is improved.
- ⇒ Improve administration of local taxes and build/ create local institutional capacity to improve service delivery and accountability.
- ⇒ Raise state transfers to PRIs in the form of untied grants.
- ⇒ Keep staff costs under control by improving local capacities through a core professional staff, temporary appointments without fringe benefits and drawing from local professional expertise, say from within the state.
- ⇒ Remove perverse incentives to improve efficiency. Give grants to cover additional salary and infrastructure costs.
- ⇒ While recommending matching grants, take account of the revenue raising potential and efforts to avoid penalizing low-capacity PRIs.
- ⇒ Allow rural governments to borrow like municipalities; but make their budget constraints hard by restricting the borrowings.
- ⇒ Streamline functioning of SFCs to achieve more clarity and transparency with respect to rules for tax sharing arrangements and grants for local bodies.
- ⇒ Improve local finance database to, inter-alia, ascertain more clearly and improve the degree of effective decentralization.

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<sup>155</sup> Some of these were also unanimously recommended by, among others, Mathur (1999), Rajaraman et al (1996) and Singh (1997)].

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### **Box 1**

#### **Terms of Reference of the SFCs relating to PRIs**

(a) To review the financial position of the Panchayats, and to make recommendations about the principles governing:

- the distribution between the State and the Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the state;
- the determination of the taxes, duties, tolls and fees which may be assigned to or appropriated by the Panchayats;
- the grant-in-aid to the Panchayats from the Consolidated Fund of the state;

(b) To review the measures needed to improve the financial position of the Panchayats.

#### **Revenue Sources of PRIs**

- own tax revenue from taxes assigned to and collected by local bodies
- taxes assigned to local bodies, collected by the state government and given entirely to local bodies
- shared taxes, assigned to and collected by the state government and a share of proceeds passed onto local bodies
- non-tax revenue, e.g., income from properties, fees, receipts etc.
- compensation and grants-in-aid from the state government
- loans from state government or financial institutions, and
- grants from state and central government, tied to special schemes
- other grants

## Box 2

### Common Problems and Recommendations of SFCs

1. While the requirement of matching grant may persuade local governments to improve their revenue collection and also help improve their accountability, they can also add to their fiscal burden. For instance, in Maharashtra, poor collection or low recovery by the PSs and ZPs, whose financial position is vulnerable since they depend significantly on government grants, results in a reduction in the matching grant to them. Most of the SFCs have recommended advance payment of matching grants to ease the situation of financial crunch facing the panchayats.
2. The distinction between plan and non-plan expenditure is blurred in practice and not very helpful/ relevant at the level of PRIs. A major portion of funds allocated to the three tiers of PRIs involves payment of salaries most of which is classified under non-plan but actually comes from the on-going programs and schemes. Moreover, at the local level it is the maintenance expenditure (non-plan expenditure) that needs to be substantially increased as it deals with the preservation of assets already created. A few SFCs suggested removing the plan/ non-plan distinction.
3. Innovative ideas for better local tax generation:
  - The SFC in Kerala recommended more tax authority to local bodies and suggested ways of improving collections from existing sources at the current tax rates. For example, correcting for under-valuation of property, introducing price differentiation between commercial and residential property, and cutting out exemptions can increase the yield of the largest revenue-generating source, property and building tax.
  - Prior to the implementation of the SFC reports, the local tax rates were revised at different intervals in different states: every 3 years in Rajasthan, 4 years in Karnataka and MP, and 5 years in AP, Kerala and UP. The SFC in Kerala suggested reducing this period from 5 to 4 years to improve its buoyancy.
  - Other recommendations of Kerala SFC for improving the buoyancy of local taxes include imposition of proposed tax on sale of land on an *ad-valorem* basis, fixation by the state government of only the minimum rate of license fee and introduction of entertainment tax on cable television.
  - MP SFC pointed to the scope for tapping additional resources such as revenue from forests. It also suggested development and protection of some specially identified village forests by entrusting the responsibility of their management to GPs for sustained revenue generation.
4. To overcome the lack of trained staff the AP SFC suggested appointment of temporary/ short-term contract staff to keep the service costs low and avoid legal complications. The Rajasthan SFC pointed to an urgent need to develop training infrastructure and train the technical staff, e.g., the accounts staff to be trained in PRI finance, accounts and budgeting. Apart from induction courses, they also need refresher courses at regular intervals. Another key to successful decentralization is to train local staff so as to make them more supportive of the community action programs [World Bank (2000)].



### Box 3

#### Fiscal Roles, Strengths and Limitations of PRIs

1. The states differ as to the importance given to different levels of rural governments in terms of their functional responsibilities and revenue raising powers. The major functions are carried out by
  - GPs in Kerala and MP
  - PSs in Rajasthan and UP
  - ZPs in Maharashtra (and to some extent by GPs)
  - Both GPs and ZPs in AP
  - Both PSs and ZPs in Karnataka
2. The PRIs in most states are restricted in spending their funds. For example, in AP the freedom with which the local bodies can spend the grants provided to them by the state government is very limited, with even some of the general-purpose grants having been earmarked. A common complaint to the Karnataka SFC from the heads of GPs was that they had neither the access to funds from state nor the power to make their own decisions about their requirements while the higher level rural governments fixed the priorities and spent the funds. In Maharashtra, the ZPs are responsible for rural development and social welfare but the state government gives guidelines and earmarks almost half the own income of ZPs for spending on social welfare and water supply.
3. Rural local governments are on the horns of a dilemma. On the one hand they are not empowered to raise loans on their own. Whatever loans they have received in the past and are receiving at present relate primarily to loans from the state government. On the other hand, they face the requirement that their expenditure must be strictly within the limit of their income so that a situation of deficit budget does not arise. This requirement results in postponement/avoidance of certain essential expenses, particularly capital, and makes the PRIs even more dependent on the state government.
4. Lack of trained personnel: Inadequacy of staff, particularly technical, has seriously affected the functioning of the PRIs whose expenditure needs are rising due to requirement for additional administrative, trained and technical staff for schools, water supply, communications, accounts, tax collection, sweeping, drain cleaning etc. Lack of adequate trained personnel results in PRIs not being able to spend the resources that they otherwise would. In AP, the number of schools in PSs has gone up but there is no corresponding increase in staff to support them and while JRY has been passed on to the GPs, no staff has been sanctioned to attend to its work. In Rajasthan, there is a shortage of about 60% in secretarial staff with the GPs. A large fraction of senior staff of the PSs and the ZPs are drawn on deputation from various state departments, who are regulated by the state government rules and their sudden transfers severely affect the functioning of the PRIs. Based on international experience, Bird and Rodriguez (1995) suggest minimization of staff costs through “professionalization” by attrition, channeling unskilled workers into cooperative enterprises, maintaining core professional staff, drawing local expertise from universities, professional associations, state enterprises, regional service agencies etc.

#### Box 4

##### **Lack of Transparency and Informational Constraints**

1. There is a wide variation across states and over time in policies followed and the type of information that is available. In particular, there is a systematic lack of uniformity and content in financial data of local bodies. Some SFCs (e.g., AP, Kerala, MP and Maharashtra) recommended collection, compilation and (sometimes) computerization of data such as annual receipts and expenditure in common formats. See Mukherjee (1994) for a very detailed sample of such database preparation. Kerala SFC (p.6) even recommended setting up of a special cell in the Finance Department to monitor annual receipts and expenditure through “suitably designed formats” for a “reliable database” on basic economic indicators of local bodies.
2. Lack of guidelines (e.g., in AP) regarding the procedure to levy the new taxes recommended by the Panchayat Act deprive the panchayats of the income that is rightly due to them. Despite the amendments, the decisions as to which taxes, duties, tolls and fees should be assigned to local governments and which should be shared by the State with them continue to be with the state legislatures. The amendments also left important matters such as implementation, service delivery (including local capacity building) and transfer of responsibilities and powers to rural local bodies at the discretion of the state legislatures. Consequently, while expenditure responsibilities of local bodies are likely to be extensively enhanced, there is no law to ensure a corresponding assignment of taxes or shares to match the additional responsibilities.
3. A 1997-98 survey of a few villages in 3 districts of UP showed that while the Village Development Officer, the Chairperson of the GP, had access to information on various government schemes and the Panchayat Secretary kept the financial records, they extracted monopoly rents from such information. The decision making was not transparent and did not involve other panchayat members. The success of such rent seeking activities owed, among other things, to the lack of police protection and the economic security of the vulnerable groups [Gaiha (1998)]. But recent field evidence from this state suggests that the scene is changing for the better and there is greater accountability of the panchayat leadership in the formulation and implementation of JRY schemes [Srivastava (1999)].
4. While amendments did lead to the setting up of SFCs for improvement of the fiscal scene at the local level, in the absence of clear transfer of functions and revenue raising powers corresponding to larger responsibilities, all SFCs faced the problem of assessing the resource requirement of the local governments. Most SFCs thus chose to stick to the existing tax powers in determining their resource requirements.
5. The SFC in Kerala faced a number of difficulties in specifying the exact amounts of grants to be transferred to the local bodies. These included non-availability of (i) inventory of most projects and assets being transferred to local bodies to estimate non-plan requirements; (ii) plan details due to non-initiation of bottom-up planning procedure from local bodies; and (iii) information on important variables to devise suitable formulae for devolution.

Figure 1A. Relation between expenditure decentralization and per capita expenditure of PRIs  
1990-91 to 1994-95

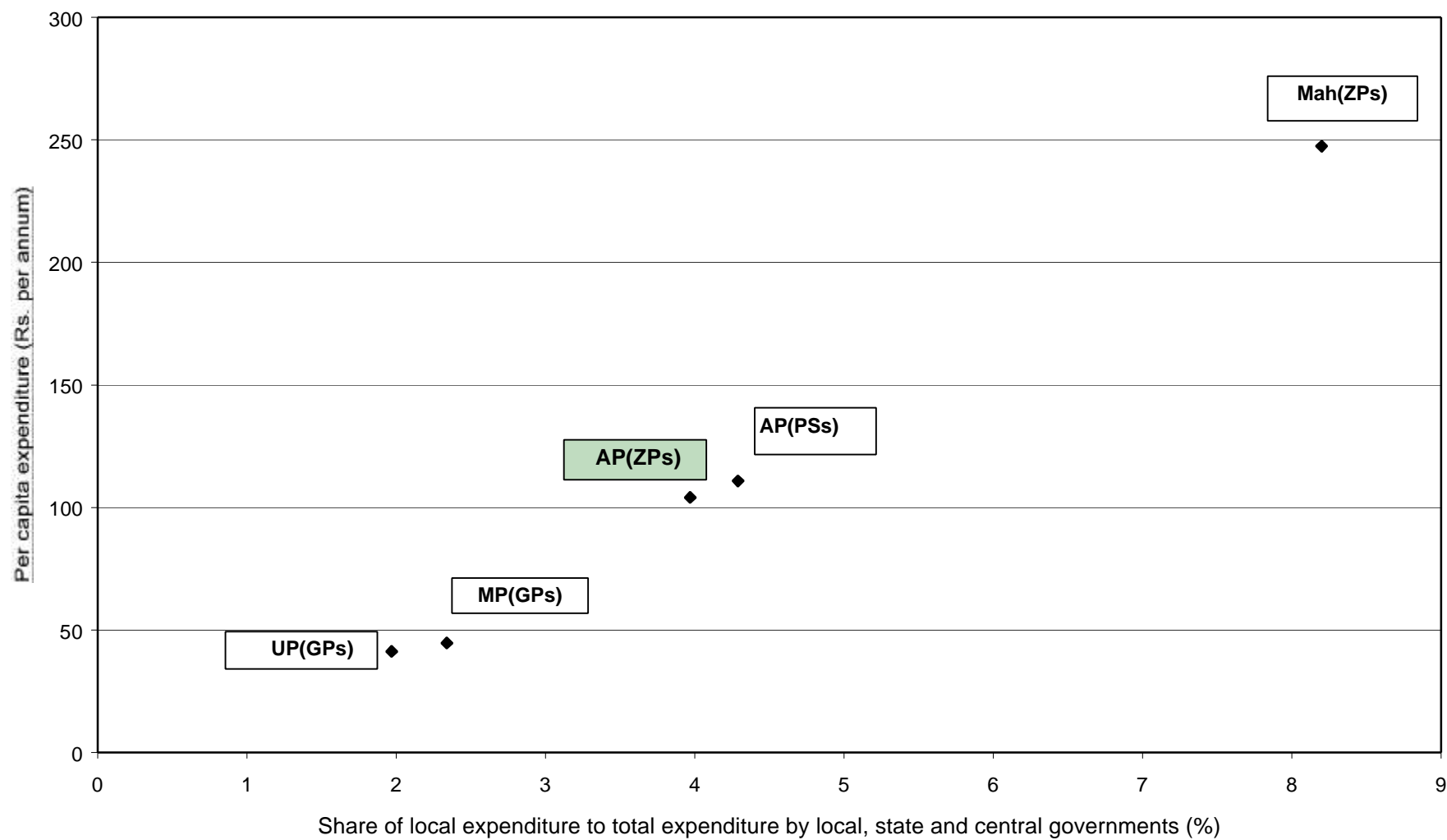


Figure 1B. Relation between expenditure decentralization and per capita expenditure of PRIs  
1995-96 to 1999-2000

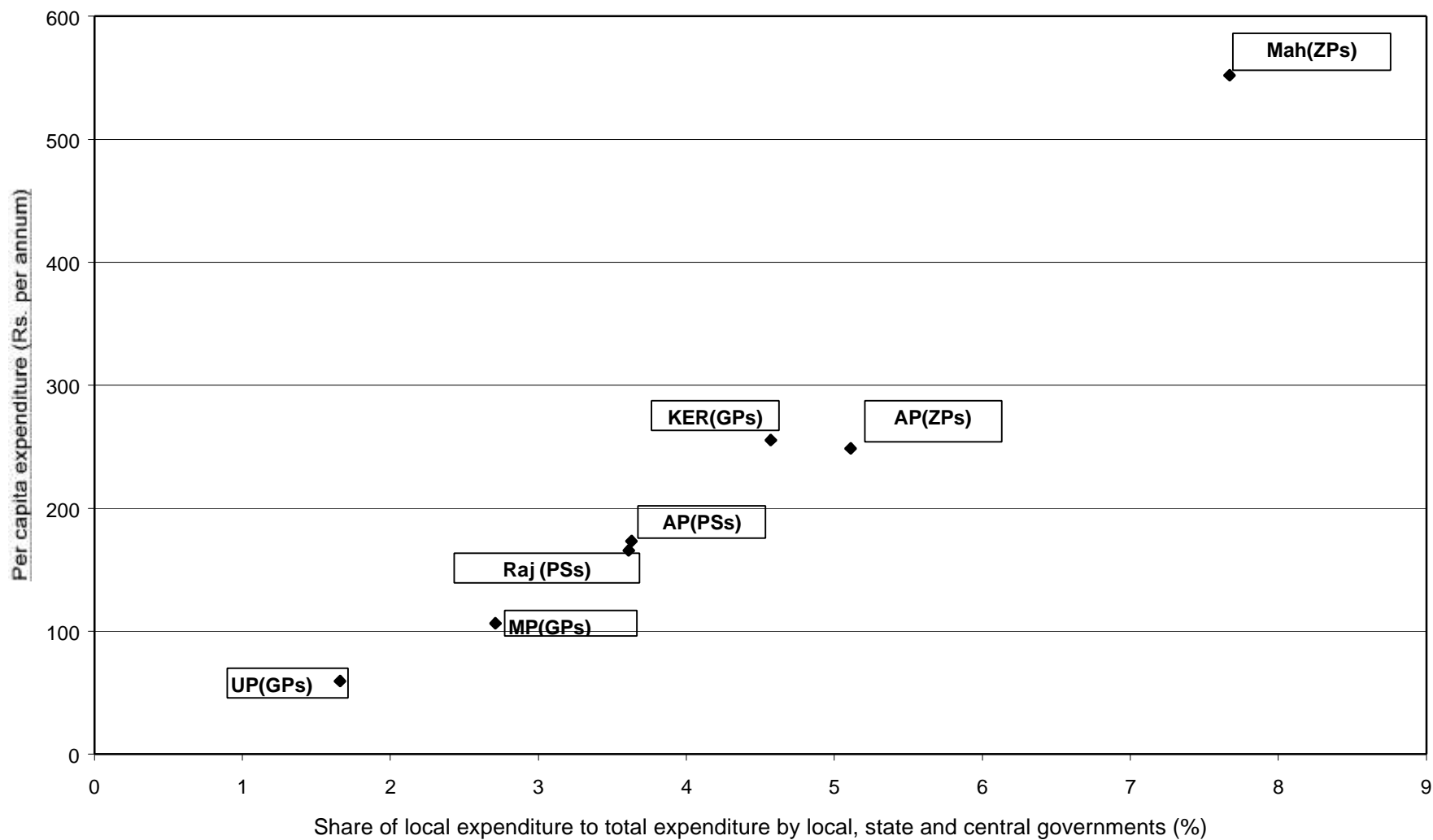


Table 1. Size of and representation in PRIs (as on May 31, 1998)

State	Gram Panchayats	Panchayat Samitis	Zilla Parishads	Total
<b>No. of Panchayats</b>				
AP	21,943	1,098	22	23,063
Karnataka	5,658	175	20	5,853
Kerala	991	152	14	1,157
Madhya Pradesh	30,922	459	45	31,426
Maharashtra	27,619	319	29	27,967
Rajasthan	9,185	237	31	9,453
Uttar Pradesh	58,605	901	68	59,574
<b>All-India</b>	<b>227,698</b>	<b>5,906</b>	<b>474</b>	<b>234,078</b>
<b>No. of elected members per panchayat</b>				
AP	11	13	50	11
Karnataka	14	19	46	15
Kerala	10	10	21	10
Madhya Pradesh	15	20	21	15
Maharashtra	11	11	61	11
Rajasthan	13	22	32	13
Uttar Pradesh	12	65	38	12
<b>All-India</b>	<b>11</b>	<b>22</b>	<b>27</b>	<b>11</b>
<b>Elected women members (%)</b>				
AP	34	37	33	34
Karnataka	44	40	36	44
Kerala	38	36	35	38
Madhya Pradesh	33	35	34	33
Maharashtra	33	33	33	33
Rajasthan	32	33	33	33
Uttar Pradesh	26	24	25	25
<b>All-India</b>	<b>31</b>	<b>21</b>	<b>32</b>	<b>31</b>
<b>Elected SC/ ST members (%)</b>				
AP	23	11	18	23
Karnataka	32	23	23	32
Kerala	14	13	11	13
Madhya Pradesh	42	45	43	42
Maharashtra	25	24	25	25
Rajasthan	28	33	33	28
Uttar Pradesh	15	16	16	15
<b>All-India</b>	<b>24</b>	<b>21</b>	<b>25</b>	<b>24</b>

Source: Author's calculations based on information compiled from Panchayati Raj Update, Vol. 55-57 (July-September) 1998, Institute of Social Sciences, New Delhi

Table 2. Final consumption expenditure of administrative departments  
(excluding fixed capital)

Year	Total at current prices (Rs. crores)	Shares			
		Central government	State governments	Local (urban + rural) authorities	Total
1985-86	27234	40.80%	48.01%	11.19%	100.00%
1986-87	32361	44.22%	45.63%	10.15%	100.00%
1987-88	38220	44.46%	45.31%	10.24%	100.00%
1988-89	44282	43.40%	45.81%	10.79%	100.00%
1989-90	50666	41.79%	47.21%	11.00%	100.00%
<b>Average</b>		<b>42.96%</b>	<b>46.36%</b>	<b>10.68%</b>	<b>100.00%</b>
1990-91	57878	39.42%	49.51%	11.08%	100.00%
1991-92	64809	38.66%	50.11%	11.23%	100.00%
1992-93	73291	38.22%	50.26%	11.52%	100.00%
1993-94	85949	40.30%	48.91%	10.79%	100.00%
1994-95	95532	39.14%	49.99%	10.87%	100.00%
<b>Average</b>		<b>39.19%</b>	<b>49.74%</b>	<b>11.07%</b>	<b>100.00%</b>
1995-96	113356	39.58%	49.18%	11.24%	100.00%
1996-97	128584	39.46%	48.84%	11.70%	100.00%
1997-98	157006	40.13%	48.37%	11.50%	100.00%
<b>Average</b>		<b>39.76%</b>	<b>48.75%</b>	<b>11.49%</b>	<b>100.00%</b>

Source: Author's calculations

Data Source: National Accounts Statistics, Central Statistical Organization, Department of Statistics, Ministry of Planning, Government of India, various issues.

Table 3. Share of State and Central Grants in PRIs's Income (%)

State/ PRI	Type of Grant	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	1990-91 to 1994-95	1995-96 to 1999-2000
<b>AP</b>													
GPs	State grants	13	12	12	11	13	15	38	16	36	40	12	32
	Central grants	54	48	51	57	40	27	20	27	17	12	50	19
PSs	State grants	96	96	97	97	97	96	97	97	96	97	97	97
ZPs	State grants	82	84	67	84	91	83	84	72	63	67	82	71
	Central grants						0	1	0	0	0		0
<b>Kerala</b>													
GPs	State grants						23	44	69	69	73		64
PSs	State grants						68	84	86	89	90		86
ZPs	State grants						100	100	100	100	100		100
<b>MP</b>													
GPs	State grants	12	11	10	13	13	13	16	35	36	39	12	31
	Central grants	82	81	85	82	77	80	77	59	56	54	81	63
PSs	State grants						20	7	9	7	7		8
	Central grants						0	9	30	20	20		22
ZPs	State grants	71	72	74	72	74	43	64	25	10	10	73	24
	Central grants						52	29	72	79	79		69
<b>Rajasthan</b>													
GPs	State grants						48	53	56	66	69		60
PSs	State grants					88	79	82	90	90	92	88	87
	Central grants					10	19	16	8	8	7	10	11
ZPs	State grants					44	68	42	58	75	76	44	63
	Central grants					24	0	3	0	0	0	24	1
<b>UP</b>													
GPs	State grants	8	6	1	1	1	3	9	5	4	4	3	5
	Central grants	91	93	98	98	98	96	90	69	67	66	96	76
PSs	State grants							100	100	100	100		100
ZPs	State grants	27	27	26	29	19	21	32	39	40	41	24	37
	Central grants						0	0	25	19	17		16

Source: Author's calculations based on data from PRI Budgets

Table 4. Transfers from state to rural and urban local governments (Rs. Lakhs)

Year	AP	Karnataka	Kerala	MP	Maharashtra	Rajasthan	UP
1990-91	45554	29601	17055	36387	74638	28736	113322
1991-92	69912	45851	20190	35893	68737	33942	176095
1992-93	79396	63385	17703	49360	67060	45635	173725
1993-94	89677	59501	29391	38521	72298	50604	141174
1994-95	81523	41946	35370	55775	100822	42031	271973
1995-96	93954	56075	44324	59854	104661	53524	133612
1996-97	98468	58037	45732	64769	93943	30862	186546
1997-98	172590	46789	71713	80295	98894	36955	222910
1998-99	148162	56805	43974	75479	99594	49858	253950
1999-2000	116111	69029	31435	80438	87814	36770	263539

Source: Author's calculations

Data Source: RBI Bulletin on State Finances, various issues

Note: Transfers from the state to local bodies consist of loans and grants for developmental and non-developmental purposes, and compensation and assignment.



Table 5. Status of the State Finance Commissions (SFCs) as on June 1, 2000

State	Constituted	Chairperson	Period covered by SFC	Report	Action
AP - First SFC	June 22, 1994	G. Lakshmana Swamy	1997-98 to 1999-2000	May 30, 1997	Yes
AP - Second SFC	December 8, 1998			May, 2000 (expected)	
Karnataka	June 10, 1994	G. Thimmaiah	1997-98 to 2001-02	August 5, 1996	Yes
Kerala	April 23, 1994	P.A. Abraham	1996-97 to 2000-01	February 29, 1996	Yes
Madhya Pradesh	February 25, 1995	S.S. Sisodia	1996-97 to 2000-01	July 20, 1996	Yes
Maharashtra	April 29, 1994	Makarand Herwadkar	1996-97 to 2000-01	January 31, 1997	Yes
Rajasthan	April 23, 1994	K.K. Goyal	1995-96 to 1999-2000	December 30, 1995	Yes
Uttar Pradesh	October 22, 1994	B.C. Shukla	1996-97 to 2000-01	December 26, 1997	Yes

Sources:

1. Panchayati Raj Update, Vol. 58, October 1998, and Vol. 69, September 1999, Institute of Social Sciences, New Delhi.
2. Report of the 11th Finance Commission

Table 6. Recommendations of (First) State Finance Commissions for additional powers and responsibilities of PRIs

State	New Taxes	New functions/ responsibilities	Remarks
AP	Introduction of a new advertisement tax Compulsory levy of water tax General revision of taxes once in three years to reflect price rise Computerisation/ social audit of local bodies	Agriculture, animal husbandry, rural water supply, minor irrigation tanks, social and farm forestry, small scale industries and food processing, khadi and village industries, fuel and fodder, roads, culverts, bridges, ferries and water ways, non-conventional energy, technical training and vocational education, adult and non-formal education, libraries, cultural activities, market fairs and maintenance of community assets	New taxes accepted.  These functions constitute 16 out of 29 Schedule XI subjects that are now transferred to Panchayats.
Karnataka	Replacement of the present system of sharing a portion of the state government tax revenue by a share in the total non-loan gross own revenue receipts of the state government (to avoid any adverse financial impact on PRIs of tax concessions/ incentives given by the state government to achieve its non-revenue objective)	All individual beneficiary oriented schemes that come under both state sector and centrally sponsored sectors to be entrusted to GPs for implementation. Street lights to be implemented directly by GPs, rural water supply, primary health and primary education by ZPs and up-gradation of rural roads by PSs. GPs to be entrusted with repair and maintenance of water supply system, street lights and intra-village roads. Provision of safe drinking water, street lights, roads, primary education and primary health care to be upgraded and equalized based on norms, over the 5-year period: 1996-97 to 2000-2001.	
Kerala	1% tax by ZPs on immovable property whose value exceeds Rs. 25,000 - revenue to be shared equally with PSs. Entertainment tax to be replaced with tax on cable TV at the rate of Rs. 500 per annum or Rs.5 per connection, whichever is higher - to be retained by local bodies.	Activities projects and institutions coming under both plan and non-plan categories	
MP		Obligatory functions entrusted only to GPs Obligatory functions include services like public safety, services related to public health, and public works. <del>No obligatory responsibilities to PSs or ZPs</del>	
Maharashtra	All recommendations on taxes and fees accepted by the government effective from April 1, 1999. Cess-grant on land revenue and irrigation tax to be passed on to ZPs. Levy of water tax by GPs through amendment of Village Panchayats Act. Rates for user charges and fees to reflect cost of provision of service: "Rates Revision Committee" to be set up every 3 years with representation from PRIs State funds will be provided to PRIs to cover 20% matching contribution to central grants		Rejected recommendations - devolution of profession tax to GPs: since it will be a "contradiction to the main aim of EGS" - transfer of poverty alleviation schemes to local bodies: since "DRDA would become redundant" in that case
Rajasthan	A fee for licensing melas Levy of a surcharge upto 5% on sale of property in rural areas and a 0.5% surcharge on market fee 10% nominal tax on land rent could be imposed by all PSs in the state Imposition of land revenue on barani land to ZP and income from this revenue to be shared by PRIs: 60% GPs, 25% PSs and 15% ZPs. Panchayats to levy tax on <i>dhabas</i> , hotels, automobile servicing/ repair shops, petrol pumpssituated on national/ state highways in their areas.		Most taxes relate to ZPs
UP	Not in favour of fresh assignment of any tax or non-tax revenue from the state list to the local bodies.		

Table 7. Percentage share of salary in total expenditure

State/ PRI	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	1990-91 to 1994-95	1995-96 to 1999-2000
<b>AP</b>												
GPs	13	12	12	10	13	14	12	14	11	10	<b>12</b>	<b>12</b>
PSs	82	83	84	83	85	88	88	88	88	89	<b>84</b>	<b>88</b>
ZPs	48	47	38	52	48	42	45	31	29	24	<b>46</b>	<b>32</b>
<b>Kerala</b>												
GPs						13	8	8	4	4		<b>6</b>
PSs						22	21	14	15	14		<b>18</b>
ZPs							2	1	1	1		<b>1</b>
<b>MP</b>												
GPs	10	10	8	12	12	12	16	11	10	10	<b>10</b>	<b>12</b>
PSs	83	90	88	86	83	57	79	60	73	73	<b>86</b>	<b>69</b>
ZPs	13	14	14	14	14	1	7	7	15	17	<b>14</b>	<b>12</b>
<b>Rajasthan</b>												
PSs					88	78	80	88	90	91	<b>88</b>	<b>86</b>
ZPs					31	38	29	40	62	59	<b>31</b>	<b>46</b>
<b>UP</b>												
ZPs	43	43	40	39	34	34	27	29	20	19	<b>39</b>	<b>23</b>

Source: Author's calculations based on data from PRI Budgets

Table 8. Annual average budget of PRIs in 1998-99 (Rs. Crores)

State	GPs	PSs	ZPs
AP	0.02	1.01	78.62
Kerala	0.89	1.13	17.18
MP	0.02	0.53	6.46
Maharashtra	0.01		104.18
Rajasthan	0.01	3.04	0.35
UP	0.01	0.08	2.88

Source: Author's calculations based on total income in 1998-99 and the number of PRIs in 1998.

Table 9. Per capita revenue from own sources and per capita total expenditure (Rs. per annum): An inter-state picture of PRIs

State	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
<b>A P</b>											
Per capita own revenue	9.49	10.18	9.52	9.08	9.55	0.00	10.82	11.06	11.32	11.60	
GPs	9.49	10.18	9.52	9.08	9.55	0.00	10.82	11.06	11.32	11.60	
Per capita total expenditure	207.59	235.59	282.40	285.18	309.78	319.52	381.90	462.07	593.58	672.06	
GPs	40.69	46.03	48.35	62.51	48.72	42.71	64.89	53.16	76.97	82.60	
PSs	96.22	101.63	108.28	117.36	130.47	129.69	147.55	156.67	207.19	225.22	
ZPs	70.69	87.94	125.78	105.30	130.60	147.12	169.47	252.24	309.42	364.24	
<b>Kerala</b>											
Per capita own revenue						34.33	38.86	42.59	51.26	57.93	
GPs						34.33	38.86	42.59	51.26	57.93	
Per capita total expenditure						133.19	242.19	314.01	547.68	631.92	
GPs						92.17	174.78	189.37	383.45	436.56	
PSs						40.50	46.61	79.71	83.95	100.44	
ZPs						0.52	20.80	44.93	80.28	94.92	
<b>M P</b>											
Per capita own revenue	2.37	3.00	2.92	3.13	4.70	0.00	5.15	13.02	35.91	30.26	
GPs	2.33	2.94	2.79	2.72	4.27	0.00	4.31	4.53	4.52	4.51	
PSs	0.03	0.04	0.11	0.38	0.41	0.00	0.78	8.40	31.29	25.66	
ZPs	0.01	0.02	0.02	0.02	0.02	0.00	0.06	0.09	0.09	0.09	
Per capita total expenditure	45.01	45.41	61.88	60.34	55.09	87.28	125.31	303.58	256.84	270.12	
GPs	43.63	42.73	59.12	57.05	51.74	73.63	80.93	120.34	124.75	132.35	
PSs	0.69	1.91	1.92	2.42	2.48	3.59	14.00	57.97	44.46	45.79	
ZPs	0.69	0.76	0.84	0.88	0.87	10.05	30.38	125.27	87.63	91.99	
<b>Maharashtra</b>											
Per capita own revenue	20.35	20.98	21.59	25.73	28.77		33.23	38.25	43.52	49.56	56.38
GPs	10.20	11.69	13.18	15.38	17.93		16.99	19.31	21.92	24.88	28.25
ZPs	10.15	9.29	8.42	10.35	10.85		16.24	18.94	21.60	24.67	28.13
Per capita total expenditure	214.65	234.24	273.50	293.08	322.78		515.49	570.58	630.81	699.71	777.97
GPs	14.55	15.96	17.60	21.63	23.88		43.27	48.76	54.93	61.94	69.93
PSs	1.61	1.50	1.51	1.48	1.23						
ZPs	198.49	216.78	254.40	269.96	297.67		472.22	521.82	575.88	637.77	708.04

Table 9. Per capita revenue from own sources and per capita total expenditure (Rs. per annum): An inter-state picture of PRIs

-Continued-

State	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
<b>Rajasthan</b>											
Per capita own revenue						0.00	6.81	8.11	7.60	7.19	
GPs					NA	0.00	3.41	3.37	3.32	3.28	
PSs					2.51	0.00	2.63	2.83	3.04	3.27	
ZPs					0.88	0.00	0.78	1.91	1.24	0.64	
Per capita total expenditure						160.41	181.15	160.87	223.26	261.10	
GPs					NA	19.49	21.28	22.79	32.22	46.80	
PSs					106.21	138.43	156.32	135.09	187.96	210.77	
ZPs					2.79	2.49	3.54	2.99	3.09	3.53	
<b>Uttar Pradesh</b>											
Per capita own revenue	0.30	0.31	0.34	0.45	0.40	0.00	0.32	0.18	0.29	0.31	
GPs	0.30	0.31	0.34	0.45	0.40	0.00	0.32	0.18	0.29	0.31	
Per capita total expenditure	39.25	40.18	41.21	52.95	50.97	58.38	53.73	73.94	92.10	97.38	
GPs	36.43	37.05	37.61	48.84	45.81	52.76	43.72	61.16	68.58	71.28	
PSs	0.00	0.00	0.00	0.00	0.00	0.00	2.46	5.23	5.64	6.07	
ZPs	2.82	3.13	3.60	4.11	5.16	5.62	7.55	7.54	17.88	20.03	

Source: Author's calculations based on data obtained from SFC Reports and PRI Budgets

Notes:

The own revenue comprises own tax and non-tax revenue, additional resource mobilization and assigned revenue. It excludes shared taxes.

Per capita figures are obtained by dividing by the state's rural population; the ratio of rural to total population being that in 1991.

The numbers for Maharashtra from 1996-97 onwards are based on SFC projections.

Table 10. Weights in Formulae for Devolution of State Funds to PRIs recommended by the first State Finance Commissions

Indicator	State				
	Karnataka	Kerala	MP	Rajasthan	UP
Population	33.33	70	75	40	80
Area	33.33		25		20
Poverty				50	
Illiteracy rate	11.11				
Population of SC/ST		10			
Population of non-DDP/ non-DPAP/ non-TAD blocks				10	
Persons per bed in govt. hospitals	11.11				
Road length/ sq km	11.12				
Proportion of agricultural workers		10			
Unorganized non-agricultural workers		10			
<b>Total</b>	100	100	100	100	100

Source: Reports of the State Finance Commissions

Notes:

1. In AP the distribution is on the basis of per capita requirement. For the GPs this is done by classifying the GPs as advanced (who get 17% share), ordinary (11%), backward (28%) and tribal (44%). The classification is based on indicators from Planning Department. For the ZPs, the distribution is based on requirements derived from Master Plans and certain "yardsticks" currently in use.

2. In Maharashtra, the SFC did not suggest any specific formula. It recommended devolution of grants based on gaps between estimated income and needs and revenue collection from local taxes and user charges. For devolution of taxes, it recommended that it be based on contribution.

Table 11. Relative shares of local governments in state devolution (%)

State	Applicable	Urban	Rural			
			Total	ZP	PS	GP
AP	on SFC recommendation	16	84	57		43
	before SFC (1994-95)	6	94			
Karnataka	on SFC recommendation	15	85	40	35	25
	before SFC (1995-96)	8	92	35	49	13
Kerala	on SFC recommendation*	14	86	17	17	66
	before SFC (1996-97)				20	80
MP	on SFC recommendation					
	before SFC					
Rajasthan	on SFC recommendation#	23	77	15	25	60
	before SFC					
UP	on SFC recommendation	70	30	20		80
	before SFC					
Maharashtra	on SFC recommendation	NA				
	before SFC					

Source: Reports of the (First) State Finance Commissions

Notes:

\* The distribution within rural areas is for grants only, based on State Planning Board's formula.

# The shares across rural tiers are recommended for sharing land revenue to be collected by ZPs.

Table 12. Fiscal autonomy: Share of revenue from own sources in total income of PRIs (%)

PRI	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	1990-91 to 1994-95	1995-96 to 1999-2000
<b>Gram Panchayats</b>												
AP	34	41	37	32	47	58	42	57	45	45	38	50
Kerala						61	42	19	19	15		31
MP	6	8	6	6	9	7	7	5	8	7	7	7
Maharashtra	65	69	68	66	71		52	52	52	52	68	52
Rajasthan						23	20	20	15	14		18
UP	1	1	1	1	1	1	0	1	0	1	1	1
<b>Average</b>	<b>27</b>	<b>30</b>	<b>28</b>	<b>26</b>	<b>32</b>	<b>30</b>	<b>27</b>	<b>26</b>	<b>23</b>	<b>22</b>	<b>28</b>	<b>26</b>
<b>Panchayat Samitis</b>												
AP	4	4	3	3	3	4	3	3	4	3	4	3
MP	91	91	89	89	90	72	82	61	72	72	90	72
Rajasthan					3	2	2	2	2	2	3	2
<b>Average</b>	<b>47</b>	<b>47</b>	<b>46</b>	<b>46</b>	<b>32</b>	<b>26</b>	<b>29</b>	<b>22</b>	<b>26</b>	<b>26</b>	<b>32</b>	<b>26</b>
<b>Zilla Parishads</b>												
AP	6	4	3	3	4	4	3	2	2	2	4	3
MP	23	22	20	19	19	2	4	1	2	2	21	2
Maharashtra	5	4	3	3	3		4	4	4	4	4	4
Rajasthan					32	32	55	42	25	24	32	36
UP	67	67	68	53	59	44	41	28	31	31	63	35
<b>Average</b>	<b>25</b>	<b>24</b>	<b>24</b>	<b>20</b>	<b>23</b>	<b>20</b>	<b>21</b>	<b>16</b>	<b>13</b>	<b>13</b>	<b>24</b>	<b>16</b>

Source: Author's calculations based on data obtained from SFC Reports and PRI Budgets

Notes: Own revenue of PRIs comprises own tax and non-tax revenue, additional resource mobilization and assigned revenue. It excludes shared taxes.  
The numbers for PRIs in Maharashtra, from 1996-97 onwards, are based on projections.



Table 13. Revenue dependency: Grants from higher level governments in total income of PRIs (%)

PRI	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	1990-91 to 1994-95	1995-96 to 1999-2000
<b>Gram Panchayats</b>												
AP	66	59	63	68	53	42	58	43	53	53	62	51
Kerala						23	44	69	69	73		64
MP	94	92	94	94	91	93	93	95	92	93	93	93
Maharashtra	35	31	32	34	29		48	48	48	48	32	48
Rajasthan						48	53	56	66	69		60
UP	99	99	99	99	99	99	100	74	71	70	99	81
<b>Average</b>	<b>73</b>	<b>70</b>	<b>72</b>	<b>74</b>	<b>68</b>	<b>61</b>	<b>66</b>	<b>64</b>	<b>67</b>	<b>68</b>	<b>72</b>	<b>66</b>
<b>Panchayat Samitis</b>												
AP	96	96	97	97	97	96	97	97	96	97	97	97
Kerala						68	84	86	89	90		86
MP						20	16	39	27	27		30
Rajasthan					97	98	98	98	98	98	97	98
UP							100	100	100	100		100
<b>Average</b>	<b>96</b>	<b>96</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>71</b>	<b>79</b>	<b>84</b>	<b>82</b>	<b>82</b>	<b>97</b>	<b>82</b>
<b>Zilla Parishads</b>												
AP	82	84	67	84	91	83	84	72	63	67	82	71
Kerala						100	100	100	100	100		100
MP	71	72	74	72	74	95	93	96	90	90	73	93
Maharashtra	90	93	94	93	94		92	92	92	92	93	92
Rajasthan					68	68	45	58	75	76	68	64
UP	27	27	26	29	19	21	32	64	59	58	24	53
<b>Average</b>	<b>68</b>	<b>69</b>	<b>65</b>	<b>70</b>	<b>69</b>	<b>73</b>	<b>74</b>	<b>80</b>	<b>80</b>	<b>81</b>	<b>68</b>	<b>79</b>

Source: Author's calculations based on data obtained from SFC Reports and PRI Budgets

Notes: The numbers for PRIs in Maharashtra, from 1996-97 onwards, are based on projections.

Table 14A. Expenditure decentralization: Share of PRIs in total rural spending by PRIs, state and central governments (%)

PRI	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	1990-91 to 1994-95	1995-96 to 1999-2000
<b>Gram Panchayats</b>												
AP	2.03	2.02	1.86	2.17	1.47	1.15	1.57	1.19	1.43	1.39	1.91	1.34
Kerala						2.45	4.08	3.75	6.23	6.35		4.57
MP	2.43	2.22	2.70	2.34	2.01	2.42	2.41	3.07	2.80	2.82	2.34	2.71
Maharashtra	0.62	0.62	0.58	0.65	0.61		0.89	0.91	0.92	0.90	0.62	0.90
Rajasthan						0.51	0.54	0.52	0.63	0.83		0.60
UP	2.11	2.09	1.74	2.15	1.74	1.84	1.43	1.77	1.65	1.61	1.97	1.66
<b>Average</b>	<b>1.80</b>	<b>1.74</b>	<b>1.72</b>	<b>1.83</b>	<b>1.46</b>	<b>1.67</b>	<b>1.82</b>	<b>1.87</b>	<b>2.28</b>	<b>2.32</b>	<b>1.71</b>	<b>1.97</b>
<b>Panchayat Samitis</b>												
AP	4.80	4.46	4.17	4.08	3.94	3.48	3.58	3.50	3.84	3.78	4.29	3.63
Kerala						1.07	1.09	1.58	1.36	1.46		1.31
MP	0.04	0.10	0.09	0.10	0.10	0.12	0.42	1.48	1.00	0.98	0.08	0.80
Maharashtra	0.07	0.06	0.05	0.04	0.03		0.00	0.00	0.00	0.00	0.05	0.00
Rajasthan						3.63	3.95	3.05	3.66	3.73		3.61
UP	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.15	0.14	0.14	0.00	0.10
<b>Average</b>	<b>1.63</b>	<b>1.54</b>	<b>1.44</b>	<b>1.41</b>	<b>1.36</b>	<b>2.08</b>	<b>1.81</b>	<b>1.92</b>	<b>1.97</b>	<b>1.99</b>	<b>1.47</b>	<b>1.87</b>
<b>Zilla Parishads</b>												
AP	3.52	3.86	4.84	3.66	3.95	3.95	4.11	5.63	5.74	6.11	3.97	5.11
Kerala						0.01	0.49	0.89	1.30	1.38		0.81
MP	0.04	0.04	0.04	0.04	0.03	0.33	0.91	3.20	1.97	1.96	0.04	1.67
Maharashtra	8.50	8.44	8.39	8.09	7.60	0.00	9.70	9.72	9.63	9.28	8.20	7.67
Rajasthan						0.07	0.09	0.07	0.06	0.06		0.07
UP	0.16	0.18	0.17	0.18	0.20	0.20	0.25	0.22	0.43	0.45	0.18	0.31
<b>Average</b>	<b>3.06</b>	<b>3.13</b>	<b>3.36</b>	<b>2.99</b>	<b>2.94</b>	<b>0.76</b>	<b>2.59</b>	<b>3.29</b>	<b>3.19</b>	<b>3.21</b>	<b>3.10</b>	<b>2.61</b>

Source: Author's calculations based on data obtained from SFC Reports, RBI Bulletin on State Finances and PRI and Central Government Budgets

Notes: The state and central expenditures are net of intergovernmental transfers.

The numbers for PRIs in Maharashtra, from 1996-97 onwards, are based on projections.

Table 14B. Expenditure decentralization: Share of different levels of government in total rural spending by PRIs, state and central governments (%)

PRI	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	1990-91 to 1994-95	1995-96 to 1999-2000
<b>All PRIs - GPs, PSs and ZPs</b>												
AP	10.35	10.35	10.88	9.91	9.36	8.58	9.25	10.31	11.01	11.28	<b>10.17</b>	<b>10.09</b>
Kerala						3.54	5.65	6.22	8.90	9.19		<b>6.70</b>
MP	2.51	2.36	2.82	2.48	2.14	2.87	3.74	7.75	5.77	5.76	<b>2.46</b>	<b>5.18</b>
Maharashtra	9.19	9.12	9.02	8.78	8.24		10.59	10.63	10.55	10.18	<b>8.87</b>	<b>10.49</b>
Rajasthan						4.21	4.58	3.64	4.35	4.62		<b>4.28</b>
UP	2.28	2.27	1.90	2.33	1.94	2.04	1.76	2.14	2.22	2.20	<b>2.14</b>	<b>2.07</b>
<b>Average</b>	<b>6.08</b>	<b>6.02</b>	<b>6.16</b>	<b>5.87</b>	<b>5.42</b>	<b>4.25</b>	<b>5.93</b>	<b>6.78</b>	<b>7.13</b>	<b>7.20</b>	<b>5.91</b>	<b>6.47</b>
<b>State</b>												
AP	43.82	46.23	46.09	48.13	49.67	50.26	50.78	48.23	48.19	49.52	<b>46.79</b>	<b>49.40</b>
Kerala						55.76	55.88	57.00	55.35	56.85	<b>55.76</b>	<b>56.17</b>
MP	46.29	46.26	46.22	47.96	45.18	46.70	47.06	44.79	44.80	44.46	<b>46.38</b>	<b>45.56</b>
Maharashtra	51.43	52.40	54.14	55.02	57.12		55.55	54.76	52.66	55.82	<b>54.02</b>	<b>54.70</b>
Rajasthan						55.58	53.72	54.35	52.82	54.03	<b>55.58</b>	<b>54.10</b>
UP	44.35	41.89	46.48	44.61	46.55	44.38	44.23	44.16	44.86	44.90	<b>44.78</b>	<b>44.51</b>
<b>Average</b>	<b>46.47</b>	<b>46.69</b>	<b>48.23</b>	<b>48.93</b>	<b>49.63</b>	<b>50.54</b>	<b>51.20</b>	<b>50.55</b>	<b>49.78</b>	<b>50.93</b>	<b>50.55</b>	<b>50.74</b>
<b>Center</b>												
AP	45.84	43.42	43.03	41.96	40.97	41.16	39.96	41.46	40.80	39.20	<b>43.04</b>	<b>40.52</b>
Kerala						40.70	38.47	36.78	35.74	33.97	<b>40.70</b>	<b>37.13</b>
MP	51.21	51.38	50.96	49.57	52.68	50.43	49.20	47.46	49.43	49.79	<b>51.16</b>	<b>49.26</b>
Maharashtra	39.38	38.48	36.84	36.19	34.63		33.87	34.61	36.79	34.00	<b>37.11</b>	<b>34.82</b>
Rajasthan						40.21	41.70	42.01	42.83	41.35	<b>40.21</b>	<b>41.62</b>
UP	53.37	55.84	51.62	53.06	51.52	53.58	54.01	53.70	52.92	52.90	<b>53.08</b>	<b>53.42</b>
<b>Average</b>	<b>47.45</b>	<b>47.28</b>	<b>45.61</b>	<b>45.20</b>	<b>44.95</b>	<b>45.22</b>	<b>42.87</b>	<b>42.67</b>	<b>43.09</b>	<b>41.87</b>	<b>44.22</b>	<b>42.80</b>

Source: Author's calculations based on data obtained from SFC Reports, RBI Bulletin on State Finances and PRI and Central Government Budgets

Notes: The state and central expenditures are net of intergovernmental transfers.

The numbers for PRIs in Maharashtra, from 1996-97 onwards, are based on projections.

Table 15A. Revenue decentralization: Share of PRIs in own net rural revenue of PRIs, state and central governments (%)

PRI	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	1990-91 to 1994-95	1995-96 to 1999-2000
<b>Gram Panchayats</b>												
AP	0.810	0.744	0.636	0.597	0.534	0.541	0.493	0.446	0.393	0.350	<b>0.66</b>	<b>0.44</b>
Kerala						1.429	1.472	1.426	1.517	1.474		<b>1.46</b>
MP	0.226	0.241	0.202	0.186	0.269	0.237	0.224	0.206	0.186	0.163	<b>0.22</b>	<b>0.20</b>
Maharashtra	0.658	0.668	0.692	0.762	0.731		0.553	0.581	0.614	0.633	<b>0.70</b>	<b>0.60</b>
Rajasthan						0.158	0.155	0.144	0.126	0.111		<b>0.14</b>
UP	0.032	0.029	0.028	0.036	0.029	0.020	0.010	0.016	0.015	0.017	<b>0.03</b>	<b>0.02</b>
<b>Average</b>	<b>0.43</b>	<b>0.42</b>	<b>0.39</b>	<b>0.40</b>	<b>0.39</b>	<b>0.48</b>	<b>0.48</b>	<b>0.47</b>	<b>0.48</b>	<b>0.46</b>	<b>0.41</b>	<b>0.48</b>
<b>Panchayat Samitis</b>												
MP	0.003	0.003	0.008	0.026	0.026	0.043	0.415	1.429	1.058	0.929	<b>0.013</b>	<b>0.775</b>
Rajasthan						0.122	0.130	0.132	0.126	0.115		<b>0.125</b>
<b>Average</b>	<b>0.003</b>	<b>0.003</b>	<b>0.008</b>	<b>0.026</b>	<b>0.026</b>	<b>0.082</b>	<b>0.273</b>	<b>0.780</b>	<b>0.592</b>	<b>0.522</b>	<b>0.013</b>	<b>0.450</b>
<b>Zilla Parishads</b>												
MP	0.001	0.001	0.002	0.001	0.002	0.003	0.005	0.004	0.004	0.003	<b>0.00</b>	<b>0.00</b>
Maharashtra	0.655	0.531	0.442	0.513	0.442		0.529	0.570	0.605	0.628	<b>0.52</b>	<b>0.58</b>
Rajasthan						0.036	0.088	0.054	0.025	0.023		<b>0.05</b>
<b>Average</b>	<b>0.33</b>	<b>0.27</b>	<b>0.22</b>	<b>0.26</b>	<b>0.22</b>	<b>0.02</b>	<b>0.21</b>	<b>0.21</b>	<b>0.21</b>	<b>0.22</b>	<b>0.26</b>	<b>0.21</b>

Source: Author's calculations based on data obtained from SFC Reports, RBI Bulletin on State Finances and PRI and Central Government Budgets

Notes: Own revenue of PRIs comprises own tax and non-tax revenue, additional resource mobilization and assigned revenue. It excludes shared taxes.

Own revenue of state and central governments is net of shared taxes, transfer of grants and assigned revenue.

Table 15B. Revenue decentralization: Share of different levels of government in own net rural revenue of PRIs, state and central governments (%)

PRI	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	1990-91 to 1994-95	1995-96 to 1999-2000
<b>All PRIs - GPs, PSs and ZPs</b>												
AP	0.81	0.74	0.64	0.60	0.53	0.54	0.49	0.45	0.39	0.35	<b>0.66</b>	<b>0.44</b>
Kerala						1.43	1.47	1.43	1.52	1.47		<b>1.46</b>
MP	0.23	0.25	0.21	0.21	0.30	0.28	0.64	1.64	1.25	1.10	<b>0.24</b>	<b>0.98</b>
Maharashtra	1.31	1.20	1.13	1.27	1.17		1.08	1.15	1.22	1.26	<b>1.22</b>	<b>1.18</b>
Rajasthan						0.32	0.37	0.33	0.28	0.25		<b>0.31</b>
UP	0.03	0.03	0.03	0.04	0.03	0.02	0.01	0.02	0.02	0.02	<b>0.03</b>	<b>0.02</b>
<b>Average</b>	<b>0.60</b>	<b>0.55</b>	<b>0.50</b>	<b>0.53</b>	<b>0.51</b>	<b>0.52</b>	<b>0.68</b>	<b>0.83</b>	<b>0.78</b>	<b>0.74</b>	<b>0.54</b>	<b>0.73</b>
<b>State</b>												
AP	43.71	43.31	43.00	44.15	44.85	41.71	41.18	45.85	46.22	45.68	<b>43.80</b>	<b>44.13</b>
Kerala	44.60	45.54	45.96	50.29	51.30	49.48	48.19	52.15	51.05	52.09	<b>50.39</b>	<b>50.59</b>
MP	36.70	36.88	38.64	42.40	38.08	36.38	35.00	36.44	34.12	34.08	<b>38.54</b>	<b>35.21</b>
Maharashtra	56.77	55.05	54.53	57.08	59.02	57.57	55.64	57.09	53.87	52.27	<b>56.49</b>	<b>55.29</b>
Rajasthan	41.66	39.92	41.56	44.61	43.49	46.25	39.93	40.94	39.30	38.73	<b>44.87</b>	<b>41.03</b>
UP	29.96	29.03	29.54	31.26	30.88	28.89	25.08	25.73	24.79	27.16	<b>30.13</b>	<b>26.33</b>
<b>Average</b>	<b>42.23</b>	<b>41.62</b>	<b>42.21</b>	<b>44.96</b>	<b>44.60</b>	<b>43.38</b>	<b>40.84</b>	<b>43.04</b>	<b>41.56</b>	<b>41.67</b>	<b>44.04</b>	<b>42.10</b>
<b>Center</b>												
AP	55.48	55.95	56.36	55.26	54.61	57.75	58.33	53.71	53.39	53.97	<b>55.53</b>	<b>55.43</b>
Kerala	55.40	54.46	54.04	49.71	48.70	49.09	50.34	46.42	47.43	46.43	<b>48.89</b>	<b>47.94</b>
MP	63.07	62.88	61.14	57.39	61.62	63.33	64.35	61.92	64.64	64.82	<b>61.22</b>	<b>63.81</b>
Maharashtra	41.91	43.76	44.34	41.64	39.81	42.43	43.28	41.75	44.91	46.47	<b>42.29</b>	<b>43.77</b>
Rajasthan	58.34	60.08	58.44	55.39	56.51	53.44	59.70	58.73	60.43	61.02	<b>54.97</b>	<b>58.66</b>
UP	70.04	70.97	70.46	68.74	69.12	71.11	74.92	74.27	75.21	72.84	<b>69.87</b>	<b>73.67</b>
<b>Average</b>	<b>57.38</b>	<b>58.02</b>	<b>57.46</b>	<b>54.69</b>	<b>55.06</b>	<b>56.19</b>	<b>58.49</b>	<b>56.13</b>	<b>57.67</b>	<b>57.59</b>	<b>55.46</b>	<b>57.21</b>

Source: Author's calculations based on data obtained from SFC Reports, RBI Bulletin on State Finances and PRI and Central Government Budgets  
Notes: Own revenue of PRIs comprises own tax and non-tax revenue, additional resource mobilization and assigned revenue. It excludes shared taxes.  
Own revenue of state and central governments is net of shared taxes, transfer of grants and assigned revenue.

Table 16. Expenditure pattern of largest PRIs in 1999-2000 (Rs. crores)

Total expenditure	AP (ZPs)	AP (PSs)	Kerala (GPs)	MP (GPs)	Rajasthan (PSs)	UP (GPs)
General Administration	508.26	1178.74	63.92	95.59	796.64	5.65
Of this, salary of panchayat staff	490.61	1115.50	40.17	79.35	796.64	0.52
Obligatory Services	342.55	36.38	159.63	42.19	17.67	135.97
Discretionary Services	0.00	27.12	0.25	3.97	0.00	0.00
Expenditure on Development Grants	1188.17	18.54	594.28	672.37	58.55	810.39
Repayment of loans	0.00	0.00	0.46	0.00	0.00	0.00
Any other expenditure	0.00	0.00	222.82	0.00	0.00	0.14
<b>Total</b>	<b>2038.98</b>	<b>1260.77</b>	<b>1041.35</b>	<b>814.13</b>	<b>872.86</b>	<b>952.15</b>

Share of expenditure	AP (ZPs)	AP (PSs)	Kerala (GPs)	MP (GPs)	Rajasthan (PSs)	UP (GPs)
General Administration	25	93	6	12	91	1
Of this, salary of panchayat staff	24	88	4	10	91	0.05
Obligatory Services	17	3	15	5	2	14
Discretionary Services	0.00	2.15	0.02	0.49	0.00	0.00
Expenditure on Development Grants	58	1	57	83	7	85
Repayment of loans	0	0	0.04	0	0	0
Any other expenditure	0	0	21	0	0	0.01
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Author's calculations based on data from PRI Budgets

Notes:

General administration: staff salaries and terminal benefits, and maintenance of other assets

Obligatory services: water supply, street lighting, waste disposal, education, health, sanitation, drainage, roads and school buildings

Discretionary services: parks, play grounds, library and reading rooms, markets, bus stands, SC/ST, women and child welfare

Development grants: various grants from state and central governments



**OVERVIEW OF RURAL  
DECENTRALIZATION  
IN INDIA**

*Volume III*

**BACKGROUND PAPER NO. 3**

**Are Gram Panchayats Inclusive?  
Report of a Study Conducted in  
Rajasthan and Madhya Pradesh**

**Ruth J. Alsop  
Anirudh Krishna  
Disa Sjoblom**

**March 30, 2000**





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## ANNEXES

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## 1. INTRODUCTION

“What is the village but a sink of localism, a den of ignorance, narrow-mindedness and communalism? I am glad that the Draft Constitution has discarded the village”, B.R. Ambedkar in his 1948 speech before the newly independent India’s Constitutional Assembly.

### 1.1 Background

The findings of the study, which this paper reports on, may be contentious. We set out to test the hypothesis that a person’s participation in gram panchayat activities is determined by that person’s social and economic attributes. While our analysis does indicate that certain groups – mainly women and tribal people – do have very limited participation, assumptions relating to caste and wealth as determinants of exclusion are proved incorrect.

Our original hypothesis was based on documentation and experience in rural areas during which it was observed that those present and heard during panchayat meetings were wealthier, more articulate, better educated male and of a higher caste than the population in general. Participation in constituting and influencing panchayats appeared to “parallel the fault lines of significant political and social divisions.”<sup>156</sup> The authors’ experience however spans a range of States and a period both prior to and post the 1992 73<sup>rd</sup> Amendment to the Constitution. Our assumptions have perhaps been challenged by because of rapid changes taking place in India over this period.

The 73<sup>rd</sup> Amendment and subsequent state acts have been indisputably critical in creating a legal framework that enables broader based participation in local governance than has previously been the case. The acts not only empower local bodies they set the stage gram panchayats are not inclusive organizations because for devolution of resources to gram panchayats and control over resources increases local interest in mechanisms of governance. Structural change in administrative and political arenas is however not the only change. Education is becoming more widely available; more people are recognizing the role education plays in improving the livelihood options for and security of a household; technological developments mean that a wide range of information is increasingly and often indiscriminately available in rural locations; and, broad economic and social change support challenges to traditional power relations.

This study provides a snapshot of how things currently are and offers an explanation of why this is so. We do not attempt to provide an overview of decentralization and devolution in India. This study will contribute to a further publication on that subject.<sup>157</sup> Rather we focus, using information gathered in Rajasthan and Madhya Pradesh, on what determines a person’s inclusion in gram panchayat activities and the implications of those findings for donor interventions.

We define a person as excluded if he or she is deprived of their right to access or use the opportunities or benefits available to other members of society. Exclusion may *occur* (exclusion as a cause) because of a person’s social, educational, economic, political or physical attributes. Exclusion may also be *manifested* (exclusion as an effect) in different domains of a person’s life of life. In this study we examine only one of these domains – the political and the factors which

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<sup>156</sup> Verba, Schlozman and Brady (1995:11) report this conclusion from survey work conducted in the USA..

<sup>157</sup> In preparation, South Asia Rural Development, World Bank.

exert an influence on inclusion in that. We further restrict our analysis to that of inclusion in gram panchayat activities and decision making.

## 1.2 Methodology

The present study sought to assess exclusion and inclusion within panchayati raj organizations in Rajasthan and Madhya Pradesh. Exclusion is examined using a database assembled for a group of 53 villages selected from six districts, three each in the states of Rajasthan and Madhya Pradesh. These districts are Ajmer, Bhilwara and Dungarpur (in Rajasthan) and Neemuch, Mandsaur and Ujjain (in Madhya Pradesh). Villages selected for study include some that sit astride major roads and others that are located some distance away and are relatively hard to access. Single-caste-dominant villages are represented in the mix along with mixed-caste villages, and large villages have been included along with small ones. Villages that have women sarpanchas are represented along with those with SC and ST sarpanchas and others where the post of sarpanch is open for all contestants.

These villages have been studied following two different methodologies – one an extensive questionnaire based survey, the other an intensive anthropological investigation. These were undertaken simultaneously in July and August 1999. In the extensive survey, a stratified random sample of men and women were interviewed in all of the 53 study villages. All households in each village were listed and classified into distinct social groups. Social groups were identified on the basis of caste – each caste group in the village constituted a separate social group – and religion and tribe -- Muslims and Scheduled Tribes (ST) were considered distinct social groups. A random sample of households was selected from each social group. The number of households selected from each group was proportional to the group's representation in the entire village population. Men and women were selected for interview in equal numbers from among households in the sample.<sup>158</sup>

A total of 2,013 persons were interviewed in this manner, using a pre-tested list of questions.<sup>159</sup> A profile of these respondents is provided in Annex 1. Separately, 315 persons holding official positions in PRIs were also interviewed in these villages, including both current and past members.<sup>160</sup> Annex 3 provides a profile of the 315 representatives who were interviewed for this exercise. Trained village investigators conducted these interviews.

The intensive survey was conducted in eight Gram Panchayats and sought to draw out from respondents their understanding and interpretation of how and why exclusion or inclusion occurs. Thus, not only the approach to gathering information differed between the intensive and extensive survey instruments but the method of analysis also varied. Many forms of social and political relations cannot be effectively investigated through a questionnaire survey which hypothesizes and then tests relationships. Enquiry into such sensitive subjects often requires lengthy and open-ended discussions in order to explore respondents views of cause and effect. Through the intensive survey we were able to obtain a set of information which complemented that arising from the extensive study. It allowed us to both reliably interpret final figures and better understand how people's social and economic positioning ultimately impacts inclusion or exclusion in PRIs.

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<sup>158</sup> The rule-of-thumb followed in this case was to select women from odd-numbered and men from even-numbered households.

<sup>159</sup> The questionnaire used for this purpose is provided (English translation) in Annex 4.

<sup>160</sup> The questionnaire provided at Annex 9 was used for interviewing these public representatives.

The intensive survey covered 25 revenue villages, of which some were split up in hamlets. Two Gram Panchayats in Rajasthan and six in Madhya Pradesh were covered.<sup>161</sup> They were selected on the basis of mix of size, social composition, category of Sarpanch and suggestions from the different district administrations of Gram Panchayats they perceived as being inclusive. In each village an initial meeting with a group of interested villagers was conducted to obtain an overview of the social, economic and organizational composition of the village (see Annex 4 for Interview Guide). In addition, households in each village were ranked according to villagers' criteria of vulnerability. A total of 167 individuals from different villages, different social groups and different vulnerability categories were then interviewed on the basis of an interview guide (see Annex 5). Interviews with 42 elected Gram Panchayat representatives and four representatives of the other tiers were also conducted (Annex 6). In each Gram Panchayat informal group discussions were also held. Although interview guides were used to structure the enquiry and to ensure consistency across respondents, the nature of all the interviews was highly flexible. Discussion, while guided, was adapted to informants' responses in order to maximize investigation of issues related to the enquiry in hand. Due to the sensitive nature of some of the information the names of people, places and Panchayats have been omitted from many of our examples and qualitative descriptions.

### **1.3 Structure of the Report**

Exclusion in PRIs was examined by addressing two key sets of questions concerning:

#### ***Inclusion in Activities, and Inclusion in Benefits***

We use rates of participation as an indicator of inclusion. In Part 2 of this report we look at the extent to which villagers participate in the activities of a Panchayat. We seek to understand how intensively villagers in general participate in activities associated with gram panchayats, what are some reasons for differences in participation levels and which groups of people participate disproportionately more or less than others in the activities and decision making of PRIs. We also briefly examine existing mechanisms of accountability and how effective they are perceived to be.

Part 3 of the report examines the distribution of benefits (goods and services) associated with the gram panchayat. First, the relationship between vulnerability and access to/use of benefits is examined. Households are ranked on an index of vulnerability and the distribution of benefits and services among them assessed. Second, quantitative analysis is undertaken on the access and use of specific benefits by different groups of people within villages.

Part 4 of this report considers the impact of inter-village differences that arise on account of other structural features, such as size of panchayats, distance from market and administrative centers, the presence of other organizations etc. on people's inclusion in panchayat activities. Analysis is also undertaken on how these effects elected representatives' participation in PRI activities and decisions.

In Part 5 we summarize our findings. In Part 6 build we make recommendations for policy and interventions which seek to improve inclusion and spread benefits more equitably among village populations. Decentralization is relatively new the world over and theory is still developing that can help to chart the course of any such process. Pushing ahead uncritically may result in

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<sup>161</sup> Smaller size of Gram Panchayats in Madhya Pradesh enabled the study of a greater number of Panchayats.

discrediting this process. Strategies and tactics that can succeed will need to be adapted continually to deal with emergent trends. Studies such as the present one can contribute by assessing these trends empirically and by suggesting changes in course and direction.

## 2.1 PARTICIPATION IN VILLAGE LEVEL GOVERNMENT

Box 1 briefly outlines the key elements of the Panchayat Raj System.

### **Box 1**

#### **The Panchayat Raj System**

Depending on population a Gram Panchayat may comprise between one and five revenue villages. The elected Gram Panchayat will remain in power for 5 years. The Gram Panchayat has directly elected Panches and co-opted members, a Sarpanch and UpSarpanch. For the elections, the Gram Panchayat is divided into Chaupals (wards) as constituencies. A Gram Panchayat has a maximum of 20 wards. Seats are reserved for Scheduled Castes and Tribes in proportion to their total population. There are 30,924 Gram Panchayats in Madhya Pradesh and 9185 in Rajasthan.

Janpad/Block Panchayat comprises of members elected from the Janpad/Block level constituencies. Members of the State Legislative Assembly (MLA) and Members of Parliament (MP) whose constituencies wholly or partly fall within the block are eligible to attend the meetings. There are 459 Janpad Panchayats in Madhya Pradesh and 237 Block Panchayats in Rajasthan. About 20 members are elected to each Janpad Panchayat.

The Zilla Panchayat comprises of members elected from the District level constituencies. MLAs and MPs whose constituencies fall wholly or partially within the district are eligible to attend the meetings but have no voting rights. The members are directly elected. The Zilla Parishad President is elected by the elected members. There are 45 Zilla Panchayats in Madhya Pradesh and 31 in Rajasthan. There are on an average 21 elected members in a Zilla Panchayat.

Do all people participate equally in activities associated with constituting and operating Gram Panchayats, or do some types of people more actively influence the results of elections to Panchayati Raj Institutions (PRIs) and the decisions that are made by these elected bodies? Are higher caste persons relatively more influential in panchayats than persons who belong to scheduled castes and tribes? What types of persons are included and what types are excluded from determining who exercises authority within panchayats?

Section 2.1a begins the analysis of these questions by looking at aggregate levels of participation in political activities i.e. voting, campaigning, contacting and attendance at meetings and everyday decision making within these bodies.

Sections 2.1.b briefly examine the value villagers attributed to PRIs. 2.1c takes this discussion forward in a brief analysis of formal mechanisms of accountability in PRIs and villagers experiences with them.

Section 2.1d and 2.1e get to the heart of our enquiry by first investigating which groups of villagers are included in panchayat related activities and then examining which attributes of a person are significant to inclusion.

Section 2.1f looks at participation by elected representatives and assesses which attributes of elected representatives have bearing on their participation in panchayat business.

### 2.1.a Participation by Villagers in Panchayat Activities

Ninety five percent of 2,013 villagers interviewed for this exercise reported that they had voted in most or all panchayat election that were held since they had become old enough to vote. Participation in voting is not significantly different among the different caste groups. Ninety four percent of STs, 95 percent of SCs, 96 percent of OBCs, and 95 percent of upper and middle caste persons voted in most or all panchayat elections. Ninety four percent of landless persons voted always or most of the time, the same as persons belonging to the largest landowning categories. Women turned out marginally less often than men – 93 percent of women and 98 percent of men voted always or most of the time – but neither men nor women excluded themselves from voting in any considerable numbers.

**Table 1: Villagers Who Voted in Most or All Panchayat Elections**

<b>Social Group</b>	<b>MEN</b>	<b>WOMEN</b>
Upper Caste	95.5%	93.0%
Middle Caste	99.1%	93.5%
OBC	98.7%	92.6%
SC	97.7%	92.9%
ST	96.1%	91.1%

By any standards these are extraordinarily high voting figures and, as the intensive survey highlights, need careful interpretation. One reason why people vote in such large numbers relates to requests and pressure from contesting candidates.

Thirty seven percent of villagers interviewed among the eight case study Panchayats said they had voted at least once for reasons of social solidarity, i.e. the candidate formed part of their social network.

Nineteen percent said they had voted one or more times because they wished to avoid later tension or conflict with the candidates.

18 percent of villagers maintained that they voted because of a fear that failure to vote might result in deletion of their names from the list of future beneficiaries of anti-poverty programs or their ration cards might be cancelled and they would no longer be able to purchase staple grains at subsidized rates.

High voting figures are not, therefore, indicative of high levels of broad political participation or interest. Participation in political activity in fact falls off sharply when we consider the other activities – campaigning, attending rallies and meetings, and contacting public representatives – that are associated with electing representatives and exercising influence within PRIs.



**Table 2: Participation in Political Activities Related to PRIs**

Percentage of Villagers who:	
(a) Canvassed for votes during the previous panchayat election	42.9%
(b) Attended any rally or meeting in support of a candidate	32.8%
(c) Worked on behalf of any candidate or political party	29.4%
(d) Made contact with any panchayat representative during past one year	34.7%
(e) Met with Pradhan, BDO or other Panchayat Samiti (Janpad) person even once in the previous year	17.2%
(f) Met with Zila Pramukh or some other official at Zila Parishad level even once in the previous year	11.4%

Perhaps most disturbing from the standpoint of accountability and transparency – are the very low levels of attendance reported at Gram Sabha meetings. These meetings are general assemblies of all voters in a gram panchayat. By law, in both Rajasthan and Madhya Pradesh, sarpanchas are required to call a minimum of four Gram Sabhas each year. Budgets and finances are supposed to be discussed at these general body meetings, development plans are finalized, and a list of poor families is drawn up that will receive grants and subsidized loans during the forthcoming quarter.

**Box 2****Views of the Gram Panchayat**

“Most people feel that they have right only to elect their representatives, not to direct or supervise their activities,” we were told by one respondent.<sup>162</sup>

“Gram Sabhas are called as often as the law requires, but hardly anyone attends. What can they achieve by attending? They know that the sarpanch will do exactly as he pleases regardless of who attends and who does not.”<sup>163</sup>

“We go out among the people when we need their votes,” one elected representative said, “Once we are elected, however, our contact with the public is greatly reduced.”<sup>164</sup> The issue of insufficient and relatively ineffective citizen oversight is addressed in greater detail in a later section of this report.

The difference between taking an interest in a bi-laterally aided project and the Panchayat was reported as follows by a mixed group of villagers in Dungarpur district: “In the project we were all called for the meetings. They even used to go from house to house to ask us to come. We knew that all households would get labor from the project and that we would get some help to develop our land. We went to the village meetings to make sure that we got our share and to know what was happening. Plans were made with many villagers present. The Panchayat does not work like this. Benefits are not many. We never got any. We will not get benefits by going to the meetings. You have to have the right connections.”

In all 53 villages in the extensive study, the vast majority of villagers, 69 percent, did not attend a single Gram Sabha meeting during the previous year.<sup>165</sup> Hardly 7 percent of villagers attended Gram Sabha meetings regularly. Studies carried out in other parts of MP and Rajasthan and also in other states support a similar verdict of low participation in meetings of the Gram Sabha.<sup>166</sup>

<sup>162</sup> Interview with Zila Parishad, Bhilwara, Rajasthan, July 30, 1999.

<sup>163</sup> Interview with *Adhyaksh*, Janpad Panchayat Manasa, Madhya Pradesh, July 17, 1999.

<sup>164</sup> Interview with Pradhan, Panchayat Samiti Raipur, Rajasthan, August 1, 1999.

<sup>165</sup> Mayaram (1999) relate to Rajasthan; Pai (1998) provides similar conclusions for UP; Crook and Manor (1998) and Kurian (1999) refer to Karnataka.

<sup>166</sup> Mayaram (1999) and [the untitled study e-mailed by Ruth] relate to Rajasthan and MP; Pai (1998) provides similar conclusions for UP; Crook and Manor (1998) and Kurian (1999) refer to Karnataka.

The ten percent quorum requirement stipulated by law in both states for Gram Sabha meetings is very often hard to meet in many villages, and Sarpanchas resort to diverse stratagems in order to record a quorum on paper.

Even though nearly all villagers participate in voting, far fewer, between 20 and 40%, are involved with the other activities that are associated with influencing decision making among PRIs. Why do so many people feel that it is not worth participating in the panchayat system? Is this because there is little to be gained materially or, as Box 2 indicates, is it because they have no control over decisions made?

The following section briefly explores these questions.

### **2.1b. Are Panchayats Valued?**

A ranking exercise was carried out in three Panchayats in order to understand the value people attribute to the Panchayat as a local political and development body as compared to other development activities in the villages. A cross-section of twenty villagers in each Panchayat were asked individually to rank the existing development activities in their village based on which one they think is “better”.<sup>167</sup> The outcome of the exercise in two Panchayats is presented Panchayat-wise in *tables 3 and 4* below.<sup>168</sup>

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<sup>167</sup> No further directions were given of “better”, but people were instead encouraged to explain their understanding of why some are better than others.

<sup>168</sup> The data from the third Panchayat was almost identical to the second and has therefore been left out.

Table 3: Ranking the value of different development activities in a Panchayat in Dungarpur District, Rajasthan

Activity	Score <sup>169</sup>	Most common explanations
Participatory Approach to Human and Land Resource Development (PAHAL) <sup>170</sup>	33	All villagers get benefits in terms of labor. Land is developed to become more productive. Few people also mentioned that the transparency is high compared to other development activities.
Shiksha Karmi and Lok Jumbish - education <sup>171</sup>	47	Education is perceived to be the gateway to the future. Uneducated people have fewer possibilities.
Women's savings group <sup>172</sup>	66	Savings enable productive investments in assets of own choice (e.g. wells, land-leveling, livestock)
Farmer's Cooperative Society <sup>173</sup>	88	Loans are provided that enable investments in crops. (Members are mostly larger land-holders)
Gram Panchayat	92	Individual benefits are few. Little transparency and corruption is high. Exception: One man said that it is a permanent structure and therefore valuable whereas other development activities are temporary.

Table 4: Ranking the Value of Different Development Activities in a Panchayat in Ujjain District, MP

Activity	Score <sup>174</sup>	Most common explanation
Rajiv Gandhi Watershed Mission – land development <sup>175</sup>	44	Many people got labor. Private land and village tanks were developed. Transparency is high. People can take part of decision-making
Farmer's Cooperative Society	65	Provides loans at a crucial time when crop inputs need to be purchased.
Gram Panchayat	90	Few individuals benefit. It is for the benefit of the elected representatives. There is no justice in selection of beneficiaries or prioritization of community works

<sup>169</sup> The score was arrived at by calculating the average of the 20 informants. The lower the score, the higher the value of the activity. No differences were found in ranking on the basis of gender, social group, education etc.

<sup>170</sup> PAHAL is a Government of Rajasthan integrated land use management project located in Dungarpur district. It was funded by Sida till October 1999.

<sup>171</sup> These projects are both aiming to spread and improve primary education in Rajasthan. Financial support was provided by Sida till 1998.

<sup>172</sup> This was launched by an NGO, PEDO, in Dungarpur district. The project currently involves approximately 100 women's savings groups. The objective is to decrease dependency on money-lenders and enable women to make investments of their own priority.

<sup>173</sup> Throughout India various cooperative societies and banks provide farmer members with short-term loans. The aim is to increase the capacity of farmers to make crop investments and ultimately increase agricultural output.

<sup>174</sup> The score was arrived at by calculating the average of the 20 informants. The lower the score, the higher the value of the activity. No differences were found in ranking on the basis of gender, social group etc.

<sup>175</sup> This is a national scheme aiming to improve watershed management

From the above tables it can be inferred that villagers do not perceive the Panchayat as a particularly useful organization. The main reason for this is lack of individual benefit, but also lack of transparency, lack of influence and a high level of corruption. People place much higher value on other development activities, which bring greater individual benefits and are more transparent in operation.

In a panchayat in N\*\*\* a group of elder villagers clearly articulated the message heard many times over in villages, “What can we or any other villagers do about this (mis-use of funds). We have to get on with our lives and earn our livelihood, and after all, the Panchayat is not that important for our daily lives.”

Thus value of benefit and accountability are two key factors influencing people’s use of PRI mechanisms. This led the team to briefly consider the effectiveness of formal mechanisms of accountability in the PRI system.

### **2.1c Accountability**

How accountable are elected bodies? What mechanisms exist to hold representatives accountable?

The state acts and the rules of the Gram Panchayat provide for certain mechanisms through which elected representatives can be held accountable for their actions. This section summarizes existing mechanisms, and explores, through intensive study of five different Panchayats, whether these are used effectively by people or not.

In both Rajasthan and Madhya Pradesh there are four mechanisms by which villagers can hold their Gram Panchayat representatives accountable.

#### **Gram Sabha**

The Gram Sabha, is a village-wide assembly of all adults (above 18 years). It is a non-executive body. Statutorily it meets 4 times a year. In Madhya Pradesh each village in a Gram Panchayat has a Gram Sabha. In Rajasthan, at the time of this study, there was one Gram Sabha per Gram Panchayat. The secretary of the Gram Panchayat is the convenor of the Gram Sabha meetings. The Gram Sabha meetings are presided over by the Sarpanch (President) or the Upsarpanch (Vice-President).

The Gram Panchayat presents in the Gram Sabha meetings:

- the annual statement of accounts
- reports of the preceding financial year,
- development programs prepared for the ensuing year
- last audit note

The gram sabha is the main platform for widespread transparency and accountability. Its central function is to take stock of past developments and expenditures and decide on new activities within the sanctioned budget. During the gram sabha identification of beneficiaries for some government schemes is also carried out. The gram sabha is an opportunity for villagers to seek

clarification on any aspect from elected representatives. As noted before, for a gram sabha to be valid one tenth of the adults (voters) must be present.

### **Right of recall**

Madhya Pradesh is the first state in the country to empower the people of a Gram Panchayat to recall an elected representative (Bill passed in April 1999). Right of recall can only be exercised after completion of half of the tenure of a Panchayat member and it requires 50 percent of the total electorate to vote in favor of the removal of a representative. In Rajasthan there is no provision for right of recall by the electorate. This right is instead vested with the elected representatives. For a no-confidence motion to be valid it must be supported by one third of the representatives.

### **Vigilance committee**

A third mechanism of accountability that exists at the level of the Gram Panchayat is the vigilance committee. In both Madhya Pradesh and Rajasthan a vigilance committee, comprising members who are not elected representatives, should be formed. The vigilance committee is not endowed with any formal powers but it has the potential to function as a mechanism to enhance accountability as its task is to monitor and oversee the works of the Panchayat, which in turn can be reported to the Gram Sabha.

### **Recourse to Higher Authority**

Apart from the above three mechanisms of accountability at the level of the Gram Panchayat there is also scope for recourse to higher authority. The District Magistrate has the authority to remove or suspend an elected representative assessed to be disqualified for the post. (Government of Rajasthan, 1953, 1994, 1996; Government of Madhya Pradesh 1962, 1981, 1990, 1993, 1997)

Data from the extensive survey demonstrated that the Gram Sabha is not as of today an effective mechanism of governance (7 percent of electorate attending on average), but what of these other mechanisms? When villagers experience exclusion or poor performance do they take advantage of these other provisions for holding panchayat officials accountable? Five case studies follow. These are taken from the Panchayats that were intensively surveyed. They document the experiences of villagers and contextualize problems associated with taking action against PRI representatives. The information is derived from extensive group as well as individual discussions.

### Case 1

**B\*\*** is a large village comprising some 700 households and constitutes a panchayat on its own. Politically and economically the village is dominated by Patidars (approximately 35 percent), who are known as a progressive farming caste (now classified as OBC). The rest of the population forms a mixture of other OBCs, various SCs as well as a small population of STs. The Sarpanch is a woman from the Patidar caste. Her husband and his relatives however, largely carry out her work. In comparison with other Gram Panchayats people in B\*\* are not too dissatisfied with the community works implemented by the Panchayat. Gutters, roads and tube-wells have been built in various parts of the village during the last five years. However, there is commonly held perception that individual benefits can only be accessed by people who have a relationship with the Sarpanch's family. Such relationships are formed on the basis of frequent labor work for the Sarpanch and her kin, purchasing goods from shops owned by them, and voting in their favor. Many of these people are dependent on the Patidars for their livelihoods. Some of them also fall into the more vulnerable sections of the village and most of them are SCs and STs. The people who feel that they are excluded from the individual benefits of the Panchayat emphasize that they lack the awareness of what to do to change the situation and they do not know whom to turn to outside the Panchayat. One ST wardpanch said that he has no powers, but that he and other wardpanches have to go along with whatever the Patidars decide in the Panchayat as many of them are also dependent on the Patidars for labor. A few villagers spoken to stressed that it is not in their hands to improve the Panchayat and that turning to higher officers will not help as they will say that it is not their business and direct them back to the Gram Panchayat.

### Case 2.

**N\*\*** Panchayat comprises three villages. All the villages are socially heterogeneous comprising upper- castes, OBCs , SCs as well as a few STs. Village and panchayat politics are governed by the Patel caste who are the main and large landowners. The Sarpanch (female) comes from a highly socially regarded Patel household and her husband is the traditional village leader of the main village. When electing the Sarpanch people had high hopes of equity and inclusion of marginal groups in the benefits provided by the Panchayat. However, the Sarpanch soon began indulging in corrupt practices. In particular, she was sanctioning individual benefits to those wardpanches who supported her resource allocation and political decisions and to those individuals who were more or less bonded laborers of her household. Rising discontent among the villagers resulted in a decision to move a no confidence motion against the Sarpanch. However, when voting was about to take place the Sarpanch created a situation, which ensured that at the time of voting a critical group of wardpanches were away from the village. Hence, a valid motion could not be passed (this is when the right of recall was still with the elected members in Madhya Pradesh). Subsequently, the Sarpanch granted certain benefits to an additional number of wardpanches to ensure that such a challenge to her positioning would not happen again. Later on, a group of about 20 villagers approached the district administration to report the mismanagement of the Panchayat to government officials. However, the official met was not helpful and said that there were so many complaints against Sarpanches he could not take all of them seriously. People have now lost hope of removing the Sarpanch from office. Elections are soon due and the perception is that things may improve with new representatives.

### Case 3

**G\*\*** Gram Panchayat is made up of 11 hamlets. Rawat Meena (ST), to which the Sarpanch belongs, is the major social group of the Gram Panchayat. The present sarpanch has held this position for the last three terms. He has won elections by a small margin, which is ensured by buying voters at the time of the election. The bribe is small but adequate to make people who are disinterested in the Panchayat to give him their vote. G\*\*pura is a hamlet of 35 households, all of whom are classified as ST (Meena). It is the furthest village from the Panchayat HQ. The only community work implemented through the Panchayat here during the last five years is the installation of a handpump. Until one and a half years ago a disability pension was given to a man suffering from leprosy and a few people also received an old age pension. All of a sudden these benefits were stopped, and the villagers were told that the patwari had cut their names from the benefit list. No further explanation was given. The wardpanch of G\*\*pura had filled in a few application forms for widow pension, which were rejected by the Sarpanch and the patwari. The wardpanch has little idea of how much money has been spent in the Panchayat during the last five years and said that: "The sarpanch, panchayat secretary and patwari are united and probably connected with higher officers. We can do nothing".

#### Case 4

**D\*\*pura** Gram Panchayat is dominated by Bhils (ST). The sarpanch is a Bhil woman elected on the basis of her husband's relatively better education in comparison to other potential candidates. People thought that he, who more or less handles all the work, would do a good job. However, soon after the election dissatisfaction with the performance of the Panchayat mounted. Some villagers were upset with the fact that Gram Sabhas were not held and that laborers were brought from outside when any community works were being executed and therefore depriving the villagers of employment opportunities. Furthermore, it was felt that the construction works that had taken place were of inferior quality. Hence, a group of 50 villagers (of mixed castes) went to meet the Collector. Subsequently, the situation improved. However, one year later the Collector was transferred and the performance of the panchayat again deteriorated. Moreover, the Sarpanch's husband and his allies took charge of other development interventions introduced in the village (watershed management, afforestation and forest protection). A group of villagers then went to the BDO who told them not to waste his time and said that they had themselves elected the sarpanch. Now the villagers have given up trying to improve the performance of the present Panchayat and are waiting for the new election to come. A group of mixed villagers spoken to explained that: "What can we do now? We already tried twice. We are laborers and have our work to do. We cannot spend time chasing officers who are not bothered. We have lost our faith in the government officers. The only chance for bringing equity into this Panchayat is a new Sarpanch".

#### Case 5

**V\*\* Gram** Panchayat is situated on the border to Gujarat. The inhabitants are Bhil (ST) and only a few households in the Panchayat are non-tribals. The Sarpanch, who is a woman, was elected because of her 10 years of education and because a sizable number of households (and thus voters) in the Gram Panchayat belong to her husband's extended kin. Being a woman the sarpanch has no effective powers in the panchayat. Her husband, who is a government teacher, does not have much time to take on any of her work. In practice, the panchayat is instead managed by a few powerful wardpanches who, with the passive support of the sarpanch and a few illiterate wardpanches, take decisions regarding individual benefits as well as which community works are to be prioritized. The majority of the villagers spoken to also suggested that corruption is substantial. This was the only Panchayat out of the case studies that had an active vigilance committee. This committee, however, comprised two of the powerful wardpanches, and the villagers had no idea that it was supposed to be made up of non-Panchayat members. The basic reason why other villagers and wardpanches have not taken any action against mismanagement and corruption are twofold. Firstly, no one wants to be blamed for being the initiator of overt accusations that may lead to a major community conflict and result in powerful people turning against them. Secondly, many villagers feel that corruption and poor performance of the Panchayat does not affect them directly as they have yet not seen evidence of any potential benefits. Hence, there is little to be gained by trying to improve the Panchayat whereas the social losses – along with impact on possible labor and loan opportunities -- could be multiple.

The case studies demonstrate that mounting dissatisfaction with the Panchayat does not necessarily result in local action to hold PRI representatives accountable. Limited benefits distributed by the Panchayat, pre-occupation with managing daily sustenance, local dependency relationships (both social and economic), corruption and fear of social exclusion from the community more generally hamper the use of the existing accountability mechanisms. Villagers who have taken recourse to higher authority against their elected representatives have met with limited success as the officials have not shown adequate responsiveness to their complaints or, in some cases, have been allied with the Sarpanch.

Thus, the findings from the case studies suggest that absence of effective accountability is linked to the wider socio-political context prevailing in a Gram Panchayat as well as lack of a more neutral and effective government set-up that can respond to local allegations of mismanagement.<sup>176</sup>

<sup>176</sup> However, it must be noted that although the findings from this study portray a gloomy picture - these findings are only a glimpse into what can prevent effective use of institutionalized mechanisms of accountability. There are reports from other places where Sarpanches have been removed by the electorate as well as the Collector.

## 2.1d Who participates?

Even if the Gram Panchayat is viewed with a degree of skepticism by villagers data demonstrate that between 11 to 40 percent of villagers were associated with campaigning, contacting and attendance at meetings.<sup>177</sup> Given our hypothesis that social and economic attributes determine inclusion in panchayat activities our next question was, is it the same group in each case? Factor analysis was used first to check whether the same group of persons is consistently more active with respect to each of these activities. Regression analysis was employed next to discern the characteristics of these individuals who participate more actively than others.

The results of factor analysis show that nearly similar groups of villagers are associated with higher levels of participation in each of the activities of campaigning, contacting, and attending meetings and rallies. Responses related to six different survey questions (B2 to B7 of Annex 2) were found to load highly on a single common factor.

**Table 5: Political Activity in Panchayats: Factor Pattern**

	<b>Factor1</b>
B2 Campaigning	0.76187
B3 Attendance at Rallies	0.81999
B4 Support for a Candidate	0.91280
B5 Voters Influenced	0.88740
B6 Contacting Public Representative	0.69157
B7 Attending Gram Sabhas	0.72115

This single common factor has a communality of 3.87, implying that it accounts for more than 65 percent of the combined variation of each of the six separate elements.<sup>178</sup> People who have a high score on any one of these variables tend to have high scores on each of the other five variables. Low scores are similarly correlated.

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<sup>177</sup> This large drop in numbers between voting and other forms of participation, such as campaigning and contacting, is hardly peculiar to India or to panchayats. Similar figures are reported for the United States by Verba, Schlozman and Brady (1995).

<sup>178</sup> A scree plot flattens out and it has a sharp elbow between factors 1 and 2. Support for a single common factor is provided by observing that root mean square off-diagonal residuals = 0.101, which is safely within Harman's criteria for sample size greater than 1,000. Kaiser's measure of sampling adequacy: overall MSA = 0.819.



This means some people are “high participators.” They have high scores on each of the six participation variables. They campaign vigorously for political candidates, they influence other villagers’ choices at election time, they attend gram sabhas regularly, and they are in contact frequently with panchayat representatives.

Other villagers are “low participators”: they are not active in election campaigns, they do not usually attend political rallies or meetings of the gram sabha, and they contact panchayat representatives with much regularity than other villagers.

A single underlying quality or set of attributes seems to be at work that makes some persons more active and more included than others.

To identify these attributes and to distinguish more active from less active villagers, we construct a broad Index of Political Activity. The Index is constructed by taking a simple sum of scores of these six items after first re-scoring the values so that each variable has an equal weight of one in the index and rescaling this sum so it has a range from zero to 100 points.<sup>179</sup> The most active individuals can therefore achieve the maximum score of a hundred on this index, while the least active will score zero.

The 100-point scale is split into three parts, denoting High, Middle and Low participation scores.<sup>180</sup> Correlation analysis provides a preliminary indication that some villagers participate considerably more than others.

**Table 6: Participation Scores by Gender**

<i><b>Participation Scores:</b></i>	<u><b>Men</b></u>	<u><b>Women</b></u>
<u>Lower Third</u> (score: 0-45)	300 (30%)	519 (52%)
<u>Middle Third</u> (score: 46-70)	278 (28%)	373 (37%)
<u>Upper Third</u> (score: 71-100)	432 (42%)	109 (11%)
Total	1,000 (100%)	1,001 (100%)

Forty three percent of all men are highly active, i.e., they fall within the upper third category, but only 11 percent of women fall within this highly active category. Fifty two percent of women fall within the least active political category, the lower third, while only 30 percent of men belong to this category. Women are thus relatively excluded, this analysis shows, from participating and influencing decision making within PRIs. Gender divides villagers among those who are comparatively more active politically from those who are comparatively less active.

<sup>179</sup> Correlations of the six individual items with the Index are all 0.77 or higher. Cronbach’s Coefficient Alpha = 0.875.

<sup>180</sup> Score ranges divide the population into equal thirds. This enables us to disaggregate results within each third.

**Table 7 : Participation and Wealth**

We use landholding as a measure of wealth for these calculations. Other measures of wealth, including cattle ownership and quality of house construction, were also considered but these are closely correlated with landholding, suggesting that landholding is not an inappropriate measure of wealth in these contexts.

<b>Participation Scores:</b>	<b>Household Landholding</b>			
	<b>None</b>	<b>Less than 3 hectares</b>	<b>3-6 hectares.</b>	<b>More than 6 hectares</b>
<u>Lower Third</u> (score: 0-45)	188 (46%)	528 (39%)	62 (40%)	40 (41%)
<u>Middle Third</u> (score: 46-70)	140 (34%)	443 (33%)	40 (26%)	26 (27%)
<u>Upper Third</u> (score: 71-100)	81 (20%)	373 (28%)	54 (34%)	32 (32%)

The proportion of households owning more than 6 hectares of land who fall within the most politically active category, the upper third, is 32 percent. Among households owning 3-6 hectares of land, the corresponding proportion is slightly higher, 34 percent, and among households that are not landless but which own less than 3 hectares of land, it is slightly lower, 28 percent. For households that are entirely landless, however, this proportion is significantly lower – only 20 percent of such households fall within the highly active category.

Wealth (as measured by landholding) does not appear thus to be highly related with participation in political activity.<sup>181</sup> The landless are relatively less active than those who own some land, but persons who have some land, even a tiny amount, exhibit participation levels that are about the same as households with larger landholdings. Owning even small parcels of land is associated with activity levels that are comparable to those of large landowners. Activity levels do not vary continuously by landowning category, as they did, for example, in the cases of gender. Those who are landless are somewhat less active than others, though these differences (of 5 to 8 percentage points) are hardly as large as those associated with gender.

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<sup>181</sup> The related chi-square statistic is 11.5, which is not significant even at the 0.05 level (d.f.=6). The corresponding chi-square statistics for gender and education are 264.8 (d.f.=2) and 143.7 (d.f.=6), respectively, both significant at the 0.0001 level; while that for caste is 12.7 (d.f.=6), which is barely significant at the 0.05 level.

Table 8: Participation and Education

<i>Participation Scores:</i>	Education (years)			
	None	1-5 years	6-9 years	10 years or more
<u>Lower Third</u> (score: 0-45)	491 (48%)	163 (38%)	86 (33%)	81 (28%)
<u>Middle Third</u> (score: 46-70)	373 (36%)	120 (28%)	81 (31%)	77 (26%)
<u>Upper Third</u> (score: 71-100)	163 (16%)	150 (34%)	94 (36%)	134 (46%)

Education emerges as another important correlate of participation, along with gender. The numbers in the lower third category fall considerably as one goes from a zero level of education to 10 years or more of school attendance. Only 16 percent of those who are entirely uneducated are highly active, while almost half (46 percent) of those with 10 or more years of education fall within this upper third category. Participation levels vary continuously by number of years at school. 38 percent of those who have 1-5 years of school education fall within the lower third category; while only 33 percent of those with 6-9 years of school education and only 28 percent of those with 10 or more years of formal education form part of this low-participating group.

Table 9: Participation and Social Group

<i>Participation Scores:</i>	ST	SC	OBC	Middle/ Caste	Upper
<u>Lower Third</u> (score: 0-45)	100 (33%)	201 (46%)	358 (43%)	162 (36%)	
<u>Middle Third</u> (score: 46-70)	125 (42%)	138 (32%)	233 (28%)	155 (35%)	
<u>Upper Third</u> (score: 71-100)	76 (25%)	95 (22%)	238 (29%)	132 (29%)	

Social group has some but not a very significant association with participation in political activity. A somewhat smaller proportion of SCs (22%) and STs (25%) lie within the upper third category, compared with OBCs and with upper and middle castes (29%). This difference – of four to seven percentage points – is much lower, however, than the differences in participation rates that are associated with gender and with education.

The tests above were for participation in a set of activities which ranged from voting activities (survey questions B 2,3,4 & 5) to use of PRI mechanisms (survey questions B6 & 7). We checked if any differences occurred in participation rates between these two types of activity by constructing a narrow index, comprising variables B6 and B7. We found that the same set of independent variables were significant in the analysis of this narrow index as with the original broad index. No newly significant variables emerged in the analysis of the narrow index.

## 2.1e Which attributes of a person are most significant?

Which of these factors identified above – gender, education, wealth, and social group – was most significant? This was determined with the help of regression analysis, which allows us to control for the influence of other factors. Table \_ below reports the results of this regression analysis. The dependent variable is the broad Index of Political Activity, measured as before on a 100-point scale. Regression coefficients relate, thus, to the number of percentage points by which the dependent variable increases or decreases as a result of a one-unit change in the respective independent variable.<sup>182</sup>

The independent variables are coded as follows.

- *Gender*: Men=0, Women=1;
- *Religion*: Hindu=0, Muslim=1. No other religions are practiced in any significant numbers in these villages.
- *Social Group* is measured first as a continuous variable, with low values for the social groups located lower in the social hierarchy and high values for the higher-ranking groups, i.e., as ST=1, SC=2, OBC=3, Middle Caste=4, Upper Caste=5.
- (Alternatively, instead of using social group as an ordinal variable, we also used separate dummy variables for these caste groups, particularly for SCs and STs that are traditionally regarded to be less privileged and less active politically. Dummies were used for the categories SC, ST and OBC, regarding the category middle/upper castes as the base category for comparison. Models 2 and 3 in the following table report some results of these analyses.<sup>183</sup>)
- *Land* (as a measure of wealth or asset holding) is measured in terms of hectares owned by the family of the respondent.
- (*Landless* is a separate independent variable considered in some specifications of the regression model. It is coded as a dummy variable and measured as 1 for a person who owns absolutely no land and as zero otherwise.)
- *Access to Information* measures the number of information sources, out of six, that are regularly accessed by any respondent. These seven sources include family members, neighbors, prominent persons in the village, radio and TV, newspapers, and the informal village assembly. Apart from one of these sources, i.e., newspapers, the rest are equally well accessible by educated as well as uneducated persons.
- The question that was asked to elicit responses in this regard (question D1 of Annex 2) is reproduced in full below:

D1. Which among the following sources do you consult regularly -- i.e., at least once a month -- for news and information? (Please tick off all activities for which the respondent answers Yes, and report the total number of Yes responses below)

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<sup>182</sup> The dependent variable has a mean of 39.3 with standard deviation = 22.1. Skewness = 0.49, and the Shapiro-Wilk statistic=0.86, suggesting that normality is reasonably well approximated by these data.

<sup>183</sup> Results for OBC are not reported in these tables since this variable did not achieve significance even under alternative specifications.

—Household members	Yes/No
—Neighbors	Yes/No
— Prominent persons	Yes/No
— Radio or TV	Yes/No
— Newspaper	Yes/No
— Traditional Village assembly	Yes/No
—Others (specify)	

TOTAL NUMBER OF SOURCES

The hypothesis that is being tested with the help of this specific question relates to the connection that might exist between information and participation. More informed persons can be expected to participate more frequently and also to greater effect than those who are poorly informed or who have difficulty accessing sources of information. Information, if it is found to be significant in the analysis, might also help for addressing and alleviating differences in participation levels that occur on account of social rules and other handicaps to equal participation.

*State* is coded as follows: Madhya Pradesh=0, Rajasthan=1. District dummies were also employed in the analysis but without achieving any significance.

*Table 10 should be read down the columns since models 1 to 3 provide the results of three different regression models. Other model specifications were also run as regressions but the conclusions did not change in terms of which variables achieved significance.*

Table 10: OLS Regressions on Index of Political Activity:  
100-point Index of Political Activity is the Dependent Variable

	MODEL 1	MODEL 2	MODEL 3
Intercept	32.01**** (6.53)	36.14**** (6.63)	35.59**** (4.39)
INDEPENDENT VARIABLES			
Gender	-23.63**** (1.61)	-24.45**** (1.57)	-24.44**** (1.54)
Age (years)	0.01 (0.05)	0.001 (0.05)	
Religion	1.37 (3.55)	-0.57 (3.52)	
Social Group Ranking	-0.36 (0.56)		
-- SC (dummy)		0.86 (0.86)	0.87 (0.85)
-- ST (dummy)		-5.73* (1.81)	-5.70* (1.79)
Education (years at school)	0.27** (0.10)	0.24** (0.11)	
Landholding (hectares)	0.10 (0.14)		0.08 (0.13)
-- Landless (dummy)		1.01 (1.17)	0.94 (1.15)
Family Size	-0.13 (0.27)		
Access to Information (no. of sources)	5.29**** (0.49)	5.19**** (0.49)	5.20**** (0.48)
State (dummy)	4.50*** (1.34)	5.01*** (1.37)	5.12*** (1.37)
N	1,503	1,536	1,536
R <sup>2</sup>	0.413	0.418	0.418
Adj-R <sup>2</sup>	0.409	0.414	0.414
F-value	95.59	109.37	136.89
F-probability	<0.0001	<0.0001	<0.0001
Note: Standard errors are reported in parentheses. *p<=.05 **p<=.01 ***p<=.001 ****p<.0001			

Regression results support conclusions similar to those derived from the frequency table analyses. Using the broad Index of Political Participation as the dependent variable, social group and

landholding are found not to be significantly related with participation in PRIs. Education, information and gender are all significant in association with the dependent variable.<sup>184</sup>

- **Gender:** Women participate to a much smaller degree than men. Controlling for other factors, women score, on average, 24 points lower than men on our 100-point scale of political participation.
- **Social Group Rankings** are not significantly associated with participation level. Among the different caste groups, only Scheduled Tribes have a significantly different participation level. On average, members of Scheduled Tribes score about six percentage points lower than others, which is a significant difference but not as considerable as that which exists between men and women. (This difference disappears, however, when we consider the interaction between gender and tribe – discussed below).
- **Access to Information** has a significant association with participation levels – a fact that is extremely relevant for policy purposes. The addition of one more source of information to a person's repertoire (among the six that we consider here) tends to increase participation by more than five additional percentage points.
- **State:** The analysis also indicates that villagers living in the three Rajasthan districts participate, on average, to a level that is five percentage points higher than those who live in the three MP districts. Whether or not this difference holds true between the two states as a whole cannot be determined with the help of this limited, six-district analysis. Age and religion are consistently not significant given any alternative specification of the regression model, thus these variables have been dropped from model 3.

We included an interactive variable to assess whether older women participated significantly less than other villagers. This variable (measured as age times gender) turns out to be mildly significant (at the ten percent level but not at the five percent level). The size of the coefficient is also low (0.09), implying that a woman who is 60 years old is likely on average to participate in political activity to an extent that is 2.7 percentage points lower than a man who is 30 years old.

We also included another interactive variable, this time to assess the interaction between gender and caste. In particular, we examined whether being ST *and* female is likely to reduce participation even further than would be suggested by adding together the individual coefficients of these two variables. The resulting interactive variable (ST times gender) was significant (at the 0.05 level) and the size of its coefficient was also large: -6.45. The variable ST loses significance when the interactive variable is brought within the analysis, but the overall gender variable continues to remain significant and high. What this implies is that participation in political activity is low not so much among all STs but mostly among the women of this social group. While all women participate less than men, participation levels among ST women are lower by an additional 6.45 percentage points on average.

These effects do not disappear when we consider ST-majority villages as a separate category. A dummy variable for ST-majority villages does not achieve significance when it is considered

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<sup>184</sup> Though some independent variables are correlated with each other, for instance, gender is correlated with education, and caste with landholding, pairwise correlation among the independent variables is not greater than 0.5 in any case. The value of the Condition Index is 24.68 for model 1, indicating moderate multicollinearity, and less than 15 for Models 2 and 3, indicating low collinearity. White's general test does not reveal the presence of any significant heteroskedasticity.

along with all of the other independent variables. Low participation rates among ST women are common to all villages, even in those where STs form the majority population.

As with our original factor analysis we checked these findings -- which were drawn on the basis of regressing against the broad Index of Political Participation -- by also regressing against our narrower Index i.e. one constructed from survey items B6 and B7 (contacting public representatives and attending Gram Sabha meetings). The 100-point Index has a mean of 48 points, standard deviation is 26.92, and skewness is 0.05, indicating that scores on this Index are reasonably symmetrically distributed about the mean. Table 11 reports the regression results.

A very significant gender difference is found in this regression analysis. In quantitative terms, this difference amounted to 25 points on the broad index of participation. A higher magnitude of difference is observed, however, between men's and women's scores on the narrow index, which considers specifically participation at gram sabha meetings and frequency of contacts with PRI representatives. Women score about *60 points* lower than men on average, which is hardly surprising to anyone who has observed meetings of gram sabhas in Rajasthan or Madhya Pradesh and who knows that these meetings are attended chiefly by men.

The other variables that are found significant in association with the narrow index include education and information. Every additional year of education is associated with a difference of about two points on this index, implying that a person with 10 years of school education scores 20 percentage points higher on the narrow index, everything else being the same, than a person who has no education at all. The size of the coefficient attaching to education – i.e., the magnitude of influence attaching to education – is found to be greater in the case of the narrow index.

Similarly, the influence of information is also quantitatively higher in the case of the narrower index. While each additional information source accounts for a difference of about 5 percentage points on average when the broad index (of six participation variables) is considered; this difference is in the range of 10 to 12 percentage points when we consider the narrower index (comprised by the two participation activities that relate to the use of PRI mechanisms).

The same group of three variables – gender, education and information – is significant in each case. However, the effects of each of these variables is more pronounced when people's participation is tested against the narrow index i.e. the one measuring their level of involvement in the every-day activities of the Panchayati Raj.



Table 11: 100-point Index of Use of PRI Mechanisms is the Dependent Variable  
(Survey Items B6 and B7)

	MODEL 1	MODEL 2
Intercept	17.41 (19.0)	51.04*** (19.53)
INDEPENDENT VARIABLES		
Gender	-65.19**** (4.87)	-63.41 (4.88)
Age (years)	0.33 (0.24)	0.34 (0.26)
Religion	10.60 (11.83)	10.22 (11.24)
Social Group Ranking	-4.65 (2.78)	
-- SC		3.12 (2.74)
-- ST		6.40 (6.06)
Education (years at school)	2.06*** (0.59)	1.93** (0.59)
Landholding (hectares)	-1.49 (0.89)	
-- Landless		6.28 (5.35)
Family Size	0.77 (0.87)	
Access to Information (no. of sources)	12.88**** (1.48)	14.42**** (1.53)
State (dummy)	10.06* (4.16)	12.29** (4.56)
N	1,823	1,823
R <sup>2</sup>	0.347	0.321
Adj-R <sup>2</sup>	0.331	0.304
F-value	96.90	85.19
F-probability	<0.0001	<0.0001 Note: Standard errors are reported in parentheses. *p<=.05 **p<=.01 ***p<=.001 ****p<.0001
Note: Standard errors are reported in parentheses. *p<=.05 **p<=.01 ***p<=.001 ****p<.0001		

**Gender, education, and information** – are the three factors that, across the entire population and using both the broad and narrow index of participation, are most closely related to participation in PRIs. The data also suggest that tribal origin, landlessness and religious group may, in pockets of the study population, play an important role in determining who is party to various activities associated with the Gram Panchayat. Our data do not allow us to fully test these hypothesis but they do allow us to state that a relatively excluded person, thus, is an illiterate ST woman, relatively poorly informed, and not well acquainted with the public representatives of her village.

Education and information are the other significant influences on participation rates – and according to our data neither of these is closely related to landholding or to higher social rank. As the correlation table (constructed from data available for 1,997 individuals out of our total survey of 2,013) indicates, education is not the exclusive privilege of those with large landholdings and information is reasonably symmetrically distributed among high- and low-caste villagers. Findings of other studies however indicate a strong association between wealth and education ( Department of Education, Selected Education Statistics 1998, Filmer and Pritchett 1998, NSS 52<sup>nd</sup> Round published 1999).<sup>185</sup> While questionnaire based enquiry often results in underreporting landholding and unlike these other studies our analysis used landholding as the proxy for wealth, we were concerned about this apparent discrepancy. We therefore examined our data base more closely.

The correlation coefficient between land ownership and education was only 0.14 and that between land ownership and information was even less (0.09). Similar low coefficients were observed between education and social group ranking. The correlation coefficient between social group ranking and education is low (0.19), and the correlation coefficient between information and social group ranking is also low (0.15).

Correlation between education and information is 0.445, but this is still not high enough to cause problems of multicollinearity. As measured by the Condition Index, multicollinearity is moderate to low in any of the regression models considered in this paper.

	Social Group Ranking	Education (years)	Wealth (land in hectares)	Information (number of sources out of 6)
Social Group Ranking	1.00	0.276	0.216	0.182
Education		1.00	0.147	0.445
Wealth			1.00	0.102
Information				1.00

In this study, high caste (or high social group ranking) does not associate closely with more education – as measured by years of education -- or greater access to information sources.

Far from replicating differences in wealth and caste status our data suggest that education and information tend to mitigate and equalize differences in political participation among villagers in Rajasthan and MP.<sup>186</sup> The discrepancy in our findings and those of other studies on the

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<sup>185</sup> **Of the poorest fifth of the population aged 15 and over only 26 percent have completed five years of education compared to 64 percent of the wealthiest fifth (NSS, 52<sup>nd</sup> Round published 1999)**

- **of the wealthiest quintile (assessed on the basis of assets) 82 percent had upper primary schooling while the same was only 20 percent for the poorest quintile (Filmer and Pritchett 1998)**
- **gross enrolment rates for SC/ST for children aged 11 to 14 in upper primary education in Madhya Pradesh were 34.7 percent and in Rajasthan 52.8 percent. Overage figures for the population as a whole were 66.5 and 52.9 percent respectively. (Department of Education, Selected Education Statistics 1998).**

<sup>186</sup> The conclusion that education and information are fairly evenly distributed among different caste and landowning categories is supported as well by another large-sample study conducted a year earlier in

relationship between education and wealth (landholding) may reflect rapid changes occurring in rural areas but because of methodological differences between studies this finding may warrant further study.

### **2.1.f Elected Representatives -- which attributes are associated with participation?**

We turn now to an analysis of elected representatives and what determines whether or not they are included in the democratic processes of the Gram Panchayat. We begin by reporting findings from the intensive study. An examination of the full sample of 53 extensive survey villages follows.

The eight Panchayats that were intensively studied have a total of 132 elected representatives, 30 percent of whom had been elected through unopposed elections. In these cases, a collective process of decision making by elders and powerful villagers was used to decide which candidate was to be elected in the ward or as Sarpanch in advance of the election. The reason given for this was that it was a way of avoiding potential community conflict. However, whether the election is unopposed or contested, the following factors related to personal abilities or skills were listed by villagers as significant in the selection of representatives.

*Education* was perceived as a very important asset of an elected representative as it is seen as enabling people to be more effective. 63 percent of the people interviewed stressed the significance of education in election of a representative. The importance given to education implies that many respected elders who have an established position in the community and could be potentially fair and just representatives are often excluded. Four uneducated traditional village leaders met stressed that the skills needed to be in the Panchayat are different from what they possess, and that they had therefore not even made any attempts to get elected. Young, well-educated (10 classes or above) and unemployed men were instead found as representatives. In three of the eight Panchayats the position of the Upsarpanch was held by educated young men, who were sons of traditional village leaders. In lack of other more remunerative alternatives, the Panchayat offers an opportunity to put their education to use. As many as 27 percent of the elected representatives were said to be unemployed educated youth. However, education alone is not sufficient for election.

*Personal qualities* such as good analytical understanding, fairness, frankness, ability to speak with others are also taken into account. This was stressed by 37 percent of the people interviewed.

Where *female reservation* prevails *education and personal qualities of the husband* often play an important part in the election. This was pointed out by 28 percent of the people interviewed.

*Age* was found to be relevant for the election of *women* as 22 percent of the interviewed people emphasized this. Elder women have a somewhat liberated position in the village and can afford, socially, to mix with men of their village. Young daughter-in-laws, who have recently come to live in their husband's village are generally not elected as this would violate the ideals of seclusion. A group of women and men spoken to in Dungarpur district maintained this practice to

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Rajasthan villages. More than two thousand villagers were consulted in this earlier study. Respondents were selected in each of 60 villages by drawing a random sample from the voters list that is maintained and regularly updated for each village. The conclusion reported here -- that education and information are distributed fairly independently of wealth and social group ranking -- is common, therefore, to a larger group of villages in this region.

be unfortunate as it is mostly the young women who are educated and could be better representatives.

Other factors, which influence election and are not related to personal abilities or skills are as follows:

*Social reputation* of the candidate's household is regarded to be an important factor by 15 percent of the villagers. Before casting a vote people consider whether the candidates' household is known to be helpful to others in the community.

*Number of extended male kin* in the village or Panchayat had played a vital role in selection of the Sarpanch in three of the eight Panchayats studied. In total, 21 percent of the interviewed stated extended kin to be significant in the elections, and this was also brought to light during group discussions. However, in a few Panchayats it was found that conflicts in large extended kin groups mitigated its importance.<sup>187</sup>

*Village patrons* who are often big landlords are in a position to collect a substantial number of votes. In localities where such people are present many villagers are dependent on the patron for labor, provision of loans, access to land through share-cropping etc. As many as 33 percent of the villagers stated that significance of the patron-client relationship in influencing the election.

In one village in Madhya Pradesh, where the patron-client relationship was regarded as mutually beneficial, a group of female laborers working for the Upsarpanch explained that: "We depend and rely on him for everything. He ensures us employment for 12 months; he gives us loans when we need; and he supports us at the time of any crisis. Our life would be very difficult if it was not for him. If anybody is going to give us any benefits from the Panchayat it will be him"

*Livelihood security* is also a significant attribute of elected representatives. People who need to think of their daily sustenance have no time, little interest or powers to be part of the Panchayat. On the basis of vulnerability ranking it was found that only 4 percent of the elected representatives belonged to the vulnerable sections. Two of these representatives spoken to maintained that they hardly participated in the Panchayat. One representative said that he was not interested in becoming Wardpanch, but that all others had insisted as his personal qualities are highly regarded by other villages.

*Bribes* in the form of cash or liquor is a measure that is sometimes used at the time of election to "top up" the other factors mentioned above. This is when competition is likely to be tight with another contestant. Group discussions revealed that this was found to have been of crucial importance in the election of two out of the eight Sarpanches.

Hence, there are no single factors that make an elected representative. While education is a crucial attribute that partly may have altered traditional power politics, personal characteristics and social and economic positioning in the community are all contributing to the election of office bearers. The combination of factors influencing the Panchayat elections can be better understood by looking at a profile of the eight Sarpanches presented in Annex 7.

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<sup>187</sup> Extended male kin refers to those relatives on the male side who in daily life are recognized as relatives. This excludes more distant kin with whom the relationship is not exactly known or well-defined. Extended kin is thus to be differentiated from caste as well as clan since all people of the same caste or clan in a village are necessarily not related. In Hindi speaking areas extended kin is often labeled as *parivar* which means family. In tribal Dungarpur it is known as *kutumb*.

We now explore the 53-village data set and examine the effect of these and other factors on participation by elected representatives in the activities of panchayats. We consult our sample of 315 PRI representatives in this section to examine what type of representatives exercises more influence than others.

Four different questions were included in the survey instrument administered to these elected representatives to elicit information about their participation in political activities. These are reproduced (in English translation) as questions L8 to L11 of Annex 2. Questions L8 to L10 relate to participation in meetings of PRIs. Question L8 asked respondents about how often they attend meetings on average, and question L9 enquires about the amount of time they spend at each meeting. In addition to these relatively objective assessments of participation, a subjective or cognitive assessment is gained through question L10, which asks members about the extent of influence they exercise at these meetings compared with other members.

Question L11 has multiple parts that relate to twelve different aspects of decision making and deliberation within PRIs. These parts relate, respectively, to budget and finances, administration and supervision, agenda setting, liaison with other PRIs and government departments, matters concerned with education, health, development assistance, construction projects, women's issues, and matters related to public complaints. In each case, a respondent is asked to make a self-assessment about how actively he or she participated in comparison with others. Part 13 of question L11 (L11-13) reports an individual's total scores for all these separate parts.

Scores on each of the four questions were very closely correlated with scores on the remaining three questions. Factor loadings on the single common factor were as follows:

		Factor Loadings
L8	(Number of Meetings Attended)	0.698
L9	(Length of Time Attended)	0.667
L10	(Issues Raised Compared to Other Members)	0.849
L11-13	(Involvement in Decision Making)	0.854
Communality = 2.84		

Members who participate actively in one set of activities associated with PRIs are also the ones, factor analysis shows, who are highly likely to be active with respect to each of the other activities. Once again, thus, there is an identifiable subset of our sample who participate more actively than other members. This time the subset are PRI functionaries and the subject is "influencing decision making within PRIs". We checked for the nature of participation by next separating L8&9 from L10&11\_13. The factor analysis demonstrated, in most cases, very similar findings.

Those who have been included traditionally in exercising influence and making decisions in the village – i.e., those who are high caste and wealthy – could be expected to have a tendency for portraying themselves as more efficacious and more highly involved in the work of PRIs. The data, however, uphold some very different conclusions.

To discern the features that distinguish highly active from less active members, we relied once more on regression analysis. A summary measure of participation, akin to the Index created for ordinary villagers, was put together by combining responses to these four questions, L8 to L10 and L11-13. This measure was re-scaled as before to have a range from zero to hundred. The

resulting variable was regressed upon a number of demographic and other variables. Table 12 reports these results.<sup>188</sup>

In addition to the variables considered in the previous analysis, we also included a dummy variable for Sarpanch (elected heads of gram panchayats) and another one for Up-Sarpanch (deputy head) in this analysis of participation by different categories of PRI representatives. The variable, Sarpanch, in the following regression table is a dummy variable that is coded 1 if the respondent is a sarpanch and as zero otherwise. Similarly, the variable, Up-Sarpanch, is another dummy variable that is coded 1 if the respondent is a up-sarpanch and as zero otherwise.<sup>189</sup>

Table 12: OLS Regression of Participation by PRI Representatives: broad 100-point Index of Participation is the Dependent Variable<sup>190</sup>

	MODEL 1	MODEL 2
Intercept	31.18* (12.8)	46.75**** (10.93)
INDEPENDENT VARIABLES <sup>191</sup>		
Gender	-14.99*** (4.19)	-15.29*** (4.16)
Age (years)	0.18 (0.12)	0.14 (0.11)
Religion	6.86 (5.48)	
Social Group Ranking	0.38 (1.27)	
-- SC (dummy)		-1.57 (1.75)
-- ST (dummy)		-5.36 (5.61)
Education (years at school)	1.35** (0.42)	1.26** (0.42)
Landholding (hectares)	0.41 (0.38)	
-- Landless (dummy)		-8.45* (3.97)
Access to Information (no. of sources)	2.70*** (0.79)	2.65*** (0.78)

<sup>188</sup> Once again, there is little evidence of multicollinearity. Condition Indices for the two models are 20.11 and 12.24, respectively. Heteroskedasticity is also not in evidence.

<sup>189</sup> Both these variables are derived from response to question L1 of Annex 3. Question L1 includes categories of representatives other than sarpanchas, up-sarpanchas, and ward panchas (elected representatives who are not heads or deputy heads of gram panchayats). In practice, however, interviews were conducted with 34 sarpanchas, 29 up-sarpanchas, 245 ward panchas. Only 7 members were contacted who were of "other" types (including members of Panchayat Samitis/Janpads/Zila Parishads, etc.). These last seven observations were removed before the data were analyzed. Scores for sarpanchas and up-sarpanchas are compared, thus, with those of ward panchas, who constitute the base category for comparison.

<sup>190</sup> The mean for the dependent variable = 59.6, standard deviation=21.9, skewness= -0.65, and the Shapiro-Wilk statistic=0.95.

<sup>191</sup> Independent variables are coded in the same manner as was done for Table 3 above.

Sarpanch (dummy)	12.37** (4.21)	13.17** (4.20)
Up-Sarpanch (dummy)	4.81 (4.18)	3.42 (4.13)
State (dummy)	7.2** (3.11)	6.96* (3.15)
N	190	190
R <sup>2</sup>	0.424	0.44
Adj-R <sup>2</sup>	0.396	0.416
F-value	14.15	15.77
F-probability	<0.0001	<0.0001

Results from the sample of PRI representatives are broadly similar to those derived from the larger sample of individual villagers.

Gender is once again strongly associated with participation. Female members of Gram Panchayats participate to a considerably smaller degree – more than 15 percentage points less than males. This reflects women's low participation in public life in India more generally. Seventh five percent of the female wardpanches spoken to in the eight case study Panchayats held that they rarely attend the Panchayat. Only 11 percent of the women representatives spoken to felt that they can put forward issues and actively participate in the Panchayat. This, in turn, originates, from the social custom that women, and particularly younger, are not supposed to speak in front of men of their husband's village. The lack of women's participation could be very clearly observed during monthly members' meeting in a Panchayat in Ajmer district, where three female wardmembers were found sitting veiled in silence in a corner. In four of the eight case study Panchayats there was a female Sarpanch. In three of these Panchayats group discussions and informal interviewing revealed that the activities were basically carried out by their husbands. However, there are exceptions to the low participation of women. (A well-educated female Sarpanch of Ujjain district was found to be in total control of all the activities of her Panchayat.) Religious or Social Group are once again *not* significantly associated with participation by representatives in panchayats' activities across the study population. Even when the sample is analyzed specifically for SC and ST representatives, no significant differences in participation levels are apparent. Representatives elected from among these reserved categories do not participate any less actively on average compared to representatives from general (unreserved) categories, all else being equal.

Wealth (as measured by landholding) also does not have any discernible association with participation. Participation level in panchayats' activities do not rise monotonically with higher landholding. However, representatives who are *landless* participate to a significantly lower extent compared with those who own some land. Eight percentage points separate landless representatives from others who own even a tiny tract of land, and are thus released from being dependent for their livelihoods on others in the village. The landless, being more dependent economically, are less likely to raise their voices in protest against their potential employers in the village, a conclusion that is supported as well by our case study data.

Education and Access to Information are the other variables that are significantly associated with participation. Every additional year of education tends on average to raise representatives' participation by more than two-and-a-half percentage points. A representative who has ten years of education scores on average 27 percentage points higher on this scale compared to another who has no formal education. Similarly, higher access to information is associated with greater

representatives' participation by almost three percentage points, on average, for each additional source of information that they consult.

Sarpanchas (or heads of gram panchayats) are, not surprisingly, revealed to have a much higher average participation score – 13 points higher – than either up-sarpanchas (deputy heads) or ward panchas (other elected representatives). Sarpanchas dominate the activities of gram panchayats, and other elected representatives participate to a considerably lesser extent. Case study data indicate, in addition, that most ward panchas and even up-sarpanchas feel they can do little, if anything, to challenge or modify the decisions taken by the sarpanch.

These variables were consistently significant in alternative specifications of the regression model. And no other variables achieved significance in any alternative specification. Social Group is not significant whether it is considered as an overall category with values ranging from low to high (model 1 and other specifications) or even when the different caste groups are considered as separate dummy variables (model 2 and other specifications).

Interactive variables considered in the previous analysis of political activity among ordinary villagers were also considered here, but none of these variables achieved significance under any alternative specification.

We again checked for different participation rates in different aspects of panchayat activity. Dividing our questions into attendance (L8 and 9) and participation in decision making (L10,11\_13) we constructed a narrow index of participation in decision making. Table 13 reports on regression results. Variables achieving significance do not differ markedly, neither do the values of their coefficients.



Table 13: Considering as dependent variable the narrow 100-point Index of Involvement of PRI representatives in meetings

	MODEL 1	MODEL 2
Intercept	12.60 (12.92)	24.12* (10.99)
INDEPENDENT VARIABLES <sup>192</sup>		
Gender	-16.47*** (4.72)	-15.58** (4.72)
Age (years)	0.17 (0.12)	0.18 (0.12)
Religion	4.78 (6.2)	
Social Group Ranking	2.14 (1.41)	
-- SC		-0.68 (1.94)
-- ST		-5.12 (6.29)
Education (years at school)	1.66*** (0.47)	1.73*** (0.47)
Landholding (hectares)	0.25 (0.31)	
-- Landless		-8.56* (4.24)
Access to Information (no. of sources)	3.91**** (0.89)	4.06**** (0.87)
Sarpanch	15.29** (4.87)	16.14*** (4.77)
Up-Sarpanch	2.75 (4.73)	1.60 (4.71)
State (dummy)	6.78* (3.33)	7.40* (3.40)
N	191	191
R <sup>2</sup>	0.469	0.471
Adj-R <sup>2</sup>	0.44	0.443
F-value	16.01	16.16
F-probability	<0.0001	<0.0001
Note: Standard errors are reported in parentheses. *p<=.05 **p<=.01 ***p<=.001 ****p<.0001		

Gender, tribal origin, landlessness, education and access to information are thus all significant in determining peoples inclusion in the democratic process which occur both within and outside of the gram panchayat.

<sup>192</sup>

Independent variables are coded in the same manner as was done for Table 3 above.

### 3. WHO SHARES IN SERVICES AND BENEFITS

Laws relating to PRIs in both Rajasthan and Madhya Pradesh make gram panchayats primarily responsible for performing a set of municipal and development functions. Sections 49 and 54 of the Madhya Pradesh Panchayat Raj Act, 1993 and Sections 33 and 41 of the Rajasthan Act of 1994 indicate a list of services and programs that gram panchayats are required to provide in each village. Authority and resources for undertaking some of these functions have been delegated to gram panchayats for many years, while other functions have been delegated more recently, and some more are yet to be given over by agencies of the state government.

In the first part of this section, we will record the outcomes of our intensive survey. In the second part we use survey data for all 53 villages to examine patterns of exclusion in relation to activities and functions commonly performed by gram panchayats in both states.

#### 3.1 Which Households Perceive Themselves as Excluded from Benefits?

On the basis of information gathered during our intensive study, we made an assessment of which types of households are likely to be excluded from benefits. This investigation focused on the two major economic benefits of the panchayat, i.e, the housing scheme (*Indra Awas Yojana*) and subsidized loans.<sup>193</sup>

In the intensively studied Panchayats it was found that certain categories of households were systematically excluded from these two benefits. A summary of households that tend to be excluded follows along with some illustrative examples.

All 20 *female-headed households* interviewed were excluded from these benefits in all the eight Panchayats. A household's access to information and political integration into community life in rural India depends on men. Thus, the absence of a male head will directly impinge upon a woman's access to benefits.

"My husband died about 15 years ago. I have two young sons and a daughter. I and my son go out for labor work early every morning and return late in the evening. I have no idea of what happens in the Panchayat and how they take decisions. I have approached the Wardpanch several times for a loan, but nothing has happened. We have nobody to tell us the right way. Had my husband been alive he would have mixed with the other men and found out".  
*An SC Widow in Ajmer district*

Out of the 35 *migrating households*<sup>194</sup> interviewed 31 (88percent) had never received any individual assistance from the Panchayat. Like female-headed households they are too, but to a lesser extent, lacking influence and extensive networks in the village due to their frequent absence.

"I am uneducated. I do not know how the Panchayat is run. I go out of the village for labor work for about six months and so do my close relatives. People who are in the Panchayat call me for work in their fields when I am here – not to the Panchayat. I never got any benefits from the Panchayat. You have to be here and have time to be involved in village affairs to gain something".  
*A migrating blacksmith from Ajmer district*

<sup>193</sup> This is formerly known as IRDP. Since 1 April 1999 this scheme as well as TRYSEM, DWACRA, SITRA, GKY, have been clubbed into a holistic scheme titled Swarnjayanti Gram Swarozgar Yojana (SGSY) – village self-employment scheme (Government of India, 1999).

<sup>194</sup> 21% of all households interviewed in the intensive survey had members who migrated for more than a week at a time and for more than a month a year for work.

Households which have few (male) *extended kin* were also found to often be deprived selection of beneficiaries. Absence of relatives who can inform and assist you to access benefits increases exclusion. Only 11percent of those interviewed immediately gave this as a cause of lack of benefits. However, it became a recurrent theme as interviews progressed and during group discussions.

“ I have tried to get a house from the Panchayat for many years. I am one of the few people in the village who live in a rented house. This is my deceased wife’s village. I know people here, but not very closely. She also had few family members here. I have no links with any elected people. They will never give me a house.”

*A daily wage laborer in Neemach district*

Households which lack a *good relationship with the Sarpanch* are also commonly subject to exclusion from individual benefits. A relationship with the Sarpanch is built on, for instance, blood relations, share-cropping, labor relations, a broad patron-client relationship, or simply belonging to his (or her husband’s) circle of friends [and – very important – to the FACTION that supports the sarpanch’s re-election]. Out of all the people interviewed 33 % stressed the relationship with the Sarpanch to be crucial.

“I used to work in the fields of the Sarpanch a few years back. Then I got a job as a tractor driver for another big landowner. I had applied for a loan to purchase buffaloes. When I worked for the Sarpanch he said he would get it for me as he had done for other people who worked on his farm. I never got a loan while others did”.

*A tractor driver in Ujjain district*

“People who have big households always have one member who has some time and money to spend on drinking with the Sarpanch – they are the ones who get benefits. They got houses and loans. We have few household members who are all busy in managing our livelihoods”.

*A group discussion in Neemach district*

The above highlights the importance of social and political relations. These give access to networks at the inter-household and community level and are important for obtaining benefits from the Panchayat. Households that lack these vital ties tend to be excluded.

### **Are these the most vulnerable households?**

We continued this analysis of which households are excluded from these two benefits of the gram panchayat through an analysis of the vulnerability positioning of households.

Poverty is considered most usually in terms related to wealth and income.<sup>195</sup> Such measures though are rarely adequate in reflecting the struggle waged by many of the poor in securing their livelihood.

The concept of vulnerability is used to assist understanding of situations in which livelihood stability is frequently endangered. High levels of vulnerability are commonly associated with those households that are defenseless against cyclical fluctuations in natural processes and unforeseen expenditures and that lack a modicum of physical security and adequate coping

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<sup>195</sup> In India, income level is the major criterion for participation in individual benefit schemes implemented by the Panchayat. Households that are determined to have incomes Below Poverty Line (BPL), assessed in terms of lack of a *pukka* (i.e, not *kuccha* or mud-built) house, not having any regular government job, and ownership of less than one hectare of land (adjusted for land quality). A list of BPL households is made up every five years. Verification of eligibility is cursory at best. *(DS still to find a reference for this).*

mechanisms. The aim of development interventions is not only to reduce poverty by increasing income-earning capacity but also to diminish vulnerability by reducing risk and uncertainty and by strengthening the capability of the poor for dealing with fluctuations in their external environment.<sup>196</sup> Both the wealth (using landholding as a proxy) and vulnerability aspects of poverty are considered in the present analysis. Vulnerability is considered in this section with the help of evidence obtained from the intensive study. Wealth and income are considered in the next section, which examines the survey data compiled for all 53 villages. Not surprisingly – and corresponding with these two different images of poverty – the results of analysis vary considerably between these two sections.

*Poverty and Exclusion from Benefits (Vulnerability as the Criterion of Poverty).* To understand which households are classified as poor in terms of vulnerability a ranking exercise was carried out with villagers of different socio-economic backgrounds. Each informant was asked to rank individually the households of the village according to a simplified definition of vulnerability used across all the Gram Panchayats; i.e., households who have problems to manage their livelihoods or their daily sustenance, who have problems in coping with any crisis such as drought, crop failure or if a member becomes seriously ill. Subsequent to this exercise the informants were asked to explain the indicators of vulnerability of each category of households.<sup>197</sup> A summary of the most common factors that cause households in the various localities to be vulnerable or, the opposite, livelihood secure, is presented below. It should be emphasized that the degree of vulnerability varies between the Panchayats depending on the larger livelihood context. A household considered to be very livelihood secure in, for example, tribal Dungarpur may be less livelihood secure in the agriculturally progressive Ujjain. This table does not account for such cross locational differences.

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<sup>196</sup> The guidelines for the new national village self-employment scheme (SGSY), implemented through the panchayat, mentions reduction of vulnerability as a specific goal (Government of India 1999).

<sup>197</sup> This ranking method originates from wealth-ranking (see Grandin 1988).

Table 14: Household vulnerability

Vulnerability status	Types of households/ vulnerability indicators
Not at all vulnerable/ Very livelihood secure	one or more members have good employment with the government (e.g. teacher, police) or private sector (lawyer, bank) which gives income security; most of these households also have productive land which they are able to continuously invest in large businessmen and shop-keepers of whom many also have land those who have no other source of livelihoods than farming, but who have plenty of productive, irrigated land; many of them have inherited property
Not vulnerable/ Livelihood secure	those who have productive land and good supplementary livelihood sources such as regular employment (NGO, factory, driver); self-employed (tailors, shop-keepers, flour-mill owners, dairy producers; artisans such as carpenters, blacksmiths); or at least one member has a government job (e.g. clerk, guard); these are often older households with grown-up sons who are engaged in these additional livelihood activities those with very productive land and good irrigation sources
Vulnerable	new households who have, as a result of property fission, lost access to productive assets like wells, irrigation, livestock, and better land – these households consist of young people with less experience of farming those with little and rainfed land and who lack supplementary incomes female-headed households with irrigated and productive land men without wives (lack of labor) those who lack income besides land landless with regular employment large households without enough earners and with little and unproductive land
Very vulnerable	landless households who have no other regular income sources, but are dependent on daily wage labor those in which most members migrate due to land scarcity or insufficient productivity of land, and who are not earning enough to make any productive investments in their land female-headed households without regular income sources and marginal land those in which one of the main earners is physically or mentally disabled those who lack family or extended kin who can guide and support them at the time of any crisis elder households without sons who can or are willing to contribute economically large households with little productive land or any additional regular supplementary income or few working members

Looking into the relationship between vulnerability and individual benefits, the data from the case studies suggests that a mixture of vulnerable and non-vulnerable households are receiving benefits. Out of the 169 individuals interviewed, 87 (51 percent) were ranked as belonging to vulnerable or very vulnerable households. Out of these 87 households 40 (46 percent) had received benefits (i.e. house or loan subsidy) from the Panchayat. Out of the 82 households classified as non-vulnerable, 31 (38 percent) had received benefits. When probing into the social and political profiles of some of the 71 beneficiary households, vulnerable as well as non-vulnerable, it could further be seen that these were generally socially and politically well-integrated into the village and Panchayat. None of them were female-headed and none of them migrated seasonally. Many of them had large extended kin in the village and several also had a good relationship with the Sarpanch.

In order to get a more holistic view of vulnerability and individual benefits, the vulnerability status of all the households benefiting (house or loan subsidy) between fiscal year 95/96 and 98/99 were looked into in one Panchayat in Dungarpur district. Out of a total number of 95 beneficiaries (DRDA, 95/96 to 98/99) it was found that 50 (52 percent) were identified as belonging to vulnerable categories (based on the villagers' ranking). Table 13 below clearly illustrates the spread of the beneficiaries according to villagers' perceptions of vulnerability

Table 15: Vulnerability status of households benefiting from housing and loan schemes in a Panchayat in Dungarpur district

Vulnerability status	Number of households
Not at all vulnerable/ Very livelihood secure	20
Not vulnerable/ Livelihood secure	25
Vulnerable	27
Very vulnerable	23
Total	95

In sum, this sub-section indicates that vulnerability, understood as a state of poverty, is not entirely well targeted when it comes to individual benefits. Livelihood-secure households are often included from the benefits of these schemes at the expense of more vulnerable households. Rather than being strictly informed by poverty social and political connections come into play when benefits are distributed. Despite being stated in official policy as an important criterion for identifying beneficiaries the vulnerability position of households is given limited attention in practice

From a consideration of poverty in terms of vulnerability, we turn now to consider it in its more conventional sense, i.e., in terms of wealth. For the purposes of the extensive survey land was assumed to be the key indicator of wealth in these rural areas. We therefore use landholding as a proxy measure to consider how benefits from poverty reduction schemes are distributed among households.<sup>198</sup>

### 3.2 Wealth and Exclusion from Benefits

Targeting of panchayat-based delivery systems is usefully placed in perspective by considering broader patterns of inclusion or exclusion. Therefore, before considering exclusion specifically in relation to the benefits of poverty reduction schemes we analyze the more general patterns of exclusion and inclusion with respect to a broad group of 12 goods and services, provided commonly in all villages by agencies of the state. Gram panchayats are responsible for providing only a subset of these 12 goods and services.

In the extensive study, each of our 2,013 respondents was asked whether these services are availed equally by all village residents and also whether they felt that they were themselves

<sup>198</sup> We also considered animal wealth (numbers of farm animals) and type of house (*pukka* vs. *kaccha*) as alternative measures of household wealth. These three measures are highly correlated, however, as one might expect, so results of regression analysis are reported that use landholding as an independent variable.

relatively excluded from any or all of them. Table 16 reports these results summarized over the entire sample.<sup>199</sup>

Table 14: Exclusion and Inclusion from Different Benefits and Services<sup>200</sup>

	Numbers reporting they are not excluded	Numbers reporting they are excluded
14.1 Education/schools	1,995	14
14.2 Health services/clinics	1,749	199
14.3 Subsidy/loan programs	664	1,286
14.4 Housing assistance	626	1,315
14.5 Water supply	1,715	287
14.6 Agricultural extension	1,256	608
14.7 Job training/ employment generation	887	1,066
14.8 Credit/finance	1,043	918
14.9 Justice/ conflict resolution	1,460	507
14.10 Transportation	1,905	77
14.11 Security	1,460	502
14.12 Contacts with higher officials	991	981

(Numbers in bold letters relate to services or benefits for which a large number of responses, two-thirds or more, fell within one or the other category.)

The broad group of 12 benefits and services can be classified with the help of these data into three separate categories relating, respectively, to mild or no exclusion, moderate exclusion, and relatively severe exclusion.

The first category – Mild or No exclusion – includes schools, health facilities, drinking water, and transportation that are regarded as being fairly and equitably distributed by 85 percent or more of the respondents. School facilities and transportation are clearly at the top of this list. In both cases, less than five percent of respondents report feeling any sense of personal exclusion.

Moderate exclusion is seen in respect of agriculture extension, credit and finance, justice and conflict resolution, security, and contacting higher officials. More than one quarter but less than half the respondents felt they had been excluded from these services.

<sup>199</sup> Question B14 (of Annex 4) asks respondents about exclusion in general: Are any groups in the village excluded from these 12 benefits and services? Question B16 asks the same questions again, but this time in respect of the respondent's personal situation: Did the respondent feel herself or himself personally excluded from any of these services and benefits? Responses to these two separate questions are very closely related to each other. Correlation coefficients are greater than 0.9 for each corresponding sub-question of B14 and B16, suggesting that answers to these questions are interchangeable and either one can be used in analysis without affecting the overall results. Table 5 reports the results of question B16, reflecting respondents' sense of personal exclusion.

<sup>200</sup> Numbers in each row do not always add up to the full complement of 2,013 respondents. These differences are accounted for by missing entries; some questions were not answered fully by all respondents.

Majority exclusion is reported, on the other hand, for the three activities – loan and subsidy programs, housing assistance, and job training and employment generation – that constitute the core of the poverty alleviation initiatives implemented by the state with the help of PRIs. In each case, between one-half and eighty percent of respondents felt that they and their families had been excluded from the corresponding service.

The issue to examine, however, is *who* is excluded. What demographic and socioeconomic dimensions are most significantly associated with exclusion from loan and subsidy programs, housing assistance, and wage employment in public construction projects? Gram panchayats are solely responsible for the first two of these activities, and they are a primary source of wage employment, though some other government departments, such as the Forest and Irrigation Departments, also provide some employment opportunities through small-scale projects implemented in the village. However, at the time field work was undertaken the Jawahar Rozgaar Yojana (JRY) was the major funding source for generating wage employment opportunities in villages. 80 percent of JRY funds were earmarked for gram panchayats and transferred directly to their bank accounts.

We inquired from respondents regarding which of these three benefits they felt themselves excluded from. Nearly 41 percent of respondents (785 of 1,930 reporting) said they felt themselves excluded from the benefits of all three of these poverty-reduction schemes. This proportion is considerably higher among women, however: 30.1 percent of men but 51.1 percent of women felt themselves excluded from all three of these benefits. Gender, which was significant in the analysis of participation in panchayat's activities, continues to be significant when exclusion from poverty-reduction benefits is considered.

Wealth and caste are not significant. Table 17 below reports the results of regression analysis when exclusion from poverty reduction benefits is considered as the dependent variable. High scores on the dependent variable correspond to higher exclusion.



Table 17: OLS Regression of Exclusion from Poverty-Reduction Benefits<sup>201</sup>

Intercept	2.24**** (0.25)
INDEPENDENT VARIABLES <sup>202</sup>	
Gender	0.27**** (0.06)
Age (years)	0.0002 (0.002)
Religion	0.07 (0.14)
-- SC (dummy)	0.05 (0.06)
-- ST (Dummy)	0.25*** (0.08)
Education (years at school)	-0.03**** (0.008)
Landholding (hectares)	-0.014 (0.09)
Outside Job (dummy)	-0.087* (0.042)
Access to Information (no. of sources)	-0.14**** (0.02)
State (dummy)	-0.06 (0.05)
N	1,867
R <sup>2</sup>	0.32
Adj-R <sup>2</sup>	0.30
F-value	26.81
F-probability <sup>203</sup>	<.0001

Gender, ST, Education, Information, and Outside Job are the four independent variables that are significant for the analysis of exclusion from poverty-reduction benefits. Age, religion, wealth (measured as landholding), and state are not significant, even among alternative specifications of the regression model.

Women feel themselves excluded to a considerably higher extent than men. Among people of different social groups, however, only Scheduled Tribes feel themselves significant more excluded. Scheduled Castes, Backward Castes, and other middle and upper caste persons do not feel themselves more excluded than all village residents, on average.<sup>204</sup>

<sup>201</sup> Mean for the dependent variable = 1.82, standard deviation = 1.18, skewness= -0.47.

<sup>202</sup> All variables are coded in the same manner as they were for the previous regression tables.

<sup>203</sup> Multicollinearity is low to moderate as shown by the condition indices, which are less than 16 in either case. Pairwise correlation coefficients are all less than 0.5. Heteroskedasticity is not in evidence, as measured by White's general test.

<sup>204</sup> The variable Social Group Ranking does not achieve significance.

Wealth (as measured by landholding) is also not significant for this analysis. Neither the overall landholding variable nor the dummy variable for Landless achieved significance among any of several alternative specifications of the regression model. But this finding is hardly encouraging. Poverty-reduction schemes are intended exclusively to benefit the poor, so one should expect to find a significant *negative* association between wealth and exclusion from benefits. The absence of any such relationship lends support to the apprehension, often voiced by observers, that the poor are not the exclusive beneficiaries of these schemes. Lacunae in targeting have resulted in a wider dispersion of program benefits, and some less poor villagers have also availed themselves of loans, subsidies, and employment assistance. Combined with our earlier finding – that the most vulnerable villagers often get no benefits and less vulnerable households are advantaged to a greater extent – the observed lack of a negative association between wealth and exclusion from benefits provides another indication that the poorest and most deserving households may not be receiving the benefits due to them.

Education continues to be an important influence on exclusion. More educated persons feel excluded from a smaller number of poverty-reduction benefits.

Access to Information is once again revealed to be a significant and sizeable influence on exclusion. Access to a larger number of information sources is negatively associated with exclusion, implying that persons who have relatively higher access to information are likely to feel excluded from fewer poverty-reduction benefits.

Holding an Outside Job with a government or a private sector agency is also associated with lower exclusion from facilities. A likely reason for this association has to do with the greater information that is available to persons who regularly make contact with the world outside the village. Being better informed, households that have even one member in regular contact with the outside world are able to exercise their rights more vigorously than others.

#### **4. EXCLUSION AND PERFORMANCE IN DIFFERENT TYPES OF VILLAGE**

Is exclusion significantly greater among people who live in villages that are less well connected by roads and other infrastructural facilities? Does the size of village population have any effect on exclusion? Does the presence of other development related or governance organizations have any effect on participation in panchayat activities? Do reservations reduce exclusion of traditionally marginalized groups?

Features related to individual respondents – gender, social group, wealth, education, information – have been examined to assess their impact on inclusion in the activities of the gram panchayat. This section considers the effect of *village* characteristics on inclusion in panchayat activities. We address this in three ways: first through regressing village-level and demographic features against our broad index of participation for the entire population; second, through assessing whether those villages having reservations for women or SC/STs have higher rates of inclusion of those specific social groups; and third, by assessing the effect of the presence of other village level organizations on participation in panchayats.

##### **4.1 Demographic Features**

Data already presented demonstrate that in our study population participation rates are higher on average among individual villagers who are male, non-ST, educated and well informed. Those

who do not share these characteristics – in particular, women, STs and the uneducated – tend to comprise the category of relatively excluded villagers. We return in the following analysis to our original broad 100-point Index of Political Activity. In addition to the individual-level variables that were used earlier (in Table 18), village-level variables are also introduced into this analysis. Table 18 below reports the results.

Table 18: OLS Regression of the Index of Political Activity:  
100-point Index of Political Activity is the Dependent Variable<sup>205</sup>

	Coefficient	Standard Error
Intercept	49.29***	3.85
INDEPENDENT VARIABLES		
<i>(a) Village-Level Variables</i>		
Population (Number of Households)	0.004	0.005
Distance to Market (kms.)	-0.03	0.09
Distance to Gram Panchayat HQ (kms.)	1.25**	0.43
Distance to High School (kms.)	0.59**	0.21
Reservation for Sarpanch		
-- SC	0.82	2.97
-- ST	-6.39**	2.71
-- WOMAN	0.53	1.75
<i>(b) Individual-level Variables</i>		
Gender	-25.23****	1.52
Social Group Ranking	-1.29	1.56
Landholding (hectares)	0.17	0.22
Access to Information	6.0****	0.48
State (dummy)	5.41*	2.44
N	1,553	
R <sup>2</sup>	0.417	
Adj-R <sup>2</sup>	0.413	
F-value	91.85	
F-probability	<0.0001	
<i>Note:</i> Standard errors are reported in parentheses. *p<=.05 **p<=.01 ***p<=.001 ****p<.0001		

Population size is not significant in affecting participation in political activity.<sup>206</sup> The coefficient for this variable is consistently not significant in alternative specifications of the regression model.

Social Group ranking is also not a significant influence. We employed different variables to assess the effects of social group composition (percentage of SCs, percentage of STs, proportion

<sup>205</sup> Multicollinearity is low to moderate for the regression model (Condition index=17.4), and heteroskedasticity is not in evidence. Individual-level variables have been coded as before.

<sup>206</sup> We use number of households as a proxy variable for village population. Population figures are available only for the 1991 census and are therefore almost ten years old. Since it was physically impossible to enumerate population for each village, we relied, instead, on collecting data for number of households in each village in the sample.

of upper castes to the total of SCs and STs, etc.), but none of these variables was at all significant in any alternative specification of the regression model. This conclusion reinforces the one that was derived earlier in section 1, namely that caste and social group are not very important insofar as participation in political activity is concerned (apart from the important exception of STs).<sup>207</sup>

Infrastructure is also not very important. With the sole exception of school facilities, reported below, none of the infrastructure variables was significant in regression analysis. The results for the variable, “Distance to Market,” are reported in the table above. Additionally, we looked at some other infrastructure variables related, respectively, to water, electricity, post and telegraph, link roads, and transport facilities. None of these variables was significantly associated with the dependent variable, either individually or in combination with any of the others.

Distance from Gram Panchayat HQ is significant, however, and our data indicate that people who live in villages that are also panchayat HQ participate more actively, everything else being equal, compared to residents of villages that are located some distance away from panchayat HQ. A village that is located ten kilometers away from panchayat HQ tends to score 12.5 points lower on the political activity scale, which gives an indication of the handicap that people face when panchayats are composed of scattered villages.

Education continues to be a significant influence, as shown by the variable “Distance to Secondary School”. Most villages have a primary school close at hand, usually one or more primary schools are located within each village; middle schools are also located usually no more than two to three kilometers from any village. Differences between villages in terms of educational facilities are most apparent, however, when comparisons are based upon distance to secondary (or high) schools. In the sample of 53 villages considered for this analysis, this distance ranges from zero to 25 kilometers. Everything else being the same, the difference in political activity scores between these two villages would be 15 percentage points.

Comparisons among villages indicate that Distance to Gram Panchayat HQ and Distance to High School are the two most significant variables associated with differences in participation levels. While distance to high school is familiar from the previous analysis in Section 1.1, where education was seen to be an important correlate of participation; distance to gram panchayat HQ is an entirely new variable that comes up when political activity levels are compared among villages.

Among the individual-level variables considered here, Access to Information continues to remain significant, as it was before in Section 1. As we noted previously, education and information are not closely correlated with wealth or with high social rank, indicating that the significant policy impacts can be achieved by focusing upon these two areas.

Finally, the regression enabled us to assess the effect of reservation policy on participation levels in different villages.

Reservation Policy: Among the reservation variables, no significance was achieved by WOMAN and SC, implying that panchayats where the position of sarpanch is reserved for women or for SCs, respectively, are not likely to have any significantly higher (or lower) levels of political activity by the population in general.

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<sup>207</sup> We do not report these results here because these variables are closely correlated with the three Sarpanch variables that are used here. Because of statutory provisions, percentage of SCs is likely to be comparatively high, for instance, in panchayats where the position of sarpanch is reserved for a SC person.

However, participation in political activity is significantly lower in panchayats where the position of sarpanch is reserved for Scheduled Tribes. Villages that belong to such panchayats tend on average to score between six and seven points lower on the 100-point scale. This finding is consistent with the earlier one indicating that individuals belonging to STs participate considerably less than those belonging to other caste groups. A dummy variable for Dungarpur district was included within the analysis to check whether STs participate to any greater extent in villages and panchayats where they are in a majority – Dungarpur is a ST-majority district and more than 80 percent of the panchayats in this district have STs as the majority group – but this variable was not separately significant in analysis.

Analyzing distribution of benefits produces results that are no different from those provided here for participation. As we saw earlier in the case of individual-level analysis, the variables that are associated with higher participation rates are also implicated in the analysis of service distribution. A similar situation exists when the distribution of services and benefits is examined with the help of village-level data. The factors that are significantly associated with participation levels – Distance to Gram Panchayat HQ, Distance to High School, and ST – are the same as those that are associated significantly with service distribution. For the sake of brevity, therefore, we do not reproduce the entire analysis related to the latter dependent variable.

#### **4.2 Are Reservations Effective?**

Given the overriding concern of this study, inclusion of marginalized groups, it is interesting to consider how participation rates among these groups – STs and women -- have been affected as a result of the reservation policy. Do participation rates among women increase significantly when the position of sarpanch is reserved for a woman? Do STs participate more actively when one of their own is sarpanch? The variables, gender and ST, have been consistently significant for all aspects of exclusion considered so far – indicating that women and STs make up significant parts of the population that is relatively excluded. To what extent has the policy of reservation succeeded in reversing these historical liabilities? We consider this question by comparing between two subsets of villages – those where the position of sarpanch is reserved

for women or for STs, and those where no such reservation is in place.<sup>208</sup>

Table 19 below is constructed by considering two datasets separately. The first dataset, (Column 1) relates to those nine villages where the panchayat is headed by a female sarpanch. The second dataset (Column 2) relates to the remaining 44 villages where the position of sarpanch is not reserved for women. Participation rates are compared among women within each of these two datasets.

No dramatic changes in participation are apparent when the two samples are compared. A relatively smaller proportion of women fall within the lower third category in the nine reserved villages – 47 percent – compared with 53 percent for the 44 unreserved villages. However, the proportion of women in the upper third category is almost the same (about 11 percent) for each of these two sets of villages. The difference of about six percentage points is made up by the greater

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<sup>208</sup> We also conducted similar analyses for villages where the position of Sarpanch is reserved for SCs and OBCs, respectively. As could be predicted given the previous analysis, however, participation rates in these two types of panchayats do not differ to any significant extent from those observed in all panchayats in general. We focus in this section on the two components of village population – women and STs – whose participation rates are revealed to be substantially lower on average.

proportion of reserved-village women who fall within the middle category (42.5 percent, compared with 36 percent in unreserved villages).<sup>209</sup>

Table 19:. Participation Rates Among Women in Reserved and Non-Reserved Panchayats

Participation Scores:	(1) Women in 9 villages with female sarpanchas (n=176)	(2) Women in 44 villages without reservation for sarpanchas (n=825)
Lower Third	83 (47%)	436 (53%)
Middle Third	75 (42.5%)	298 (36%)
Upper Third	18 (10.5%)	91 (11%)

Similarly, no spectacular differences become manifest when we compare participation rates for STs in reserved and unreserved villages. Column 1 of Table 20 reports participation rates among STs in 8 villages where STs are sarpanch. Column 2 reports participation rates for STs in all 53 villages. Once again, some differences do exist for the two categories of villages, but these differences are not large enough to indicate that the reservations policy has so far produced any statistically significant effects.

Table 20:. Participation Rates Among STs in Reserved and Non-Reserved Panchayats

Participation Scores:	(1) STs in 8 villages where STs are sarpanchas (n=171)	(2) STs in all 53 villages (n= 301)
Lower Third	44 (26%)	100 (33%)
Middle Third	77 (45%)	125 (42%)
Upper Third	50 (29%)	76 (25%)

Reservations are a useful corrective for a situation where women and STs have traditionally been kept apart from public life and where differences of gender and tribe still count a great deal in explaining individuals' relative participation in public decision making. The impact of reservation has been relatively slow, however, and five years of reservations have not been enough to produce any considerable dent upon customary patterns of exclusion.

In addition to examining the impact that reservations had on inclusion we also looked at whether or not there was any difference in performance between representatives from reserved groups and

<sup>209</sup> The chi-square statistic is only 2.63, indicating that these two samples of 9 and 44 villages do not relate to populations that have any significantly different characteristics.

those drawn from the rest of the population. Eight sets of activities that gram panchayats are responsible for in both Madhya Pradesh and Rajasthan are considered here. These are as follows:

- two items relating to primary schools (items B13\_1 and B13\_2: supervising teachers and repairing school buildings);
- one item related to employment generation (B13\_11);
- two items related to IRDP-type assistance (B13\_12 and B13\_13); one item related to Indira Awas housing assistance (B13\_14);
- one related to physical security in the village (B13\_16);
- one related to social and community works (B13\_17).

A 100-point Index composed of these eight items has the following associations with independent variables – Table 21 below.

Table 21: OLS Regression of Panchayat Performance (considering eight activities): 100-point Index of Satisfaction is the Dependent Variable

	Coefficient	Standard Error
Intercept	-37.68*	17.03
<b>INDEPENDENT VARIABLES</b>		
Population (Number of Households)	0.02	0.015
Distance to Market (kms.)	-0.21	0.31
Gram Panchayat HQ (dummy) <sup>210</sup>	-3.78	5.38
Reservation for Sarpanch		
-- SC (dummy)	-6.75	7.15
-- ST (dummy)	-9.58	9.76
-- WOMAN (dummy)	-4.27	5.83
Access to Information (average sources for village)	22.17***	5.68
Average Education among Public Representatives (years at school) <sup>211</sup>	0.39	2.87
State (dummy) <sup>212</sup>	1.29	6.31
N	52	
R <sup>2</sup>	0.578	
Adj-R <sup>2</sup>	0.490	
F-value	6.55	
F-probability	<0.0001	
<i>Note:</i> Standard errors are reported in parentheses. *p<=.05 **p<=.01 ***p<=.001 ****p<.0001		

<sup>210</sup> Dummy variable, coded as follows: 1 if the village is located at gram panchayat HQ, zero otherwise.

<sup>211</sup> Refers to item D8 of Annex 7, and it is calculated here as an average for all PRI representatives interviewed in each village.

<sup>212</sup> Coded as before: MP=0, Rajasthan = 1.

The variables, Population and Average Education among Village Representatives are not significant for this analysis of public satisfaction with their Sarpanch's performance.

The variable that is significant and with a numerically high coefficient is Access to Information. Public Satisfaction is higher in villages where residents have access to more sources of information.

None of the three reservation variables was significant in regression analysis, even among alternative specifications of the model, indicating that average satisfaction levels are not significantly different between general panchayats and those reserved for women, ST and SC candidates, respectively. Even though the signs of these coefficients are all negative – lending some partial truth to the assertion that reserved panchayats are less effective than unreserved ones – standard errors are also high for these variables. This suggests that while some among the reserved panchayats perform very poorly, others of the same type perform well enough to restore average performance to comparable levels. More than reservation type, some other characteristics of sarpanchas, particularly education levels, are relevant for understanding relative performance levels.

#### **4.3 Presence of Other Organizations**

Another characteristic of a village, which may affect participation in panchayats, is the presence of other organizations. We sought to test the hypothesis that where other village organizations were present panchayats would display higher rates of political and social inclusiveness, higher rates of social cohesion and an increased propensity for collective action. Therefore, in the intensive study we examined the impact of both self-evolved village organizations, e.g., religious groups and traditional village councils, and also externally invoked village organizations,<sup>213</sup> such as those that were set up in the course of implementing particular sets of development activities (watershed committees, women's savings groups, and education committees).

In each of the eight Gram Panchayats studied in the intensive phase, multiple local organizations of both types were found to be prevalent. However, the presence of such other forms of organizations had no impact on more broad-based social or political inclusiveness in the Panchayat. This finding is derived from respondents' comparisons of their participation in other organizations and in the Panchayat. The text box below gives insights into the discussion and explanations given by people.

Based on the above brief comparisons between the panchayat and other village organizations it appears that the prevalence of other forms of organizations does not have any immediately observable impact upon participation in the panchayat. The reason for this is by and large related to the earlier explanation that the panchayat is not valued as a useful organization by villagers. Most people have few stakes in the panchayat, thus participation levels are low in nearly all cases.

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<sup>213</sup> Village organizations are here defined as organizations where participation is not restricted to smaller social groupings such as caste or occupation but in which participation is in practice open to all villagers. Some of these organizations may, however, have a gender bias as well as reflect community politics more generally.



### Box 3

A group of women in a village in Ujjain district discussed the fact that they did not participate in the gram panchayat but did in a religious group: “We’ve had a religious group for women for the last five years. It is for all castes. We assemble at festivals and other occasions at the village temple. It is nice to maintain and spread religious ideas. We also get a chance to gossip with other women. The Panchayat is not for us. Nobody has asked us to attend the Panchayat. Men take care of all that. We are also not very interested. We have other things to do. Women in our village are not supposed to move here and there. We cannot sit with all the men. There is no purpose for us also to go to the Panchayat. If really there are any benefits the Upsarpanch will tell us”.

Similarly, in tribal Dungarpur district two women said that they did not go to panchayat meetings but did belong to a women’s savings group. They commented that: “The savings group has a purpose. All women meet to deposit money and to decide on who can take loans. We will get benefits. There is no work for the individual in the Panchayat, and especially not for women. What will we gain from participating there? Whether we go or not does not make a difference”.

A landless daily wage laborer in Neemach district discussed the role of the Panchayat and why the traditional village council continued as a separate and more influential organization: “Our old way of solving conflicts still work because people have little faith in the police and other outsiders. If anyone calls me to assist in solving a conflict it is my duty to go and help fellow villagers. The Panchayat- what will it do for us! Why should I waste my time! I will not gain by going there. If at all I will gain from the Panchayat it is only by knowing the certain people”.

Unlike the panchayat, invoked or self-evolved village organizations have not been established with the intention of improving village inclusiveness, unity and mobilization more generally. They have been set up or evolved around their own limited purposes and objectives and there is currently no expectation that collective action invoked by any one of these organizations can be usefully transposed into the setting of the panchayat. Thus, villagers have no expectation that the cohesiveness found within a women’s religious group or a women’s savings group will be reflected in increased participation of women in the panchayat. Similarly, the presence of an equitable traditional village council or a village land development committee does not automatically or immediately translate into more broad-based participation in the Panchayat <sup>214</sup>

## 5. SUMMARY

This summary is presented as a series of points, each drawing on the data and analysis of the preceding section.

### 5.1 Low levels of interest in the panchayat as an instrument of democracy and development.

Villagers voted in panchayat elections, but high turnouts were not indicative of an overwhelming interest in the democratic processes of local government. Social solidarity, avoidance of tension within the village, bribery, fear of exclusion from below poverty line lists, – and often simply the thrill of participating in the festival of elections -- are factors that influence people’s decisions to vote. People’s choice of candidate was based on even more complex concerns. These took into account both personal attributes (education, trustworthiness, age, gender – if female) and broader considerations (the candidates household’s overall economic and social position, economic relations between the candidates household and the voters household; the strength of the candidates households patronage relations; bribes paid). The clear message is that while elections do occur and while people do vote, the reasons for doing so are multiple – candidate competence

<sup>214</sup> This is not to say that these organizations are fully equitable and inclusive. It was observed that many of these organizations were also entwined in local power politics. However, it is beyond the scope of this study to discuss this further.

is an important consideration, but it is certainly not the only (and often not even the most critical) consideration.

There is a disturbing indication that villagers are at present more concerned with consolidating existing economic and social relations rather than using the democratic process to change inequitable rural societies. Gram Panchayats are seen as “political” bodies, i.e., as organizations dealing with power, not with development.

Participation in other political activities related to gram panchayats – campaigning, contacting, and attendance at rallies and meetings – is substantially lower at 11 to 40 percent, than participation in voting. The percentages observed in this rural Indian context are not very different, however, than those recorded by other observers using similar survey techniques, for instance in the United States or other developing countries.<sup>215</sup> Nearly all studies on participation, including the present one, utilize people’s self-reported assessments of involvement in political activities.<sup>216</sup> There is clearly reason to be self-conscious about upward biases in respondents’ self-reported assertions but not to expect that over-reporting will be systematically higher for any particular village or group of respondents.<sup>217</sup>

Perhaps the most telling figure relating to the way the gram panchayat is perceived is that associated with attendance at the gram sabha. Just under 7 percent of respondents attended a gram sabha with any regularity. The Gram Sabha (or general assembly of the village panchayat) is the mechanism of accountability which most people are aware of and the forum at which accounts are presented (or should be presented) and discussion of resource allocation held. Other mechanisms of accountability do not work well: among the villages we studied intensively, only

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<sup>215</sup> Verba, Schlozman and Brady (1995) and Rosenstone and Hansen (1993) have used similar survey methodology for the United States, and the participation rates reported by these studies are of the same order as those we observed in Rajasthan and Madhya Pradesh villages. Bratton (1999) employs Verba, Schlozman and Brady’s methodology to scale political participation in Zambia, and reports participation rates that are a few points higher than those observed in the United States. Our extension of this methodology to rural India returns figures that are only slightly lower than urban Zambia but significantly higher than in the United States.

<sup>216</sup> We examined our methodology and in that re-visited our questionnaire. Three comments, which reflect on the adequacy of our instrument, need to be made here: first, respondents may have taken any discussion about candidates as indicative of a canvassing activity; second, in a small village, contact with panchayat representatives can be an unintentional occurrence totally dissociated from discussion of panchayat business; third, those canvassing may have done so because they were either paid to do so or were called upon to do so by patrons. This may result in some over-reporting. However, as such overreporting is likely to be consistent across the sample population it does not discredit the overall conclusions.

<sup>217</sup> There is a tendency, common to surveys undertaken in different parts of the world, for respondent to over-report participation in voting. “As is always the case in surveys,” state Verba Schlozman and Brady (1995:50, fn. 2), “the reports of voting are exaggerated... For participatory acts other than the vote, there is no analogue to the local records that make it possible to validate reported turnout...Because other forms of activity are both less frequent than voting and less firmly attached to notions of civic duty, [however,] it is possible that the problem [of over-reporting] is less severe for other activities than it is for voting.” Bratton (1999: 556) similarly finds that “as is common in other parts of the world for political acts considered to be socially obligatory, respondents in Zambia over-reported their involvement in voting.”

The expectation, in this and in other analyses, is that since campaigning, contacting and protesting are not widely considered to be socially obligatory, certainly not to the same extent as voting, participation in these activities will not be over-reported to the same extent. Further, since there are no known factors that might be responsible for causing more severe or more systematic over-reporting in some villages compared to others, the extent of over-reporting, if any, is assumed in the following analysis to be equally distributed among villages and villagers.

one vigilance committee was in evidence and this had been co-opted by vested interest groups; despite high levels of dissatisfaction there was only a single effort made to recall a sarpanch and this was subverted; and, in only one case did villagers recourse to higher authorities have any effect – and this for only a short period of time.

Discussion with villagers indicated very little interest in, and a high level of disillusionment with, the promises made following the 73<sup>rd</sup> Amendment that envisioned the gram panchayat becoming an instrument of local governance and participatory development. Gram panchayats were not valued as an organization as they brought very few benefits to villagers. People felt they had little influence in decisions made over the few benefits the Gram panchayat did have control of and there was no faith in the mechanisms available for holding representatives accountable to the electorate.

## **5.2 Males, well informed citizens and educated people are included.**

Individual villagers who participate highly in one activity related to panchayats are likely, our data indicate, to participate equally highly in all other activities. Those who are heavily involved in campaigning, for example, are also likely to attend Gram Sabha meetings regularly. A distinctive subset of villagers is more heavily involved in constituting and influencing decision making by gram panchayats. Correlating respondents' attributes against a broad index of participation demonstrated that being male, well educated and well informed was associated with consistently high levels of participation in panchayat activities

Both the villagers' as well as the representatives' data sets indicate that caste and size of landholding are not particularly relevant in relation to participation in PRIs. With the important exception of landless representatives, differences in landholding and caste membership are not associated with any significant differences in participation levels. Apart from gender, which accounts for a large part of differences in participation scores, education and access to information are the two most significant influences associated with relative inclusion and exclusion. The spread of education and the proliferation of radio, television and newspapers, especially over the past two decades, appear to have been accompanied with significant changes in village-level patterns of influence and political participation.

Ascriptive status based on caste or land ownership appears to have weakened as a source of authority in villages; and acquired status, based on education and better information has become more important in comparison. Exclusion based on caste and wealth appears to have diminished as poor and low-caste persons have acquired education and information, a phenomenon that has had the effect of eroding some advantages previously held by upper caste and wealthy villagers

## **5.3 Landless people, tribals and women are excluded.**

People who own even a small amount of land participate in activities associated with the gram panchayat. However, if a household has no land its members are less politically active. Our data do not allow us to check the relationship between land ownership and migration, but both our qualitative investigations and secondary sources indicate that households having no land tend to be those who migrate and those who migrate are often either not present when political events take place in their village or have very little interest in engaging in a process which they are unlikely to benefit from.

Across the board, tribal people (both male and female) participate less than any other group. Reservations for tribal people may be a useful way to counteract the exclusionary trend over the

long term. Over the short space of five years since reservations have been implemented, however, no directly visible impact has yet resulted, either in terms of participation rates or even as concerns the distribution of benefits.

Gender is a key factor in determining peoples inclusion in gram panchayat activities. Women participate significantly less than men. The operation of social factors, which limit women's involvement in public affairs, is also reflected in the generally low levels of education and information that prevail among women.<sup>218</sup>

At the same time, however, education and information also suggest ways of reducing the gap between men and women that arises because of social and traditions and norms. Women who are educated and well informed are able to tide over social differences associated with gender.

Information is also critical. Table 22 below shows how participation rates among women rise considerably with higher access to information. Women who have access to a larger number of information sources participate to a much larger extent than other women who derive information from fewer sources.

*Table 22: Information and Participation among Women*

	INFORMATION SOURCES (out of six)		
<i>Participation Scores:</i>	0-2	3-4	5-6
Lower Third	196 (59%)	243 (54%)	80 (37%)
Middle Third	128 (39%)	176 (39%)	67 (31%)
Upper Third	7 (2%)	34 (7%)	70 (33%)

Women who have access to two or fewer sources of information fare the worst among all women. Information makes a considerable impact, these data indicate, toward mitigating differences in participation rates that arise on account of gender differences. Education has a similar impact on inclusion of women.<sup>219</sup>

#### **5.4 Reservations alone have limited effects.**

*"Development has been set back by at least a decade in villages where a female has been sarpanch for the last five years."*<sup>220</sup>

<sup>218</sup> Correlation coefficients between gender and education and gender and information were both of the order of minus 0.42, indicating that women are, on average, considerably less educated and they consult fewer sources of information than men.

<sup>219</sup> We ran separate regression models where we considered interactions between gender and education (gen\_edu) and gender and information (gen\_info) along with the other independent variables considered in Tables 3 and 4. Both these variables were significant at the 0.05 level in regression models. In the dataset for ordinary villagers, the coefficients for these variables are 0.9 (for gen\_edu) and 0.85 (for gen\_info). Since the corresponding coefficient for the variable, gender, is -13.4, it follows that a women who has, for example, ten years of education and who can access six sources of information is able to neutralize differences arising on account of gender alone.

<sup>220</sup> Interview with a prominent young politician, Bhilwara, Rajasthan, August 2, 1999.

Reservation of elected positions in PRIs has been supported on the grounds that it will equalize power differentials between historically privileged and under-privileged castes and between men and women. Critics of this policy allege that efficiency and performance have suffered on account of reservations. It is claimed, especially by upper-caste males interviewed, that well-qualified persons are debarred from public office merely because they happen to be of the wrong caste or gender and that the pool of eligible candidates becomes narrowly confined. Reservations for women have caused considerable consternation, in particular among upper-caste males who occupy or who used to occupy leadership positions.

Our data demonstrate that, for our study villages, levels of inclusion in activities associated with PRIs are not higher for either women or tribal people when a position is reserved for that category of person. Given that at the time of the study, there had been only one round of elections in each state since the reservation policy was implemented for women, and that it would be overly optimistic to expect an immediate behavioral response, *en masse*, as a result of legislation, this is not particularly worrying. It does however suggest that it will be very useful to track the impact of reservations on inclusion in the future.

Given the fact that it is early days yet to assess the impact of reservations on inclusion, we attempted to explore the argument that efficiency is undermined by pro-inclusive policies using another approach. The basis for this was provided by an Index of Public Satisfaction, which is compared in villages with and without reservations. The Index relates to people's perceptions of how well or poorly different services are being provided in their village. Individuals' satisfaction levels were assessed with respect to eight different services that are provided by government agencies. Some of these functions are implemented directly by gram panchayats. Other benefits and services are provided by agencies of the state government, but sarpanchas nevertheless play a key role by way of overseeing service quality on behalf of villagers.

As background to this analysis: The sarpanch is the official position holder in the village, and government officials of all departments interact more readily and more often with the sarpanch than with any other villager. Villagers consequently expect their sarpanch to play more than a direct-provision role. They also expect their sarpanch to keep other government agencies and officials accountable to the village. Individual villagers do not go to the sub-district or the district office of the concerned government agency each time water supply fails or buses do not run on time. Rather, they go to their sarpanch and they expect this official position holder to contact the government agency on behalf of the village community. Ordinary villagers are hesitant to approach government agencies on their own behalf. Illiteracy and lack of knowledge about rules and procedures combine with a sense that response from the government agency will not be adequate unless someone who has official status makes contact. In multiple contexts requiring contact with government agencies, villagers rely upon local leaders for taking the initiative on their behalf (Krishna 2000, Mitra 1992).

In addition to delivering benefits and services for which he or she is directly responsible, villagers also expect their sarpanch to mediate on their behalf with other government agencies. Of course, the sarpanch can refuse to do so – and legally he or she is not bound to discharge such functions – but such behavior reflects itself in dissatisfaction among villagers. Villagers assess their sarpanchas' effectiveness in terms of direct delivery as well as effectiveness in mediating on their behalf with other government agencies, and we assess sarpanchas performance accordingly in the following analysis.

Eight sets of activities that gram panchayats are responsible for in both Madhya Pradesh and Rajasthan are considered here. These are as follows:

- two items relating to primary schools (items B13\_1 and B13\_2: supervising teachers and repairing school buildings);
- one item related to employment generation (B13\_11);
- two items related to IRDP-type assistance (B13\_12 and B13\_13); one item related to Indira Awas housing assistance (B13\_14);
- one related to physical security in the village (B13\_16);
- one related to social and community works (B13\_17).

A 100-point Index composed of these eight items has the following associations with independent variables – Table 23 below.

Table 23: OLS Regression of Panchayat Performance (considering eight activities): 100-point Index of Satisfaction is the Dependent Variable

	Coefficient	Standard Error
Intercept	-37.68*	17.03
INDEPENDENT VARIABLES		
Population (Number of Households)	0.02	0.015
Distance to Market (kms.)	-0.21	0.31
Gram Panchayat HQ (dummy) <sup>221</sup>	-3.78	5.38
Reservation for Sarpanch		
-- SC (dummy)	-6.75	7.15
-- ST (dummy)	-9.58	9.76
-- WOMAN (dummy)	-4.27	5.83
Access to Information (average sources for village)	22.17***	5.68
Average Education among Public Representatives (years at school) <sup>222</sup>	0.39	2.87
State (dummy) <sup>223</sup>	1.29	6.31
N	52	
R <sup>2</sup>	0.578	
Adj-R <sup>2</sup>	0.490	
F-value	6.55	
F-probability	<0.0001	
Note: Standard errors are reported in parentheses. *p<=.05 **p<=.01 ***p<=.001 ****p<.0001		

The variables, Population and Average Education among Village Representatives are not significant for this analysis of public satisfaction with their Sarpanch's performance.

<sup>221</sup> Dummy variable, coded as follows: 1 if the village is located at gram panchayat HQ, zero otherwise.

<sup>222</sup> Refers to item D8 of Annex 7, and it is calculated here as an average for all PRI representatives interviewed in each village.

<sup>223</sup> Coded as before: MP=0, Rajasthan = 1.

The variable that is significant and with a numerically high coefficient is Access to Information. Public Satisfaction is higher in villages where residents have access to more sources of information.

None of the three reservation variables was significant in regression analysis, even among alternative specifications of the model, indicating that average satisfaction levels are not significantly different between general panchayats and those reserved for women, ST and SC candidates, respectively. Even though the signs of these coefficients are all negative – lending some partial truth to the assertion that reserved panchayats are less effective than unreserved ones – standard errors are also high for these variables. This suggests that while some among the reserved panchayats perform very poorly, others of the same type perform well enough to restore average performance to comparable levels. More than reservation type, some other characteristics of sarpanchas, particularly education levels, is relevant for understanding relative performance levels.

## 6. RECOMMENDATIONS

The following recommendations focus on two subjects:

- (a) gram panchayats as instruments of democracy, development and service provision i.e. what gram panchayats do, and
- (b) increasing inclusion of women, tribals and the landless in gram panchayat activities i.e. who is involved.

### 6.1 Gram Panchayats as instruments of democracy, development and service provision

The majority of rural people do not regard Panchayats as particularly relevant to their lives. The reasons behind this low valuation suggest a need to examine current expectations of the roles that Gram Panchayats can play in the short and longer terms. Insofar as people participate in activities associated with electing representatives, the Gram Panchayat does work as a democratic entity. However, the tendency to regard elections as an opportunity to consolidate often inequitable social and economic relations implies these are currently not local bodies which can be used in the short term to challenge or directly change the status quo. The continuing existence of locally elected bodies sets the organizational pre-conditions for change, but if people are (a) begin to perceive how these entities can be used to better social and economic opportunities, and (b) continue to vote, action needs to be taken to increase the value of these local organizations. This will come through action that combines increased accountability to constituents with improved opportunities for gram panchayats to achieve results.

**Improving Accountability.** Accountability mechanisms exist but lack credibility. Measures to strengthen these mechanisms need to both increase the use of a given mechanism and ensure that their use was effective. Actions could include:

- Improving constituents knowledge of accountability mechanisms through *better distribution of information* about panchayats purposes, responsibilities and control;
- Using District Administrators to *enforce the use of gram sabhas and establishment of vigilance committees*;
- **Monitoring** – for a limited period -- the functioning of gram sabhas, vigilance committees, right to recall and use of recourse to higher authority. Monitoring instruments could include: spot checks by district administrators, by a state appointed monitoring team (private or

- public), or by local NGOs; and, giving constituents effective access to electronic<sup>224</sup> and written media (including newspapers or state/district bulletins to assist a “panchayat watch”);
- Establishing *mechanisms to ensure timely reporting of breaches in the use of mechanisms of accountability and effective response.*

Additionally, a *study of effective accountability mechanisms in local organizations* is required to further understanding of how to improve the performance of local units of governance. The study would need to cover both local level organizations used for a variety of activities in India and on other country experiences with decentralized governance.

**Improving results.** Achievement of good results is primarily dependent on the quality and quantity of resources (financial, human and organizational) available to the gram panchayat. Efforts are being made to increase the level of financial resources available to panchayats particularly through decentralization of line department budgets and channeling of central government funds directly to PRIs. Panchayats currently receive financing from four sources (tax revenue<sup>225</sup>, non-tax revenue, grants and loans). However, the untied value of money coming from external sources is unlikely to be very high and unless panchayats deliver goods and services, their legitimacy as generators of their own income will be undermined. While we need to await the findings of on-going studies which seek to assess what the actual quantum of finances will be available to gram panchayats<sup>226</sup> there is likely to be a need for further data collection and *analysis of gram panchayats fiscal position.*

In terms of human resources, gram panchayats are currently dependent on a largely poorly informed and skilled set of functionaries. State governments recognize the need for a massive training exercise but they are faced with financial and training capacity constraints. Donor resources could be put to good use in supporting *training of panchayat representatives, improving voters awareness of the representatives responsibilities and increasing state and district level training capacity.*

Levels of education have been shown to greatly improve a person’s chances of becoming an elected representative and of participating in gram panchayat activities. The current study strongly supports the continuation and, if possible, an increase in the *investments in primary, upper primary and non-formal education* in rural areas.

Perhaps one of the most urgent pieces of analytic work needing to be undertaken is a *feasibility study of the current and expected roles of the gram panchayat.* Donor and government expectations of what a gram panchayat can do are increasing yet field evidence suggests panchayats may not be capable of assuming these new roles. This study would need to include both primary and secondary data collection and consider the relationship with other forms of local organization. In particular it may be more appropriate for interest groups to assume responsibility

<sup>224</sup> A recent report to the Bank indicates that while internet access is presently extremely limited and very varied in rural areas there are strong indications that this will change in the near future. (Haq, 2000) For example, in Madhya Pradesh the National Informatics Centre has reached the tehsil level with Internet services and at least one private sector company intends opening information kiosks containing Internet access facility at each tehsil headquarter. In addition, the Dept. of Telecommunications has a facility under which one can access Internet through their ISP from anywhere in MP. The call will be billed as local call. This has opened up the possibility of accessing Internet at relatively low cost.

<sup>225</sup> There are three types of taxes: own taxes (levied by panchayats), assigned taxes (assigned by statute to panchayat but levied by state government) and shared taxes (collected by state but share goes to panchayats).

<sup>226</sup> Internal World Bank study on decentralization (2000); study by PRIA, New Delhi (1999).



for certain activities. These might include as water-user associations or forest management groups. Many local development or economic activities require management and capacity building beyond the remit or elected term of a gram panchayat.

## **6.2 Increasing the Inclusion of Women, Tribals and the Landless.**

Education and access to information proved to be key correlates of higher levels of participation of people in the life of gram panchayats. Reservations are another area which continue to warrant support.

**Education.** Increasing access to and use of education among these groups appears to be one of the most effective mid-term strategies for achieving better rates of inclusion. This implies investing in:

- *increased primary/upper-primary school availability and effectiveness* for females, tribals and landless people;
- *non-formal education opportunities* which can be available at times which fit into adults work schedules;
- *panchayat/local governance literacy drives* which ensure participation of a representative cross-section of rural society (see below).

**Information.** The last could fall under a set of activities associated with improving information availability and access. Information was strongly associated with more active participation on gram panchayats and also of more equitable service distribution. However, an ordinary villager has extremely limited access to information. S/he for example is unlikely to know what the powers of the panchayat are, how sarpanchas misdeeds can be called into question, how rights can be enforced, etc. Because information is hard to access – by most villagers and also by many ward members – sarpanchas are able to exercise a dominant and domineering influence in Gram Panchayats. As the case study data indicate, sarpanchas are quite often able to manipulate panchayats' proceedings to the their own and their supporters' advantage. Donor resources could be usefully employed in supporting:

- Government to *design and implement a panchayat literacy strategy*.
- The *Rights to Information Campaign, which* is gaining ground in India and has so far demonstrated positive impacts on constituents awareness of rights and responsibilities.
- A *study of best information practice*. Focussing on targeting, instruments and mechanisms this study would inform future strategies and campaigns.

**Reservations.** Reserving positions for women and tribals is another means of addressing the socially constructed bias against these groups. However, while *continuing the current policy of reservations* is valid and is one way to deal with long-standing patterns of exclusion much more time will be needed before any substantial effects will be felt. Much more can be gained, especially in the short term, if the policy of reservations is accompanied by other pro-active measures. Some of these are articulated in the preceding sections of these recommendations. Others include:

- Improving understanding of the constraints to full and equitable participation faced by women and tribal electees through a *study of reserved position representatives*. The outcome of this study would be a strategy and action plan for improving effective inclusion of reserved position representatives in gram panchayat business.

- Developing *special training* modules and plans for reserved position representatives,
- Provision of finance for organizations able to *mentor and support reserved position representatives*,
- Establish a system to *monitor the effect of these various measures* on the level of inclusion of reserved position voters and representatives in activities associated with the gram panchayat.

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**ANNEX 1:**  
**PROFILE OF 2,013 SURVEY RESPONDENTS**

GENDER:	Male:	= 1,010
	Female:	= 1,003
<b>STATE:</b>	<b>Madhya Pradesh</b>	<b>= 953</b>
	Rajasthan	= 1,060
AGE:	Mean	= 41.5
	Std. Dev.	= 13.4
HOUSEHOLD SIZE:	Mean	= 5.85
	Std. Dev.	= 2.5
	Mode	= 6
	(90% of all households have between 2 and 9 members.)	
EDUCATION (years):	Mean	= 3.3 years
	Mode	= 0 years
	No Education	= 1,027
	1-5 years	= 433
	6-8 years	= 261
	9-10 years	= 115
	11-12 years	= 87
	Undergrad	= 53
	Graduate	= 23
	Missing Values	= 14
CASTE	Upper Caste	= 317
	Middle Caste	= 130
	O.B.C.	= 829
	Scheduled Caste	= 434
	Scheduled Tribe	= 301
	Missing Values	= 2
RELIGION	Hindu	= 1,830
	Muslim	= 181
	Missing Values	= 2
PRIMARY OCCUPATION	Agriculturist	= 1,027
	Agric. Laborer	= 617
	Private Sector Employment	= 38
	Government Employment	= 114
	Self-Owned Business	= 143
	Missing Values	= 6

# AGRICULTURAL LAND HELD BY HOUSEHOLD (hectares)

Mean	= 1.58
Std. Dev.	= 3.03
Mode	= 0 hectares
Landless	= 409
Less than 3 hectares	= 1,344
3-6 hectares	= 156
More than 6 hectares	= 98
Missing Values	= 6

# OUTSIDE JOBS

No outside job	= 1,636
Private sector job	= 157
Government job	= 210
Missing Values	= 10

# TYPE OF DWELLING

Kaccha (mud)	= 1,224
Pakka (brick or stone)	= 783
Missing Values	= 6

## Annex 2

### *Inclusive Institutions Study*

#### Format 1. Village Information

(To be filled by field supervisors assisted by investigators. This is the first exercise to be undertaken in any village, before going to any of the other two formats.)

A1. Village Name:

A2. Village Code Number (from Census of India):

A3. Panchayat:

A4. Tahsil:

A5. Development Block:

A6. District:

A7. State:

## BASIC INFORMATION

VD1. Number of Households in the Village:

VD2: Caste Composition of Households:

[Note to Supervisors: Please enter numbers of households here. Percentages can be calculated later, before handing in the form for data entry.]

Note for Data Entry: Data for this item will be entered in two different ways: (a) By individual castes. We will write out the name of each caste in full, assign it a unique code number and enter the percentage of households against the respective caste name and code number; (b) By caste categories: upper, middle, backward and scheduled castes, and scheduled tribes. A separate category of “women-headed households” will also be entered. Once again, only percentage of households will be entered against each category.]

CASTE	Number of Households	Percentage of Total Households
<b>2.1 Upper Castes</b>		
<b>2.2 Middle Castes</b>		
<b>2.3 Backward Castes</b>		
<b>2.4 Scheduled Castes</b>		
<b>2.5 Scheduled Tribes</b>		
<b>2.6 Are there any Women-Headed Households?</b>		

VD3. On a separate sheet of paper, please draw a map of the village, indicating major landmarks (e.g., school, bus stop, roads, etc.) and the locations where people of each different caste live. In each locality, please indicate the number of houses of each different caste group.

[Please remember the examples that were drawn during the training session.]

VD4. Name of Nearest Market Town \_\_\_\_\_

VD4a. Distance to Market (in kilometers):

VD4b. Fare to Market (in rupees):

VD5. Geographical Area Of Village In Hectares:

[Note: Please ask for area in local units (bighas) and then use the local conversion ratio for calculation in hectares.]

VD6: Number of Primary Schools in the Village:

VD7: Distance to Nearest Primary School in kilometers  
[enter '0' if there is a primary school in the village]

VD8: Distance to Nearest Middle School in kilometers

VD9: Distance to Nearest High School in kilometers

VD10: Distance to Nearest Primary Health Center or Sub-Center in kilometers

VD11: Distance to Nearest Hospital in kilometers

[Note: Please ask the following question in order to use a common definition of "hospital": If someone had the misfortune to be in a major accident, e.g., if someone were to break a leg, where would you take him for treatment by a surgeon? How far is this place from your village?]

VD12: Drinking Water Facilities in the village:

- |                       |     |
|-----------------------|-----|
| -- River or Pond      | [0] |
| -- Local Dug Well     | [1] |
| -- Handpumps          | [2] |
| -- Piped Water Supply | [3] |

VD13: Post And Telegraph Facilities

- |  |     |
|--|-----|
| -- Located at a distance of 10 km or more from the village   | [1] |
| -- Located at between 5 to 10 km from the village  | [2] |
| -- Located away from the village but at a distance less than 5 km                                  | [3] |
| -- One of three facilities (post office, telegraph office, telephone) available within the village | [4] |
| -- Two of three facilities available within the village  | [5] |
| -- Three of three facilities available within the village  | [6] |

VD14: Bus/Railway Station Facilities

- |  |     |
|--|-----|
| -- Located at a distance of 10 km or more from the village | [0] |
| -- Located at between 5 to 10 km from the village          | [1] |



- Located away from the village but at a distance less than 5 km [2]
- One of two facilities (railway station, bus stand) available within the village [3]
- Both facilities available within the village [4]

VD15: Type Of Village Link Road

- Katcha [1]
- Pukka [2]

VD16. Electricity Facilities

- Not connected with electricity [0]
- Electricity available only for domestic use [1]
- Electricity available also for agricultural use [2]
- Electricity available for domestic, agricultural and commercial use [3]

VD17: Irrigated Area In Hectare

**PANCHAYAT INFORMATION**

PD1. Name of the Gram Panchayat of which this village is a part: \_\_\_\_\_

[Note: If more than one gram panchayats have jurisdiction over different parts of this village, please write the names of all the panchayats that are applicable.]

PD2. How many other villages are also part of this gram panchayat:

[Note: Please also list the names of these villages, and the numbers of households living in each of these villages.]

PD3. Is this village itself the headquarters of the gram panchayat or is the panchayat headquartered in some other village?

- Village is itself the headquarter of gram panchayat [3]
- Panchayat is headquartered in another village [2]
- Different parts of this village belong to different panchayats [1]
- Other (please note) \_\_\_\_\_

PD4. Distance to gram panchayat headquarters in kilometers:

PD5. Number of persons from this village who are members of the gram panchayat:

PD6. Please ascertain details about persons of this village who are currently office holders in the gram panchayat, panchayat samiti/janpad, or the zila parishad.

Name	Age	Caste	Education	Sex	Post Held	Party	Reserved or General Seat? (mention category)	Institution (of which member)	Member since when?

PD7. How many times in the last one year has any meeting of the gram sabha taken place in this village?

PD8: When was the last gram sabha held in this village? How many months or years ago?

PD9a: What proportion of village households attended at this meeting?

PD9b: What issues were discussed in this meeting?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

PD10. In the last one year, which among the following activities has the gram panchayat performed in this village?

	Not at all ( <i>kabhi nahin kiya</i> ) [1]	Once or twice ( <i>ek-do baar kiya</i> ) [2]	Regularly ( <i>lagatar karte hein</i> ) [3]
10.1. Supervising School Teachers			
10.2. Repairing or Maintaining School Buildings			
10.3. Supervising Health Workers			
10.4. Organizing Immunization or Vaccination			
10.5. Organizing Family Planning Camps			
10.6. Road Repair or Construction			
10.7. Repairs to Drinking Water Schemes (handpumps or piped supply)			
10.8. Constructing new water supply schemes (handpumps or piped supply)			
10.9. Irrigation Facilities			
10.10 Agriculture Extension			
10.11 Helping Someone Finding Employment			
10.12 Arranging Subsidies for Poor Persons			
10.13. Arranging Bank Loans for			

	Not at all ( <i>kabhi nahin kiya</i> ) [1]	Once or twice ( <i>ek-do baar kiya</i> ) [2]	Regularly ( <i>lagatar karte hein</i> ) [3]
Other Persons			
10.14 Helping Someone Build a House			
10.15 Helping to Resolve Disputes Among Village Residents			
10.16 Providing Security ( <i>suraksha</i> )			
10.17 Organizing Social and Religious Functions			
10.18 Assisting Someone in Making Contact with the Police			
10.110 Assisting Someone in Making Contact with Doctors			
10.20 Assisting Someone in Making Contact with the Tahsil			
10.21. Assisting Someone in Making Contact with Agencies Providing Labor Employment (e.g., PWD or Irrigation or Forest Departments)			

PD11. Which other local institutions exist and function in this village?

	Yes [2]	No [1]
1. Traditional Village Panchayat ( <i>Purane Mukhiyaon ki Gram Sabha</i> )		
2. Bhajan Mandali or some religious group		
3. Youth group		
4. Labor self-help groups		
5. Farmers self-help groups		
6. Irrigation Associations		
7. Credit groups		
8. Caste Associations		
9. Political parties		
10. School Committees		
11. Health Committees		
12. NGO		
13. Cooperative Society		
14. Others (please list and explain functions briefly)		

PD12. Where is the Panchayat Samiti/Janpad located? Please mention the name of the town or village.

---



---

PD13. Distance in kilometers from Panchayat Samiti/Janpad headquarters:

PD14. How much time (in hours) does it take normally to travel to Panchayat Samiti/Janpad headquarters?

PD15. Distance to Zila Parishad (in kilometers):

PD16. Please record details relating to all persons of this village who have been office bearers of the gram panchayat, panchayat samiti/janpad, or zila parishad in the past.

Name	Age	Caste	Education	Sex	Post Held	Party	Reserved or General Seat? (mention category)	Institution (of which member)	Member since when?

PD17. Type of Gram Panchayat (Category of Reservation, if any)

PD18. Category of Sarpanch (General, Woman, SC, ST, OBC)

ITEMS TO BE RECORDED FROM DISTRICT CENSUS HANDBOOKS AT THE TIME OF DATA ENTRY

CD1	GEOGRAPHICAL AREA OF VILLAGE IN HECTARE
CD2	NO. OF HOUSE HOLDS IN THE VILLAGE
CD3	TOTAL POPULATION IN THE VILLAGE
CD4	TOTAL MALE POPULATION IN THE VILLAGE
CD5	TOTAL FEMALE POPULATION IN THE VILLAGE
CD6	TOTAL POPULATION UNDER 0-6 YEARS AGE CATEGORY
CD7	MALE POPULATION UNDER SCHEDULE CASTE
CD8	FEMALE POPULATION UNDER SCHEDULE CASTE
CD9	MALE POPULATION UNDER SCHEDULE TRIBE
CD10	FEMALE POPULATION UNDER SCHEDULE TRIBE
CD11	'SAKHSHAR' LITERATE MALE POPULATION
CD12	'SAKHHSAR' LITERATE FEMALE POPULATION
CD13	MALE - PERSONS WORKING UNDER INDUSTRY CATEGORY (I)
CD14	FEMALE - PERSONS WORKING UNDER INDUSTRY CATEGORY (I)

## *Inclusive Institutions Study*

### **Format 2: Individual Questionnaire**

“Objective: In some villages, the needs of all the people are met by panchayats and other institutions. In other villages, people’s needs are not met so well. With the help of this survey we have come to elicit your opinions about what types of institutions assist with different tasks. Your opinion is very important for us. I will ask some questions. Please give me your considered opinion. If there is any question you do not wish to answer, please feel free to refrain.”

#### **Instructions for Investigators:**

1. At the start of each interview, please read out the preceding objectives statement.
2. Please read out carefully all the options for each question. Before asking the respondent to indicate his or her preference, it will be useful to repeat all the choices once again. Remember: to some respondents the choices may not all be clear the first time you read them out; others may have trouble remembering each of the options.
3. If the interviewee does not know the answer to any question, then please enter code number 8 as the correct response. If the interviewee does not wish to answer any particular question, then please enter code number 9.
4. There are no correct or incorrect responses. The response each person gives is correct for him or her. Please *do not* guide respondents into giving the answers you prefer. This will diminish the quality of your work.
5. There are a total of 68 questions and 24 pages in this questionnaire. Please ascertain at the start that all these pages are included in this copy.

#### **Instructions for Supervisors**

1. Sample Selection: In each village, please select households to represent each of the different groups who live in the village. Format 1 (Village Information) must be completed before taking up Formats 2 and 3. As you complete Format 1, you will learn of the different caste groups who live in the village. Please select households from each caste group in proportion to their share of village population. Please be sure that scheduled castes, scheduled tribes, women-headed households, and other potentially excluded groups are adequately represented, if necessary by including additional households from these groups. Men and women should be interviewed in equal numbers, so divide the selected households equally among men and women investigators.
2. Please ensure that all individual interviews take place in some secure and quiet place, for instance, inside the homes of the respondents. Apart from the interviewee and the respondent, it does not help to have other persons present who might

distract the respondent's attention or create a situation where s/he feels under pressure to give a different set of responses.

These points which were emphasized during training are repeated here to stress that they must be kept firmly in mind while conducting interviews.

### INDIVIDUAL QUESTIONNAIRE

#### Investigator Notes

Interviewer Name:

Interviewer Code Number:

Interviewee Name:

Father's/Spouse's name:

Caste:

Age:

Sex:

Village Name:

Village Code Number:

Date of Interview:

#### Result Check:

Interviewee agreed to the interview [1]

Interviewee refused to be interviewed [2]

#### Completeness Check

	Total Number of Questions	Questions to which no answers are marked	Questions answered as "Don't Know [8]" or "Refused to Answer" [9]	Any other Problems (describe)
Part A	7			
Part B	22			
Part C	17			
Part D	7			
Part E	15			
Total	68			

#### Data Entry Notes

Date of data entry:

Errors Noted, if any:

Remarks:



### A) Village Information

A1. Village Name:

A2. Village Code Number (from Census of India):

A3. Panchayat:

A4. Tahsil:

A5. Development Block:

A6. District:

A7. State:

### *INCLUSION/EXCLUSION*

#### **Part A. Physical Exclusion (of persons)**

Political Participation (adapted from Verba, Schlozman and Brady (1995) and Rosenstone and Hansen (1993))

#### Voting

B1. In talking to people about elections, it is found that they are sometimes not able to vote because they are not registered, they don't have time, or they have difficulty getting to the polls. Think about Panchayat elections since you were old enough to vote. Have you voted in all of them, in most of them, in some of them, rarely voted in them, or have you never voted at all in a Panchayat election?

- |                                       |     |
|---------------------------------------|-----|
| -- Never voted in panchayat elections | [1] |
| -- Voted in some                      | [2] |
| -- Voted in most                      | [3] |
| -- Voted in all panchayat elections   | [4] |
| -- Don't know/not sure                | [8] |
| -- Refused to reply; no answer        | [9] |

B2. We would like to find out about some of the things people do to help a party or candidate win an election. During the last Panchayat election campaign, did you talk to any people and try to show them why they should vote for one of the parties or candidates?

- |                        |     |
|------------------------|-----|
| -- Yes                 | [2] |
| -- No                  | [1] |
| -- Don't know/not sure | [8] |



-- Refused to reply; no answer

[9]

B3. Did you go to any political meetings, rallies, speeches or things like that in support of a particular candidate?

- Yes [2]
- No [1]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

B4. Did you do any (other) work for any one of the parties or candidates during that election?

- Yes [2]
- No [1]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

B5. How much did your own work in the campaign contribute to the number of votes the candidate got in your village -- a great deal, some, very little, or none?

- A great deal [4]
- Some [3]
- Very little [2]
- Not at all [1]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

### **Meetings**

B6. How often in the past one year have you initiated contact with a local panchayat leader, a sarpanch, up-sarpanch or ward panch?

- Not even once [1]
- One or two times [2]
- Frequently, three to six times [3]
- Regularly, once a month or more often [4]
- I am myself or someone in my household is a panchayat leader [5]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

B7. How often in the last one year have you attended public meetings called by the gram panchayat?

- No public meetings were organized in the last one year [1]
- Meetings were held but I did not attend any of them [2]
- Meetings were held, and I attended some of them [3]
- I have attended all public meetings called by the panchayat [4]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

[Note: If the response is [1] or [2], then please skip to B9.]

B8. When you have attended public meetings of the gram panchayat where have you sat down?

- Stood some distance away and observed the proceedings in silence [1]
- Sat down some distance away and observed in silence [2]
- Sat down close to the dais (*chabutra*) but not on the *chabutra* [3]
- Sat on the *chabutra* and gave voice to my opinions but not as a leader [4]
- I have sat as a leader on gram sabha meetings [5]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

B9. Are you or anyone close to you active in the village panchayat?

- I am myself a member (or former member) of the Panchayat [4]
- Another member of my household is a Panchayat member [3]
- Someone who I know well but not related to me is a member [2]
- No one related to me or who I know well is a member [1]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

#### Contacting

B10. How often in the past one year have you either individually or together with others in this village contacted the BDO or Pradhan or some other official in the Panchayat Samiti?

- Never [1]
- Once [2]
- A few times [3]
- Quite often [4]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

B11. How often in the past one year have you either individually or together with others in this village contacted the Zila Pramukh or some other official in the Zila Parishad (or equivalent in MP)?

- Never [1]
- Once [2]
- A few times [3]
- Quite often [4]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

B12. Do you think if you were to make contact with a Pradhan or BDO, would you get a response or will you be ignored?

- Will be ignored [1]
- Will get a response [2]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

**Part B: Exclusion from Benefits**

B13. Gram panchayats provide different benefits and services in different villages. Which among the following benefits and services does your gram panchayat provide to people like yourself? I will read out a list of benefits and services. Please tell me for each of these services or benefits if they are provided to people like yourself all the time, some times or never by your gram panchayat.

	Never Performs These Functions [0]	Sometimes Perform These Functions [1]	Always Performs These Functions [2]
13.1. Supervising School Teachers			
13.2. Repairing or Maintaining School Buildings			
13.3. Supervising Health Workers			
13.4. Organizing Immunization or Vaccination			
13.5. Organizing Family Planning Camps			
13.6. Road Repair or Construction			
13.7. Repairs to Drinking Water Schemes (handpumps or piped supply)			
13.8. Constructing new water supply schemes (handpumps or piped supply)			
13.9. Maintaining or Building Irrigation Facilities			
13.10 Agriculture Extension Services			
13.11 Helping Someone Finding Employment			
13.12 Arranging Subsidies for Poor Persons			
13.13. Arranging Bank Loans for Some Persons			
13.14 Helping Someone Build a House			
13.15 Helping to Resolve Disputes Among Village Residents			
13.16 Providing Security (suraksha)			

	Never Performs These Functions [0]	Sometimes Perform These Functions [1]	Always Performs These Functions [2]
13.17 Organizing Social and Community Functions			
13.18 Assisting Someone in Making Contact with the Police			
13.113 Assisting Someone in Making Contact with Doctors			
13.20 Assisting Someone in Making Contact with the Tahsil			
13.21. Assisting Someone in Making Contact with Agencies Providing Labor Employment (e.g., PWD or Irrigation or Forest Departments)			

B14. In some villages, services and benefits are provided equally to all residents. In other villages, particular groups and sub-sections avail themselves of these benefits while other groups and subsections are excluded. I will read out a list of services and benefits. Please tell me whether there are members of your village who are excluded from or do not have equal access to each of them. How many (what percentage) do not have access to the following services?

	Members excluded?	Percentage excluded
		<25%=1
		26-50%=2
		51-75%=3
		>75%=4
	Yes =1	Don't know = 8
	No=0	No response =9
	Don't know=8	
14.1 Education/schools	[ ]	[ ]
14.2 Health services/clinics	[ ]	[ ]
14.3 Subsidy/Loan programs	[ ]	[ ]
14.4 Housing subsidies	[ ]	[ ]
14.5 Water supply	[ ]	[ ]
14.6 Agricultural extension	[ ]	[ ]
14.7 Job training/employment	[ ]	[ ]
14.8 Credit/finance	[ ]	[ ]
14.9 Justice/conflict resolution	[ ]	[ ]
14.10 Transportation	[ ]	[ ]
14.11 Security	[ ]	[ ]
14.12 Contacts with Higher Officials		
14.13. Total number of "Yes" responses = _____		

B15. What do you think are the main reasons that not all people benefit from these services? (*Record first three mentioned.*)

- [01] Income level /\_\_/\_/
- [02] Occupation
- [03] Caste or Tribe /\_\_/\_/
- [04] Age
- [05] Gender /\_\_/\_/
- [06] Religious beliefs
- [07] Political affiliation
- [08] Lack of education
- [09] Distance to facilities/services
- [10] Lack of information/lack of knowledge that service exists
- [97] Other \_\_\_\_\_
- [98] Don't know/not sure
- [99] No answer

B16. Are there any services from which you or members of your household feel excluded?

	Yes	No	Don't know	Not applicable
16.1 Education/schools	[1]	[2]	[8]	[9]
16.2 Health services/clinics	[1]	[2]	[8]	[9]
16.3 Subsidy/Loan programs	[1]	[2]	[8]	[9]
16.4 Housing subsidies	[1]	[2]	[8]	[9]
16.5 Water supply	[1]	[2]	[8]	[9]
16.6 Agricultural extension	[1]	[2]	[8]	[9]
16.7 Job training/employment	[1]	[2]	[8]	[9]
16.8 Credit/finance	[1]	[2]	[8]	[9]
16.9 Justice/conflict resolution	[1]	[2]	[8]	[9]
16.10 Transportation	[1]	[2]	[8]	[9]
16.11 Security	[1]	[2]	[8]	[9]
16.12 Contacts with Higher Officials	[1]	[2]	[8]	[9]

B17. Do you believe that the services and benefits from the gram panchayat are distributed fairly among all persons of this village, or do you think that some persons are able to get a larger share of benefits?

- Everyone gets a fair share [1]
- More powerful people get a higher share of benefits [2]
- Don't know/not sure [8]
- Refused to reply [9]

B18. What qualities or attributes do you think a person needs to have to be able to influence the gram panchayat and to obtain a greater share of benefits from it? (Tick first three mentioned)

- [01] High caste / \_ / \_ /  
 [02] High education / \_ / \_ /  
 [03] Large wealth / \_ / \_ /  
 [04] Men can have more influence than women / \_ / \_ /  
 [05] Political affiliation / \_ / \_ /  
 [06] Religious beliefs  
 [07] Better information about rules  
 [08] Other \_\_\_\_\_  
 [98] Don't know/not sure  
 [99] No answer

### Part C. Exclusion of Concerns

B19. What in your view are the main problems facing people like yourself in this village? I will read out a list. Please tell me whether the items I read relate to major problems, minor problems, or whether there are no problems at all in this respect.

[Note: Please record "Don't Know" responses as [8]; if there is no answer, record as [9]]

	Major problem [1]	Not a major but a minor problem [2]	No problem in this respect [3]
19.1. Schooling for children			
19.2. Schooling for girls especially			
19.3. Health Services			
19.4. Road Connection			
19.5. Bus Service			
19.6. Drinking Water			
19.7. Irrigation			
19.8. Agriculture extension			
19.9. Animal health			
19.10 Finding Labor Employment			
19.11 Getting Credit in times of need			
19.12 Housing			
19.13. Resolving Disputes Among People in the Village			
19.14 Physical Security			
19.15 Organizing Social and Community Functions			



B20. In addition to panchayats, there are other groups and associations in many villages – such as traditional gram sabhas (*purane mukhiyaon ki sabha*), new social groups headed by young leaders, caste associations, farmers groups, etc. – that also help to meet specific needs of villagers. I will read out a list of needs. Please tell me which group or association in the village is best suited for addressing that need. For instance, if you had some particular need, which group or association would you approach for assistance in fulfilling that need?

[Note: Please record the name of the groups and associations that the respondent mentions. Later, you can use the code box given at the bottom of this page to enter code numbers. Please do not do the coding exercise at the time of the interview.]

**Code Box for Question B20**

- [1] Farmers group
- [2] Traditional Gram Sabha (*Jativar Mukhiya Sabha*)
- [3] *Nayi pidhi ke karyalartaon ki sabha/samiti*
- [4] Gram Panchayat (*Sarkari*)
- [5] Cooperative Society
- [6] Women's group
- [7] Political party
- [8] Local credit group
- [9] Youth group
- [10] Bhajan Mandali or other religious group
- [11] Labor group
- [12] Neighborhood association
- [13] A Village patron (*Jajmaan*)
- [14] An NGO
- [15] Concerned Government Department
- [16] Other

	<b>Name of Group or Association</b>	<b>Code No.</b>	<b>Don't Know/Not Sure = 98 No Answer = 99</b>
20.1. Schooling for children			
20.2. Schooling for girls especially			
20.3. Health Services			
20.4. Road Connection			
20.5. Bus Service			
20.6. Drinking Water			
20.7. Irrigation			
20.8. Agriculture extension			
20.9. Animal health			
20.10 Finding Labor Employment			
20.11 Getting Credit in times of need			
20.12 Housing			
20.13. Resolving Disputes Among People in the Village			
20.14 Physical Security			
20.15 Organizing Social and Community Functions			
20.16 Making Contact with Higher Officials			

B21. Are there any functions that your gram panchayat does not presently perform but which it should be performing? [Note: Please record functions as mentioned by the respondent. Later, please use the items in Question B20 to insert code numbers.]

- |    |            |
|----|------------|
| 1. | Code _____ |
| 2. | Code _____ |
| 3. | Code _____ |
| 4. | Code _____ |

B22. Have you ever presented any demand or made a representation to the gram panchayat? What action was taken on your demand or representation?

- |  |     |
|--|-----|
| -- I have never raised any demand or made any representation to the gram panchayat                                       | [1] |
| -- I did make a representation to the gram panchayat and no action was taken or no satisfactory response was given to me | [2] |
| -- I made a representation and action was taken to satisfy me  | [3] |
| -- Don't know/not sure   | [8] |
| -- No response   | [9] |

## OTHER INSTITUTIONS

### New Social Groups or demand groups organized around "new leaders"

C1. In many villages we have observed that when people need to make contact with a government department, whether it be the police, the tahsil or some development-related department, they often take the help of some new leaders, usually some young and educated person belonging to that village. Are any such persons active in your village?

- |                                |     |
|--------------------------------|-----|
| -- No                          | [1] |
| -- Yes                         | [2] |
| -- Don't know/not sure         | [8] |
| -- Refused to reply; no answer | [9] |

C2. If such "new leaders" are active in your village, then which of the following activities do they assist other villagers with? (Please tick off all activities for which the respondent answers Yes, and report the total number of Yes responses below)

- |  |        |
|--|--------|
| -- Contact with the police or tahsil   | Yes/No |
| -- Contact with government departments providing subsidies and loans, such as Panchayat Samiti or DRDA                         | Yes/No |
| -- Contact with government departments providing casual employment (such as PWD, irrigation, forest, or watershed development) | Yes/No |
| -- Contact with banks or insurance agencies  | Yes/No |
| -- Contact with seed or fertilizer suppliers   | Yes/No |

- |                                       |        |
|---------------------------------------|--------|
| -- Contact with other market agencies | Yes/No |
| -- Others (specify) _____             |        |
- 

TOTAL NUMBER OF "YES" responses \_\_\_\_\_

C3. Some people think that these "new leaders" provide a useful service to other villagers while others think that they simply take advantage of fellow villagers for their own personal benefit. We would like to know what you think in this regard.

- |   |     |
|---|-----|
| -- New leaders provide a useful service to villagers    | [3] |
| -- They help villagers along with helping themselves    | [2] |
| -- New leaders simply take advantage of other villagers | [1] |
| -- Don't know/not sure                                  | [8] |
| -- Refused to reply; no answer                          | [9] |

C4. How many times in the last 12 months have you yourself collaborated with any such new leader on any matter of concern?

- |                                |     |
|--------------------------------|-----|
| -- Never                       | [1] |
| -- Once or twice               | [2] |
| -- Many times                  | [3] |
| -- I am myself a "new leader"  | [4] |
| -- Don't know/not sure         | [8] |
| -- Refused to reply; no answer | [9] |

### Village Councils

C5. In some villages, respected elders of all castes sit together in a village council. Does your village have any such council of village elders?

- |                                |     |
|--------------------------------|-----|
| -- No                          | [1] |
| -- Yes                         | [2] |
| -- Don't know/not sure         | [8] |
| -- Refused to reply; no answer | [9] |

C6. In the last 12 months, how many times has this village council met?

- |  |     |
|--|-----|
| -- Never                                 | [1] |
| -- Rarely, only one or two times         | [2] |
| -- Often, three times or more            | [3] |
| -- Regularly, six times or more          | [4] |
| -- Frequently, every month or more often | [5] |
| -- Don't know/not sure                   | [8] |
| -- Refused to reply; no answer           | [9] |

C7. In your village, which of the following activities does the council of elders deal with?  
(Please tick off all activities for which the respondent answers Yes, and report the total number of Yes responses below)

- |   |        |
|---|--------|
| -- Looking after the affairs of religious buildings, such as temples or mosques | Yes/No |
| -- Organizing religious ceremonies  | Yes/No |
| -- Resolving disputes among individual villagers                                | Yes/No |
| -- Dealing with disputes between husband and wife                               | Yes/No |
| -- Punishing people who have broken some moral code                             | Yes/No |
| -- Organizing village development activities                                    | Yes/No |
| -- Other (specify) _____  |        |
- 

TOTAL NUMBER OF "YES" responses \_\_\_\_\_

#### Agriculture Cooperatives

C8. Are you now or have you ever been a member of any cooperative society?

- |                                |     |
|--------------------------------|-----|
| -- No                          | [1] |
| -- Yes                         | [2] |
| -- Don't know/not sure         | [8] |
| -- Refused to reply; no answer | [9] |

C9. How much benefit has been provided to you by the cooperative society serving your village?

- |                                |     |
|--------------------------------|-----|
| -- None at all                 | [1] |
| -- Very little                 | [2] |
| -- A lot                       | [3] |
| -- Don't know/not sure         | [8] |
| -- Refused to reply; no answer | [9] |

#### Caste Groups

C10. How often have you decided to vote in an election based on how your other caste persons have decided to vote?

- |                                |     |
|--------------------------------|-----|
| -- Never                       | [1] |
| -- Rarely                      | [2] |
| -- Often                       | [3] |
| -- Don't know/not sure         | [8] |
| -- Refused to reply; no answer | [9] |

C11. Which of the following activities have you undertaken jointly along with your caste fellows but not including villagers of other castes? (Please tick off all activities for which the respondent answers Yes, and report the total number of Yes responses below)

- |                                       |        |
|---------------------------------------|--------|
| -- Building or looking after temples  | Yes/No |
| -- Resolving disputes                 | Yes/No |
| -- Contacting public officials        | Yes/No |
| -- Any other activity (specify) _____ |        |

---

TOTAL NUMBER OF YES responses \_\_\_\_\_

### Other Groups And Associations

Are you a member of any other group or association in the village? For example are you a member of:

C12. An irrigation association, i.e., do you work together with others in sharing and maintaining a common irrigation facility?

- |        |     |
|--------|-----|
| -- No  | [1] |
| -- Yes | [2] |

C13. A labor group, i.e., do you work often with the same group very often, sharing the work that is done either on your own fields, on some public work, or for some private employer?

- |        |     |
|--------|-----|
| -- No  | [1] |
| -- Yes | [2] |

C14. A sports club?

- |        |     |
|--------|-----|
| -- No  | [1] |
| -- Yes | [2] |

C15. Some *bhajan mandali* or other religious group?

- |        |     |
|--------|-----|
| -- No  | [1] |
| -- Yes | [2] |

C16. A *mahila mandal* (womens group) or *yuvak kendra* (youth center)?

- |        |     |
|--------|-----|
| -- No  | [1] |
| -- Yes | [2] |

C17. Are there any other groups or associations in which you take part as a member?  
(Please note all the groups and associations that the respondent mentions. Later, enter the codes from the code box given above.)

Group 1	_____	Code:
Group 2	_____	Code:
Group 3	_____	Code:

## OTHER ATTRIBUTES

### *Information*

D1. Which among the following sources do you consult regularly -- i.e., at least once a month -- for news and information? (Please tick off all activities for which the respondent answers Yes, and report the total number of Yes responses below)

-- Household members	<u>Yes/No</u>
-- Neighbors	<u>Yes/No</u>
-- Village leaders/prominent persons	<u>Yes/No</u>
-- Radio or TV	<u>Yes/No</u>
-- Newspaper	<u>Yes/No</u>
-- Village assembly	<u>Yes/No</u>
-- Others (specify)	

ADD TOTAL NUMBER OF SOURCES \_\_\_\_\_

### *Participation*

D2. If some decision related to some development work were to be taken in this village, then do you think the entire village would be called for this purpose or would the village chiefs take the decision?

-- The village leaders would decide	[1]
-- The entire village would be called	[2]
-- Don't know/not sure	[8]
-- Refused to reply; no answer	[9]

D3. If some decision needs to be taken related to some community development work in the village, then who do you think should be consulted -- those who have specialized knowledge on the matter, or everyone in the village?

-- Those having specialized knowledge	[1]
-- Everyone should be consulted	[2]
-- Don't know/not sure	[8]
-- Refused to reply; no answer	[9]

### *Change-Orientation*

D4. Suppose some productive development work is being planned in your village which tends to undermine the traditional way of doing things, then should any such work be taken up or not?

- Such work should not be taken up [1]
- The work should be undertaken [2]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

D5. If the people of a village persist with their old ways and traditions, then there can be no development in this village. To what extent do you agree or disagree with this statement? [source: ISVIP]

Strongly	Agree	Disagree	Strongly
Agree [1]	[2]	[3]	Disagree [4]

- Don't know/not sure [8]
- Refused to reply; no answer [9]

D6. In all villages there are minor disputes among individuals, such as disputes about land boundaries, about animals straying into other people's lands, about people abusing or insulting one another, and so on. In some villages, such minor disputes are resolved within the village itself, by the village council of elders, perhaps. In other villages, people take such minor disputes to the police. What do you feel, should the authority for settling such disputes and punishing wrongdoers vest with the police or with the village council of elders?

- With the police alone [1]
- With the village council of elders alone [3]
- The police and the village council should both have such authority [2]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

D7. What do you feel: Suppose all development program funds, instead of being spent by government agencies were given, instead, directly to the village and villagers are free to decide how and on what projects to spend these funds. In terms of development performance, would these new arrangements be better or worse than the arrangements that exist now?

- The present government system is better [1]
- A new arrangement with a village committee would be better [2]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

**E) Personal Information about the Respondent**

E1. Name of Interviewee:

E2. Name of Father/Spouse

E3. Sex: Female/Male

E4. Age:

[Code: Female =2, Male = 1]

E5. Religion: Hindu/Muslim/Christian/Sikh/Other

[Code: Hindu = 1, Muslim =2, Christian =3, Sikh =4, Other=5]

E6. Caste:

[Note: Please record caste here. Later on, please code as follows:

Upper Caste = 5, Middle Caste = 4, Backward Caste = 3, SC = 2, ST = 1]

E6a: Caste Code:

E7. Main Occupation of Household (in terms of main income source):

[Note: Please record occupation here. Later on, please code as follows:

Agricultural or Other Labor = 1, Farmer = 2, Employee in Private Sector = 3,

Employee in Government = 4, Private Business = 5, Other = 8]

E7a: Occupation Code

E8. Education (number of years of schooling)

E9. Agricultural land with the household (bighas)

[Note to Supervisors: Please ascertain local conversion ratio and convert into hectares.]

E9a: Agricultural Land (in hectares)

E10. Does any person in the household have income from a salaried job? If yes, is it a government job or a private sector job?

-- No job [1]

-- Private sector job [2]

-- Government job [3]

E11. Animals owned by household

E11.1 Large animals (cows, buffaloes, camels):



E11.2 Small animals (sheep, goats):

E12: Length of residence in the village (years):

E13. Is the family house pukka or kutcha? (from observation, please)

-- Kutcha [1]  
-- Pukka [2]

E14. Household Members (number)

E15. Household Members (list)

Number	1. List names of all individuals in household Name	2. Relationship to household head?	3. Sex Male: 1 Female: 2	4. Age (Years)	5. Occupation (Note for data entry: please enter as codes.)	6. Number of years of education
2						
02						
03						
04						
05						
06						
07						
08						
09						

**MANY THANKS FOR YOUR COOPERATION. WE ARE GRATEFUL TO YOU**

## Inclusive Institutions Study

### Format 3: Interview with Members of Gram Panchayats

(Please fill one of these forms in respect of each person in the village who is currently a member or who has been a member in the past of the Gram Panchayat, Panchayat Samiti/Janpad or Zila Parishad. These persons would have been identified during the exercise conducted to complete Format 1. Please observe all the cautions noted in case of Format 2.)

#### Investigator Notes

Village Name:

Village Code Number:

District:

State:

Interviewer Name:

Post Held:

Date of Interview:

#### Result Check:

Interviewee agreed to the interview	[1]
Interviewee refused to be interviewed	[2]

#### Completeness Check

	Total Number of Questions	Questions to which no answers are marked	Questions answered as “Don’t Know [8]” or “Refused to Answer” [9]	Any other Problems (describe)
Part A	7			
Part B	18			
Part C	18			
Part D	21			
Total	64			

#### Data Entry Notes

Date of data entry:

Errors Noted, if any:

Remarks:

**PART A.:**

A1. Village Name:

A2. Village Code Number (from Census of India):

A3. Panchayat:

A4. Tahsil:

A5. Development Block:

A6. District:

A7. State:

**PART B. DUTIES AND ACTIVITIES (L1-L15)**

L1. What post are you presently occupying (or what post did you occupy most recently in the past) within the Panchayati Raj institutions?

- |  |     |
|--|-----|
| -- Ward member of Gram Panchayat       | [1] |
| -- Up-sarpanch                         | [2] |
| -- Sarpanch                            | [3] |
| -- Co-opted Member of Panchayat Samiti | [4] |
| -- Elected Member of Panchayat Samiti  | [5] |
| -- Pradhan or Deputy Pradhan           | [6] |
| -- Co-opted Member of Zila Parishad    | [7] |
| -- Elected Member of Zila Parishad     | [8] |
| -- Zila Pramukh or Deputy Pramukh      | [9] |
| -- Other (please specify)_____         |     |
- 

L2. How did you come to occupy your present/past position?

- |  |     |
|--|-----|
| -- By nomination or co-optation        | [1] |
| -- By fighting and winning an election | [2] |
| -- By getting elected unopposed        | [3] |
| -- Other (please specify)_____         |     |
-

L3. Is your present seat reserved for any particular category of persons or is it general and open for everyone to contest?

- |  |     |
|--|-----|
| -- General and open for all to contest | [1] |
| -- Reserved for SC                     | [2] |
| -- Reserved for ST                     | [3] |
| -- Reserved for Backward Castes        | [4] |
| -- Reserved for Women                  | [5] |
| -- Other (please specify) _____        |     |
- 
- |                                |     |
|--------------------------------|-----|
| -- Don't know/not sure         | [8] |
| -- Refused to reply; no answer | [9] |

L4. How many terms have you served occupying a position within Panchayati Raaj institutions, either at the gram panchayat or at higher levels?

- |  |     |
|--|-----|
| -- Only one term, member for the first time since the last election                                | [1] |
| -- Two terms served  | [2] |
| -- Three or more terms served  | [3] |
| -- I or a member of my family have continuously served as member ever since panchayats were formed | [4] |
| -- Don't know/not sure   | [8] |
| -- Refused to reply; no answer   | [9] |

L5. What was your margin of victory in the previous elections?

- |  |     |
|--|-----|
| -- Co-opted, and not elected             | [1] |
| -- Five percent of all votes or less     | [2] |
| -- Five to ten percent of all votes      | [3] |
| -- Ten to twenty percent of all votes    | [4] |
| -- More than twenty percent of all votes | [5] |
| -- Elected unopposed                     | [6] |
| -- Don't know/not sure                   | [8] |
| -- Refused to reply; no answer           | [9] |

L6. With which political party are you associated?

L7. How many times in a month do/did you attend meetings of the gram panchayat (or PS/Janpad or ZP, as the case may be)?

L8. Some people are very busy in their own affairs while others can spare the time to attend meetings. What about you? Do/did you attend some, all or only a few meetings?

- I attend a few meetings [1]
- I attend most meetings [2]
- I attend all meetings [3]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

L9. When you attend/attended meetings, are/were you able to stay present all of the time or can/could you stay for only some of the time?

- I do not usually stay for the full time of the meeting [1]
- Sometimes I stay for the full time and sometimes for part of the time [2]
- I always stay for the full time of the meeting [3]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

L10. In all meetings, there are some people who say less and some people who say more. When you attend these meetings, do you usually speak more or less than others?

- Usually speak less than others [1]
- Usually speak the same as others [2]
- Usually speak more than others [3]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

L11. Quite often, some people speak more on some topics while other people speak more on other topics. I will read out a list of topics to you. Please tell me whether you speak more, less, or the same as other members when the discussion turns to these topics.

- [Note: -- Don't know/not sure [8]
- Refused to reply; no answer [9]

TOPIC	Speak less than others [1]	Speak the same as others [2]	Speak more than others [3]
11.1 Budgets and Financial Matters			
11.2 Administration Matters			
11.3 Supervision and Control of Staff			
11.4 Recording Proceedings and Setting the Agenda for Meetings			
11.5 Liaison ( <i>sampark</i> ) with Panchayat Samiti and/or Zila Parishad			
11.6 Liaison ( <i>sampark</i> ) with Government Departments			
11.7 Education and school-related matters			
11.8 Matters related to health services			
11.9 Matters related to IRDP			
11.10 Matters related to JRY and other construction programs			
11.11 Women's issues			
11.12 Matters related to complaints and inquiries			
11.13 Total Score			

L12. How do decisions get made during meetings of the Gram Panchayat (or Panchayat Samiti/Janpad or Zila Parishad, as the case may be)? Does the Sarpanch decide, do some members dominate, or do all members contribute to decisions?

- Mostly, the Sarpanch decides [1]
- The Sarpanch decides along with one or two other members [2]
- A few members dominate all decision making [3]
- Every member contributes equally to all decisions [4]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

L13. How do you decide which issues to discuss during meetings?

- The Sarpanch decides [1]
- The Secretary sets the agenda [2]
- Some influential members decide what to discuss [3]
- Every member presents issues equally [4]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

L14. How much do you think you have contributed to the working of the Gram Panchayat since you were elected?

- Less than other members [1]
- The same as other members [2]
- More than other members [3]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

L15. What attributes do you think a member needs to have in order to make a greater impact on the working of a panchayat (or Samiti or Parishad, as the case may be).  
Record the first three mentioned in order:

- [01] High caste /\_\_/\_/
- [02] High education
- [03] Large wealth /\_\_/\_/
- [04] Men can have more influence than women
- [05] Political affiliation /\_\_/\_/
- [06] Religious beliefs
- [07] Better information about rules
- [08] Better contacts with officials
- [09] More support in the village
- [10] Other \_\_\_\_\_
- [98] Don't know/not sure
- [99] No answer

L16. Every member of the gram panchayat represents several different interests and constituencies, including the entire village, whose interests do you think you have represented most often in meetings of the gram panchayat?

- My caste persons' [1]
- People who share my religion [2]
- My political party [3]

- Women's interests [4]
  - My neighborhood [5]
  - Other (please specify) \_\_\_\_\_
- 

- Don't know/not sure [8]
- Refused to reply; no answer [9]

L17. To what extent do you think you have been able to represent these interests adequately?

- I have faced no problems in representing these interests very effectively [3]
- Some times I have faced problems, but at most times I have been able to represent these interests very effectively [2]
- Due to a number of problems outside my control, I have not been as effective in representing these interests as I would have liked [1]
- Don't know/not sure [8]
- Refused to reply; no answer [9]

[Note: If response is "3", then please skip to LA1]

L18. What are some of the problems you have faced in representing interests that concern you? Tick first three mentioned in order.

- [01] I am a woman /\_\_\_/\_\_\_/
- [02] I am not of high caste
- [03] I am not rich /\_\_\_/\_\_\_/
- [04] I am not very highly educated
- [05] I am not fully aware of the rules /\_\_\_/\_\_\_/
- [06] Not many people from my village are members
- [07] Other (please specify) \_\_\_\_\_
- [08] Don't Know/Not sure
- [09] No answer

### **PART C. Information related to other leadership activities (LA1-LA18)**

LA1. For how many years have you been engaged with leadership activities? \_\_\_\_\_



LA2. For how many generations has a position of village leader (or *mukhiya*) been with your family? \_\_\_\_\_

[NOTE: LA3 – LA18. How many times during the past one year have you performed a leadership role – i.e., either decided some matter or helped some persons from the village by acting on their behalf – in respect of each of the following functions?]

LA3. Resolving a dispute between two persons or groups of the village? \_\_\_\_\_

LA4. Organizing some religious ceremony or undertaking the maintenance of a temple or mosque? \_\_\_\_\_

LA5. Intervening in a household dispute between husband and wife? \_\_\_\_\_

LA6. Acting on someone's behalf and getting their work done in the *tahsil*? \_\_\_\_\_

LA7. Intervening with the police on someone else's behalf with the police? \_\_\_\_\_

LA8. If someone's name has been omitted from the electoral roll then helping to have it included? \_\_\_\_\_

LA9. Helping someone with the issue of a ration card? \_\_\_\_\_

LA10. Helping someone obtain an IRDP loan? \_\_\_\_\_

LA11. Helping someone get work on a government construction site? \_\_\_\_\_

LA12. Meeting with officials and party functionaries and having some development project approved for the village? \_\_\_\_\_

LA13. Helping someone get assistance from a government pension scheme? \_\_\_\_\_

LA14. Helping someone procure agricultural inputs, like seed or fertilizer? \_\_\_\_\_

LA15. Helping file a claim and obtaining insurance reimbursements for someone whose animal has died? \_\_\_\_\_

LA16. If some villager is a litigant in a court case, helping him or her get in touch with a lawyer? \_\_\_\_\_

LA17. If there is a sick or injured person in the village, then helping them get medicine or transporting them to the hospital? \_\_\_\_\_

LA18. If someone needs to transact some business in the city market, then helping them make contact with businessmen or marketing agencies? \_\_\_\_\_

**PART D. Personal Information (LB1-LB21)**

LB1. Name

LB2. Father/Spouse's name

LB3. Sex: Female/Male

LB4. Age:

[Code: Female =2, Male = 1]

LB5. Religion: Hindu/Muslim/Christian/Sikh/Other

[Code: Hindu = 1, Muslim =2, Christian =3, Sikh =4, Other=5]

LB6. Caste:

[Note: Please record caste here. Later on, please code as follows:

Upper Caste = 5, Middle Caste = 4, Backward Caste = 3, SC = 2, ST = 1]

LB6a: Caste Code:

LB7. Main Occupation of Household (in terms of main income source):

[Note: Please record occupation here. Later on, please code as follows:

Agricultural or Other Labor = 1, Farmer = 2, Employee in Private Sector = 3, Employee in Government = 4, Private Business = 5, Other = 8]

LB7a: Occupation Code

LB8. Education (number of years of schooling)

LB9. Agricultural land with the household (bighas)

[Note to Supervisors: Please ascertain local conversion ratio and convert into hectares.]

LB9a: Agricultural Land (in hectares)

LB10. Animals owned by household

E11.1 Large animals (cows, buffaloes, camels):

E11.2 Small animals (sheep, goats):

LB11. Is the family house pukka or kutcha? (from observation, please)

- |           |     |
|-----------|-----|
| -- Kutcha | [1] |
| -- Pukka  | [2] |

LB12. Other assets:

Tractor:	yes/no
Pumpset:	yes/no
Thresher:	yes/no
Television:	yes/no
Radio:	yes/no
Motorcycle:	yes/no
Jeep or Car:	yes/no

TOTAL NUMBER OF "YES" RESPONSES \_

LB13. Number of household members having government jobs: \_\_\_\_\_

LB14. Number of household members having private jobs: \_\_\_\_\_

LB15. Length of residence in the village (years): \_\_\_\_\_

LB16. Number of times per month that you visit tahsil HQ: \_\_\_\_\_

LB17. Number of times per month that you visit Panchayat Samiti HQ: \_\_\_\_\_

LB18. Number of times per month that you visit District HQ: \_\_\_\_\_

LB19. Number of times in the past year that you visited State HQ: \_\_\_\_\_

LB20. Which among the following sources do you consult regularly for news and information? (Please tick off all activities for which the respondent answers Yes, and report the total number of Yes responses below)

-- Neighbors	<u>Yes/No</u>
-- Village leaders/prominent persons	<u>Yes/No</u>
-- Radio	<u>Yes/No</u>
-- TV	<u>Yes/No</u>
-- Newspaper	<u>Yes/No</u>
-- Government Officials	<u>Yes/No</u>
-- Political Party	<u>Yes/No</u>

ADD TOTAL NUMBER OF SOURCES \_\_\_\_\_

LB21. Among the following persons how many do you know personally or have met at least once in the previous one year?

-- Tahsildar	yes/no
-- Thana Incharge	yes/no
-- BDO	yes/no
-- Collector	yes/no
-- Doctor	yes/no
-- Bank manager	yes/no
-- Sarpanch	yes/no
-- Pradhan	yes/no
-- MLA	yes/no
-- MP	yes/no

TOTAL NUMBER OF "YES" RESPONSES \_\_\_\_\_

**MANY THANKS FOR YOUR COOPERATION. WE ARE GRATEFUL TO YOU.**

## Annex 3:

## PROFILE OF 315 PRI REPRESENTATIVES

GENDER:	Male:	= 251
	Female:	= 64
STATE:	<b>Madhya Pradesh</b>	<b>= 160</b>
	Rajasthan	= 155
MEMBERSHIP	Present Members	= 237
	Past Members	= 78
	Ward Members	= 245
	Up-Sarpanch	= 29
	Sarpanch	= 34
	Others	= 7
AGE:	Mean	= 41.5
	Std. Dev.	= 13.4
EDUCATION (years):	No Education	= 54
	1-5 years	= 150
	6-8 years	= 57
	9-10 years	= 39
	>10 years	= 35
CASTE	Upper Caste	= 58
	Middle Caste	= 19
	O.B.C.	= 161
	Scheduled Caste	= 56
	Scheduled Tribe	= 21
RELIGION	Hindu	= 279
	Muslim	= 36
PRIMARY OCCUPATION	Agriculturist	= 237
	Agric. Laborer	= 35
	Private Sector Empl.	= 3
	Government Empl.	= 6
	Self-Owned Business	= 31
AGRICULTURAL LAND HELD BY HOUSEHOLD (hectares)		
	Landless	= 66

Less than 3 hectares	=	169
3-6 hectares	=	50
More than 6 hectares	=	30

#### TYPE OF DWELLING

Kaccha (mud)	=	133
Pakka (brick or stone)	=	175
Missing Values	=	7

**Interview guide for overall information about villages in the intensive survey**

**Gram panchayat general**

- 1.1 Gram panchayat name
- 1.2 Block
- 1.3 Tahsil
- 1.4 No and names of revenue villages (and their hamlets) in the gram panchayat
- 1.5 Population of each village; total population of gram panchayat
- 1.6 Any traditional social or territorial links between the villages of the panchayat

**Village level general information**

- 2.1 Location in relation to panchayat samiti, district headquarters, nearest market
- 2.2 Education facilities/ distance to primary school, middle school, high school
- 2.3 Literacy rate (as per 91 census or villagers' estimation)
- 2.4 Status of agriculture; % irrigated, % rainfed (91 census or villagers' estimation)
- 2.5 Drinking water facilities
- 2.6 Roads
- 2.7 Electricity
- 2.8 Village total area

**Village social and economic composition**

Main social groups:

- 3.1 List all castes and tribes (including clans), their religion, GO classification (OBC, SC, ST, General)
- 3.2 Approximate numbers of households of each social group
- 3.3 For each social group list main livelihood occupations, no of female-headed households, no of government or other employees, no of landless, no of migrating households

**General wealth status of the village**

- 4.1 Who are the wealthiest/ which groups have most assets? Who are the poorest ?

**General problems of the village**

- 5.1 What are the main problems that are common to all or most people in the village?

## **The panchayat**

6.1 What community activities has the panchayat implemented during the last 5 years?  
Was it useful? What is neglected?

6.2 List the name, age, educational status, social group, livelihood occupation of all the elected representatives of the panchayat in the village

## **7. Existing local organizations and their inclusiveness**

(to be discussed in group discussions as well as with individual villagers)

7.1 What organizations exist in the village/for what purposes do people/households come together in groups (temporarily, more long-term basis)?

- List all spontaneous responses

7.2 Apart from the ones you have mentioned, are the following organizations existing in the village?

(local self-evolved organizations such as):

- traditional village councils
- associations of caste (clan) groups
- religious groups
- temporary labor groups
- patron-client relationships
- other broad-based community organization (or organizations based on social groups relating to e.g. marriages and deaths)
- groups/ initiatives arising around village youth/other new leaders
- women's groups (formed around credit, labor, religious activities etc)
- other?

(local externally invoked organizations such as)

- JFM committees
- watershed committees
- irrigation associations
- farmers' groups (kisan mandals)
- credit groups
- cooperatives
- mahila mandal
- youth clubs
- education committee (shiksha samiti)
- political groups/party affiliated groups
- other?



### **7.3 Presence of external organizations in the village**

- NGOs
- Government departments (e.g. health, education, revenue)
- Private sector (e.g. bank representatives, Nabard)
- Political parties
- other ?

### **7.4 For each of the existing organizations in the village explain current status and changes over time :**

- purpose
- history of initiation of the activities, how it evolved over time
- social group of participants/general members (caste, clan, gender, age, other smaller social groupings)
- social group of committee or main decision-makers (names of persons / head of their households)
- how/why committee members/ main decision-makers came to occupy their positions
- frequency of meetings
- rules and regulations, conflict-resolution
- decision-making structure: topic of discussion, who initiates the discussion, who discusses, who finally makes the decision
- tangible benefits accrued such as forest produce, labor, credit, seeds etc
- Influence on village social relations (e.g) democracy, cohesiveness

### **7.5 For externally invoked organizations:**

- How do you/the villagers interact with the external organization (Forest Department, Watershed Department, NGO, etc)? Is it formal, informal; in the village, outside; how often; over what issues

**Interview guide for individual villagers and group discussions**

1. What is the purpose of the panchayat?
2. Did you vote in the last election – why/why not?
3. Have you ever attended a gram sabha or a gram panchayat members' meeting - why not?
4. If not attended yourself – who attends?
5. What are the issues discussed in the meetings?
6. How often is there a gram sabha?
7. Who are the members from your hamlet/ village in the panchayat?
8. What are the characteristics of the elected representatives of the panchayat – why were they elected – list reasons for each one?

For those who have attended meetings:

9. How are you participating (passive, active)?
10. Have you raised any issues? What was the response from others?
11. Can one say what one wants in the panchayat?
12. Who leads the panchayat meetings ?
13. What is the process of decision-making; example of topics, who initiates the discussion, who discusses, who takes the decision?
14. Who are the most influential people in the panchayat – members as well as others?
15. What are the features of the influential people – how and why did they become influential?
16. Are people participating more or less now compared to five years back?
17. Is there a change in the participation of different groups, e.g. women's participation?

Activities and benefits

18. What is the responsibility of the panchayat?
19. What activities are carried out by the panchayat?
20. What is the most important work done by the panchayat?
21. What benefits have you or your household gained from the panchayat?
22. What was the procedure for gaining those benefits?
23. Which benefits are most important to you?
24. Who gets benefits from the panchayat (individuals, groups) - what are the criteria for receiving benefits?

Contacts with elected representatives

25. Have you ever contacted an elected representative for a matter that concerns the panchayat- for what, who?
26. What was the response?
27. Membership or participation in other village organizations?
28. Rank the value of panchayat by comparing with other existing development bodies and activities in the village

Note: Respondent(s) name, surname, caste/tribe, head of household, main livelihood activity, religion, age (see score in the vulnerability ranking)

**Interview guide for elected representatives**

1. How many times have you been elected as a representative?
2. Why were you elected? Did others propose or was it on your initiative?
3. What about other members – why were they elected?
4. Which other village organizations – formal or informal – are you a member of?
5. Have you been given any training to carry out your duties? What training? Was it helpful?
6. For which purposes do villagers approach you in your position as an elected representative? Who comes? Can you help them?
7. How often do members hold meetings? Do you participate?
8. How are decisions made in the panchayat: who initiates the discussion, who discusses, who decides?
9. What influence do you have in the panchayat?
10. How do you rate your influence in comparison with other members? Why is there a difference?

Note: Respondent(s) name, surname, (caste, clan), head of household, main livelihood occupation, age, religion, (see score in the vulnerability rank)

### **Brief profile of the Sarpanches from the eight case study Panchayats**

#### **Sarpanch 1: General category**

The Sarpanch is considered to be one of the wealthiest and most livelihood secure persons in the area. He is a Jain businessman and lives in the rural town which is the head quarter of the Panchayat. He runs several shops and also has a lot of land. He frequently lends money to various people. He holds a BA degree.

#### **Sarpanch 2: Female reservation**

The Sarpanch's husband is the traditional village leader and although his powers have largely faded, he still has a very good social position in his own as well as surrounding villages. The Sarpanch belongs to a large patel family on whom many people are dependent for labor. The Sarpanch is educated till class 10.

#### **Sarpanch 3: SC reservation**

The Sarpanch belongs to the largest SC caste in the two villages that make up the Panchayat. Compared to many others in his caste he comes from a relatively livelihood secure household. They have irrigated land as well as other subsidiary incomes. He had been elected on the basis of his good nature and helpful attitude. He has five years of education.

#### **Sarpanch 4: ST and female reservation**

The Sarpanch is a Bhil tribal and has 10 years of education. Her husband is a teacher and a highly regarded community member. They belong to the largest and politically dominating extended kin group in the villages comprising the Panchayat.

#### **Sarpanch 5: Female reservation**

This Sarpanch is uneducated. Her husband, who is in fact called the Sarpanch, is a powerful village patron of the Patel caste. They have the largest extended kin group in the single village that forms the Panchayat.

#### **Sarpanch 6: General category**

The Sarpanch is a well-educated Rajput with a BA degree. He has been unable to get a good government job. He is a big landowner and employs many laborers in the agricultural season. Before the election he had distributed liquor in many of the tribal hamlets.

#### **Sarpanch 7: ST and female reservation**

The Sarpanch is a Bhil tribal. She is uneducated, but her husband has studied till 10<sup>th</sup> class and many villages therefore thought that he would be effective in implementing the work.

#### **Sarpanch 8: ST reservation**

The Sarpanch is a Meena tribal. His household falls within the category of livelihood secure households. He has irrigated land as well as sons who are involved in various private enterprises. He has eight years of education. Bribes, in the form of cash, was claimed by the villagers to have been distributed to many vulnerable households at the time of the election.

**OVERVIEW OF RURAL  
DECENTRALIZATION  
IN INDIA**

*Volume III*

**BACKGROUND PAPER NO. 4**

**Annotated Bibliography of Key Literature  
Catalogue of Literature on Rural  
Decentralization**

**Anand Mathew**

**January, 2000**



## A Note

The Terms of Reference of the World Bank listed the following tasks:

1. To compile an annotated bibliography of key literature on rural decentralization
2. To take copies of relevant literature
3. To create an electronic catalogue of literature
4. To create an electronic inventory of organizations and people involved in the development of Panchayati Raj Institutions
5. To compile a synopsis of the monitoring systems of rural decentralization in India
6. To compile a summary of the status of rural decentralization in Madhya Pradesh, Uttar Pradesh and Rajasthan, with a specific focus on transfer of functions, role and composition of District Planning Committees and the recommendations and implementation of State Finance Commissions.

It was an enriching experience working on this project.

The annotated bibliography is arranged alphabetically, author-wise and attention is given to select books and articles covering a wide spectrum – thematically and geographically. Only a few publications of the period before the debate on the constitutional amendment have been included in the sections. Visits to National Institute of Rural Development (NIRD), Hyderabad and Institute for Social and Economic Change (ISEC), Bangalore and several other libraries in New Delhi helped in the preparation of this section.

Copies of selected and oft-quoted articles and selected chapters from books by well-known authors are being submitted separately.

The catalogue of literature on rural decentralization was prepared after consulting the libraries of Indian Institute of Public Administration (IIPA) New Delhi, Institute of Social Sciences (ISS) New Delhi, Society for Participatory Research in Asia (PRIA) New Delhi, Jawaharlal Nehru University (JNU), New Delhi, Delhi School of Economics (DSE), Centre for Women's Development Studies (CWDS), New Delhi; National Institute of Rural Development (NIRD), Hyderabad and Institute for Social and Economic Change (ISEC), Bangalore.

For reference convenience, the articles, books and journals have been listed under separate sections/themes. Care was taken to incorporate/mention relevant literature written during the post-Constitutional (Seventy-third) Amendment phase.

Since e-mail is just becoming popular in India, it was not easy to collect a large number of organizations and individuals with e-mail addresses working in the field of rural development. It may be noted here that the organizations mentioned in the list are not entirely devoted to the work of PRIs, but they have departments and sections doing the work in the field in varying degrees.

Working on the three aspects – transfer of functions, role and composition of District Planning Committees and recommendation and implementation of State Finance Commission (SFC) reports -- in the three states of Madhya Pradesh, Uttar Pradesh and Rajasthan was a challenging task. Enormous support and help in this work was received from National Institute of Public Finance (NIPFP), New Delhi, officials in the Ministry of Rural Development, Planning Commission, experts who have worked in the three states and the research team at the Institute of Social Sciences (ISS) working on the status of Panchayati Raj in the States and Union Territories of India.

The section on Monitoring was written after interactions with officials in the Ministry of Rural Development and my general observations on the subject. Information gathered while visiting the state government departments and non-governmental organizations and research institutions also proved useful.

I am grateful to Dr. Ved Arya for his insightful ideas during the various stages of this work.





## **Annotated Bibliography of Key Literature**

ACHARYA, Poromesh. 1994. January. Elusive New Horizons: Panchayats in West Bengal. *Economic and Political Weekly*, 231-234.

The political perspective of democratic self-governance especially when the panchayats are constituted on the basis of political election is crucial. The crux of the problem is how effective Panchayati Raj could be in accelerating the process of negotiating the conflict situation inherent in a differential society like India. The author in this article says that in a bourgeois-democratic set-up, the panchayats as self-governing institutions will have to be guided by politics of social change if they are not to degenerate into “political monsters”. Panchayati Raj has been envisaged to be the institutional form of decentralized structure of power and the panacea for the degradation of Indian polity. The article points out that structural reorganization may not be the cure for functional disorder and discord and that corruption and criminalization of politics may get a channel for flowing downwards through the local government institutions. The author says that political panchayats as self-governing institutions could become the nucleus of experimental forces if guided by politics of social change.

AMBEDKAR, S Nagendra. 1995. January-June. Panchayati Raj Elections in Rajasthan. *Administrative Change*, 22(2), 177-182

This is a brief article on the elections to the Panchayati Raj bodies held for the first time in Rajasthan after the 73<sup>rd</sup> Constitutional Amendment Act came into force. This election was after a gap of six and a half years. The article discusses the nomination process, election campaign, the issue of law and order and the results. The study shows that in the Panchayats, people have favored a two-party system. There were 110 incidents of violence reported on the polling day, with the loss of 3 lives and the campaigning according to the article did not generate any serious debate on the principle issues raised in the 73<sup>rd</sup> Amendment. Mostly the criticisms were against personalities/contestants. There were lively contests and large number of people filed nominations. For instance, for 5210 Panchayat Samiti seats 25,214 persons contested. This shows a vibrant democratic process.

ASHRAF, Ali. 1993. Panchayati Raj in Uttar Pradesh. *Gandhian Perspectives*, 6(1), 87-100.

This article looks at the status of Panchayati Raj in the state of Uttar Pradesh after the 73<sup>rd</sup> Constitutional Amendment. The author says that the act makes the PRIs a constitutional entity and Panchayat elections mandatory and calls for the launching of a nationwide comprehensive program of local self-government and rural development. The author in this article while looking at the positive impact of the new legislation observes that the past record of Uttar Pradesh under several political parties to the cause of rural development through rural democracy has been dismal. Rural development through PRIs should be an act of faith and a necessary exercise to devote the energy and resources of public authorities towards the successful implementation of rural development programs through self-reliance and self-governance concludes the author. He says that Panchayati Raj means nothing less than the realization of local self-government and development of rural India.

AZIZ, Abdul. 1998 July Dec. Process of Decentralized Governance and Planning. *Prashasnika*, 25(2), 113-119

Based on the Karnataka experience the author discusses the decentralization process and planning. The article says that the planning process is not happening because:

- (1) The Gram Sabha meetings are not regularly held and participation is negligible.
- (2) The Panchayat planners do not enjoy autonomy with regard to plan formulation.
- (3) There is absence of coordination of governance and planning at different levels.
- (4) There is very little people's participation in the planning process

Therefore a state like Karnataka, which has a good record of decentralization, is lagging behind in both decentralized governance and planning and the situation in other states are far from satisfactory. The article concludes by suggesting that some concerted efforts need to be taken to train the panchayat officials in the art of science of decentralized governance and planning. Especially training among the weaker sections to create some degree of awareness will promote attitudinal changes and impart governance skills.

AZIZ, Abdul. 1993. *Decentralised Planning – The Karnataka Experiment*. New Delhi: Sage Publications.

This author in this volume develops a general theoretical perspective based on a review of the actual experience of decentralized planning in the state of Karnataka. Starting with a brief account of the theoretical and methodological issues involved, Aziz delineates the institutional structure necessary to achieve the ends of decentralized governance. Among the main elements are its capacity to identify both local level needs and problems and the aspirations of the people to facilitate people's participation and to formulate and implement appropriate projects.

The author's survey finds that the degree of financial autonomy enjoyed by local level bodies is far from satisfactory. Not only are they dependent on the state government for an overwhelmingly large share of their budgetary resources but the proportion of funds which they can freely draw upon for their own schemes is woefully inadequate. The author in the book shows that local government bodies in Karnataka implement developmental programs better than in aspect of formulation. The book, which is based on extensive fieldwork, has seven chapters with important tables.

BALARAMULU and Raghavender Rao. 1995 Jan-June. Political Leadership in Panchayati Raj: A Study of Mandal Praja Parishad Leadership in Andhra Pradesh. *Administrative Change*, 22(2), 168-176.

This is a study of political leadership in the Karimnagar District Panchayat of Andhra Pradesh. *Mandala Praja Parishad* is the middle tier of the Panchayati Raj system in the state. Based on a structured questionnaire, information was gathered from all the 56 presidents of the *Mandala Praja Parishads*. The article says that 44.7 per cent of the seats were reserved for Backward Classes, Scheduled Castes and Tribes and Women. The upper castes constitute 10 per cent of the total population and they had captured most of the seats. The leadership is emerging from middle-aged groups and the majority of them have intermediate degree and post-graduate education. Most of them come from agricultural backgrounds. From the study, it was evident that 53.6 per cent had previous political experience. The article says that according to the respondents the elections should be on party basis; all development programs must be brought under the umbrella

of PRIs. The respondents were of the view that the local bodies do not have sufficient autonomy.

BHARGAVA, BS, 1977. Emerging Leadership in Panchayati Raj System: A Study in a District in Rajasthan. *ISEC Staff Paper 8*, Bangalore: Institute For Social and Economic Change.

Although written 23 years back, this brief study is a backgrounder for the new panchayats which began with the Asoka Mehta Committee Report (1978) in West Bengal and Karnataka. The Panchayat had been the traditional village authority and consisted of hereditary office holders based on caste and family. The Panchayati Raj system taken up as a program of democratic decentralization was however a complete break from the traditional system and had brought in democratically elected members. In many cases the traditional authority itself manage to come in because of their social background of influence, resources and education. This seminal paper is an interesting analysis of the first generation panchayats in the above context. The author concludes that the emerging leadership in Panchayati Raj institutions is neither traditional nor modern in nature, it is somewhere between both and if these are assumed as forming a continuum, then the author calls it 'Neo-traditional' leadership.

BHARGAVA, B S and Avinash Samal. 1998 July-Dec. Panchayati Raj System: The Orissa Experiment. *Prashasnika*, 25(2) 2, July –December, 91-105

This paper describes and analyzes Orissa's experiments with rural local self-government at different points of time and under various regimes. The authors adopt a historical perspective to study the local self-government in the state, tracing the evolution of PRIs from the pre-independence period. They are of the view that the nature, character and functioning of the PRIs vary depending on the attitude of the ruling elites, the quality of their leadership, governmental control exercised upon the local bodies from time to time, and the way the government looks at them. Those at the helm of affairs at the state level are often suspicious of the emerging leadership at the local level institution and see a potential threat to their hegemonistic leadership and therefore take little interest in the conducting of regular elections.

BHARGAVA, BS and K Subha. 1994. Political Empowerment of Women: The Case of Karnataka's Experiments with Panchayati Raj. *Political Economy Journal of India*, 3(2), 28-36.

This is an addition to the existing literature on political empowerment of women. Karnataka is considered to be the pioneering state that gave 25 per cent reservation for women as early as mid 80's, much before the 73<sup>rd</sup> Constitutional Amendment came into force. The paper gives valuable data on elected women panchayat members in the 1987 elections in various districts of Karnataka. It gives account of positive aspects of women's reservation with empirical evidences, but concludes that there is a need to raise the consciousness of women so that they can bring about social change. The authors say it is a Herculean task in view of the low literacy, health, lack of consciousness and poor living conditions. Now women are more than nominal in the political bodies and this is an epoch-making step in women's empowerment and political participation, say the authors.

BIJU, MR. 1999 February. Panchayati Raj and Anti-Defection Ordinance, 1998 in Kerala, *Kurukshetra*, 9-12.

An ordinance was promulgated by the Governor of Kerala, which banned defection in the local bodies of the state with retrospective effect from October 2, 1995. The ordinance entitled “ The Kerala Local Self-Government Institutions (prohibition of Defection)” seeks to provide for mandatory disqualification of Panchayat and Municipal Council members who defect from parties which had given party ticket to them in the local bodies poll or joined a political party after getting elected as an independent candidate. According to the provisions of the Ordinance, a member of a local body would be disqualified if he/she resigns from a political party on his/her own volition, or if a member votes or abstains from voting in a meeting of the local body without the permission of the said political party, person or authority. The disqualification would also be applicable to those members who had been elected as candidates of a coalition, by whichever name it might be called, if he/she withdraws from such a coalition or votes or abstains from voting in violation of a direction by the coalition or the person or authority authorized to give such a direction. This article looks at the Ordinance, which is the first of its kind in India, critically and the author points out several lacunae in it.

BURMAN, B K Roy. 1995. *Panchayati Raj and Tribals*. New Delhi: Institute of Social Sciences.

This booklet, by a noted anthropologist, is a critique of the Report of the Committee of Members of Parliament and Experts under the Chairmanship of Dilip Singh Bhuriya constituted to make Recommendations on the statute concerning Extension of Provisions of the Constitution (Seventy-third Amendment) Act, 1992 to Scheduled Areas. The report, which the author critically reviews, relates to the Fifth Schedule Areas mentioned in the Constitution of India. It has dealt with several facts that provide the background for strengthening and widening the range of self-government in the tribal areas. The author says that the tribal situation is fast changing and he takes the important recommendations of the Bhuriya Committee report clause by clause and gives meaningful insights.

CHAKRABORTI, Anil K, Apurba Kumar Mukhopadhyay and Debesh Roy. 1999. *Non-Land Inputs in Land Reforms*, West Bengal: State Institute of Panchayats and Rural Development.

Operation ‘Barga’ (Giving tenancy rights to sharecroppers) was a big success in the state of West Bengal because of the Panchayats, which came into existence after 1978. The distribution has often been looked at as an end in itself rather than as a means to an end. Land reforms can go far beyond distribution if the land input is appropriately supplemented by non-land inputs to render the distributed land economically viable through agricultural activities, while failure to provide non-land inputs may prove the distribution counter-productive. This book, with eight chapters is the outcome of a micro-level study on the flow of non-land inputs to assignees of ceiling surplus lands, conducted in the district of Burdwan, West Bengal. The study is a clinical investigation into a relatively uncharted area of research, its focus is on productivity. It seeks to find out if there is convergence of non-land inputs (credit, water, fertilizer) to bring about a conducive ambience for productivity. The basic question raised in this study is that land reforms need not be looked at as an end in itself and the reforms are intended to make the beneficiaries self-reliant rural producers for which land is the one and only asset. It looks at the situation in real terms of access to land availability of other crucial non-land inputs

without which the beneficiaries will be unable to reap the full benefits of reforms. On another plane this work analyses the linkage between land reform and panchayats.

CHATURVEDI, Pradeep (ed.). 1997. *Food Security and Panchayati Raj*. Delhi: Concept Publishing Company.

This volume is a compilation of presentations made at a national conference organized by Food and Agricultural Organisation of the United Nations (FAO) on 'Panchayati Raj – The key to Food Security and Nutrition'. The authors include officials of the government of India, state governments, experts on PRIs, experts on food and agriculture, economists and representatives of co-operatives and non-governmental organizations. The objective is to develop a strategy for micro-level food security and nutrition for the poor through the Panchayati Raj system while looking at the reasons for the lack of food security and the potential of the village panchayat system as an important mechanism for ensuring food security at the local level.

Some of the notable chapters are:

- Panchayati Raj and Food Security by LC Jain
- Panchayati Raj and Co-operatives: The twin keys to Food Security and Nutrition– The Madhya Pradesh Experience by Dharmendra Nath
- Financing of Village Panchayats in Uttar Pradesh: Need for Review by Fahimuddin
- Food Security in Panchayati Raj Institutions through Agro-Forestry Based Programmes: A Co-operative Experience by OP Gaur
- Integrating Disaster Mitigation with Food Security at Panchayat Level by Mihir R Bhatt

CHITLANGI, BM and Amarendra Kumar Tiwari. 1998. July-Dec. Financial Administration of Panchayati Raj Institutions in Rajasthan. *Prashasnika*, 25(2), 65-73.

The 73<sup>rd</sup> Constitutional Amendment Act has cast heavy responsibilities for rural administration and financial administration on the political leaders, economic planners and the administrative bureaucracy. The delegation of financial powers and responsibility further down to the level of the blocks and villages in Rajasthan has necessitated a proper system of financial administration. The authors in this article critically look at the existing financial administration of the PRIs in the state and propose further augmentation and strengthening of the financial administration on several key aspects. The authors conclude that the pattern of financial administration of PRIs in Rajasthan has to emerge under a new dispensation. The major problem is the insufficient resources at the disposal of the panchayats. The PRIs largely depend on grants-in-aid and other sources which are nominal. The need is therefore to give more fiscal autonomy to the PRIs than allowing them to depend on grants from the state or the center. This can be done by the transfer of resources as suggested by the First State Finance Commission which had examined the fiscal aspects of the PRIs as a mandatory function as mentioned in the 73<sup>rd</sup> Amendment Act and the Rajasthan Panchayati Raj Act, 1994.

CHOUDHARY, RC and SP Jain. 1999. *Patterns of Decentralised Governance in Rural India* Volumes I & II, Hyderabad: NIRD.

This work in two volumes contains state-specific studies on Panchayati Raj system in India till 1998. It looks at among other issues, the extent and effectiveness of autonomy, functional and financial devolution, empowerment of the poor and the disadvantaged sections of society and the involvement of the PRIs in the planning and implementation

of central and state schemes and programs. The two volumes give a descriptive analysis of twenty states with an appendix giving the statistical profile of Panchayati Raj in the country.

CHOWDHURY. D Paul, ' Panchayats and NGOs', Social Welfare, May 1994, 3-7.

This article discusses the history of Panchayati Raj in India in terms of its emphasis on development. In the second half, the emphasis is on voluntary action for social welfare, tribal and rural development, environment, human rights, consumerism etc. The main theme of the article is that social activists who have started working in rural and tribal areas should become the forerunners of voluntary action alongside the panchayats. It pleads for considering voluntary action and social activists not as rivals but as supporters of the new Panchayati Raj system.

DATTA, Prabhat. 1994 July-Dec. Democratic Decentralisation and Panchayati Raj in India: Perspectives and Practices. *Administrative Change*, 22(1), 37-48.

Democratic decentralization is a concept that associates people with local administration through popularly elected bodies and it recognizes the right of the people to take initiatives and to execute policy decisions in an autonomous manner. The author in this paper says that democratic decentralization is a political ideal and that local self-government is the applied form of this political ideal. It looks at the debate as to whether local self-government in India should be perceived as an institution of democracy or as an instrument for implementing development programs through people's participation.

DATTA, Prabhat. 1997 January-June. Political Empowerment of Rural Women in India. *Administrative Change*, 24(2), 129-148.

The issue of political empowerment of rural women in India has assumed considerable significance in view of the reservation of seats and posts of chairpersons in rural self-governing institutions through the 73<sup>rd</sup> Constitutional Amendment act. This paper examines the problems and prospects of political empowerment of rural women through participation in village self-government in India. It provides an overview of the evolution of local self-government institutions in India and focuses on the empowerment of rural women through them. This paper discusses against the backdrop of the approaches to the problem by the various committees and commissions on Panchayats and women. The author argues that if women's empowerment has to be successful then the existing feudal-patriarchal structure in most parts of the country has to be dismantled. Moreover, women's empowerment through the panchayats requires a sustained campaign and vigorous efforts for creating awareness about their rights and duties.

GOVERNMENT of India, Ministry of Rural Development. 1994. *Renewing Local Self-government in Rural India*. Occasional Papers – 6, Hyderabad: NIRD.

This volume contains papers written by scholars in the field of Panchayati Raj in India. It takes a look at the 73<sup>rd</sup> Constitutional Amendment and its implications in facilitating and identification of issues involved in the building up of the PRIs in accordance with the provisions of the Constitution.

Some of the important chapters in the volume are:

- Politico-legal implications of the Constitution 73<sup>rd</sup> Amendment Act, 1992 by SS Meenakshisundaram
- Relationship of the District Bureaucracy and the Elected Functionaries of the Zilla Panchayat – The Gujarat Experience by Sahadev Chaudhary
- Relationship of the Zilla Panchayat and District Bureaucracy: Case of West Bengal by Buddhadeb Ghosh
- Panchayati Raj and Human Rights by G Hargopal
- Decentralised Planning: Issues and Training Implications- An analytical Framework by Amitava Mukherjee & BN Yugandhar.

GOVERNMENT of India, Ministry of Rural Development. 1994. *Powers and Functions of Panchayati Raj Institutions – A Framework*. Occasional Papers 5; Hyderabad: NIRD.

This volume contains papers on different aspects related to powers and functions that are to be assigned to the Panchayat Raj bodies by the State Governments. They have been written by experts in the field of Panchayati Raj and officers of the Ministry of Rural Development, to facilitate further deliberation and to assist in evolving a suitable framework for distribution of powers and functions to the Panchayati Raj bodies. The chapters are centered on the following:

With the passing of the Constitutional 73<sup>rd</sup> Amendment Act, State Governments are required to pass new enactments or bring out necessary changes in their existing Panchayati Raj Acts. After the conformity acts, the states must hold elections and suitable administrative arrangements should be made to entrust local bodies with the necessary infrastructure so that the assigned duties given to the different tiers of PRIs' are performed. Therefore it is necessary for all State Governments and others concerned to develop a scheme and time schedule for devolution of powers and functions in a more judicious manner to the different tiers of Panchayati Raj.

The four papers included in the volume are:

- Inter-Tier Allocation of Funds by TR Satish Chandran
- Powers, Authority and Responsibilities of Panchayats by V Ramachandran
- Inter-State Disparity in Fiscal Capacity and Its implications for State-Local Fiscal Relations in India by Bhagabata Patro and GD Patro
- State-Panchayat Fiscal Relations in Karnataka by Abdul Aziz

GOWDA, S Govinda, MS Dhadave and MV Srinivasa Gowda. 1996. Developmental Role of Women Members of Panchayati Raj Institutions: A Study in Karnataka. *Journal of Rural Development*, 15(2), 249-259.

The statutory reservation of seats in the PRIs provided an opportunity to rural women to formally involve themselves in the development process at the grassroots level and to secure as many development benefits as possible to the local community. The authors in this article have attempted to examine the extent to which women members of Mandal Panchayats (the lower tier in the Panchayati Raj System of Karnataka between 1987 and 1992) secured development benefits to the people in their villages under different development programs. This study covered 250 women members who were selected for a purposive sampling at the rate of 130 and 120 respectively from the developed and backward *Taluks* of Bangalore rural district. The study reveals that the majority of women members had put up fairly better development role performance; they secured development benefits to the people of their villages mainly in the fields of agriculture, public works and civic amenities, welfare and education. They had also involved

themselves in organizing health programs for the benefit of people in their villages or *Mandal* area. The assistance secured by women members to the people under different programs was economic in nature and this reflects upon the basic needs of rural communities. The study revealed that among the socio-economic attributes such as age, education, caste, annual household income and land-holdings of women leaders, only education and annual household income had significant and positive relationship with their developmental role performance.

INBANATHAN, Anand. 1999 July-Dec. Decentralization and Affirmative Action: The Case of Panchayats in Karnataka. *Journal of Social and Economic Development*, 2(2) 269-286.

Karnataka's Panchayati Raj Act of 1983 was considered one of the most progressive pieces of legislation of its time. Through various measures, the act had made it possible for the majority of the rural people to participate in the functioning of the panchayats. However according to the author, the 1993 Panchayati Raj Act was a retrograde step in many ways. The present paper considers the participation of disadvantaged groups such as women and Scheduled Castes in the panchayats, particularly in the *Mandal* panchayats of the 1983 act, and the *Grama* Panchayats of the 1993 Act. It tries to gauge the effect of their elections on the *mandal* and *grama* panchayat representatives' social and economic status and the 'power', and 'social honour' that have accrued to them. The general conclusion reached is that, although the reservations to the panchayats enabled a very substantial number of people from various socio-economic groups to be elected as members, their participation, for the most part, can hardly be considered independent or effective. The handicaps faced by most members of these groups have, through the present form of reservations, made it much easier for the dominant groups of rural society, the elite's, to continue their dominance and control of the panchayats. The author is of the view that it is still some time before the disadvantaged groups in society can find a space for themselves in the political structure at the local level.

ISAAC, Thomas TM. 1999. People's Planning Towards a HandBook. Kerala State Planning Board. Thiruvananthapuram.

The People's Planning in Kerala has attracted nationwide attention. This was introduced since 1996 when the Left Front government came to power in the State. The author of this handbook is an ideologue and the moving spirit behind the People's Plan campaign. This is an exhaustive work detailing: 1) Kerala Experience in People's Campaign for Decentralised Planning, and 2) Learning from Kerala's Experience – Selected tools for decentralised planning. It has valuable charts and tables covering a period of three years (1996-1999). This work is the latest on subject.



JANI, Ilaben. 1994 May. Women and Panchayats. *Social Welfare*, 8-13.

The writer considers the 33 per cent reservation of seats in the local bodies a historic step. According to her it will create a strong and affirmative role for women in the development of the villages, especially in the areas of water, health, education and sanitation. The article touches upon known problems for women in participating effectively in the new political process like illiteracy, religious intolerance, poverty, untouchability and so on. The article has a section on legal issues affecting families, which prevent women coming forward in public life. It is a call for women to come forward to participate in panchayats, dropping their inertia.

JHA, SN and P C Mathur (eds) 1999. *Decentralization and Local Politics – Readings in Indian Government and Politics –2*. New Delhi: Sage Publications.

This volume, the second in the series *Readings in Indian Government and Politics*, contains 13 seminal essays, which focus on the dialectics between the institutions of decentralization and local politics in India, particularly from the 1980's onwards. The book looks at tensions between matters of local autonomy and the demands of development. The underlying theme of the articles' is a concern for an understanding of the complex nature of decentralization, particularly in view of the enormous diversity of Indian society. The contributors argue for a notion of decentralization that, in accordance with the practice of democracy, allows for the co-existence of the national and the local within the institutional framework of a division of power. The book is divided into four parts. The essays in Part I are a commentary on such fundamental issues as globalization, development and federalism. A wide range of topics is covered in Part 2 ranging from the history of Panchayati Raj, its contribution to development programs and regional experiences of PRIs to problems of local resources, functional and financial devolution and issues of decentralization for Scheduled Areas. Part 3 covers the urban institutions of decentralized governance, while the final section looks at the social-structural context of local politics, with particular reference to issues of local leadership, caste mobilization and the mobilization of women.

Overall, the book provides a compact yet comprehensive analysis of the political dimensions of decentralization from both macro and micro perspectives. It is an important source for administrators and policy makers working in the field of decentralized governance.

JOSHI, R P (ed). 1998. *Constitutionalization of Panchayati Raj – A Reassessment*. Jaipur: Rawat Publications.

This book is an academic probe into the dynamics of changes brought about by the 73<sup>rd</sup> Constitutional Amendment and resultant changes in legislation governing Panchayati Raj system in the country, more particularly in the state of Rajasthan. There are 15 chapters in the volume on different aspects of the local governance in the country. Asha Kaushik in the chapter 'Constitutionalization of Panchayati Raj in the Gandhian Perspective' focuses on the Gandhian perspective in the context of constitutionalization of Panchayati Raj and contends that the attempt to realize 'Gram Swaraj' through the 73<sup>rd</sup> Amendment is a hasty conception which ignores the political reality in India as well as the key premises of the Gandhian framework. P C Mathur in 'Constitutional Panchayats of India: A Radical Innovative Improvement over the Pre-1993 Developmental PRIs?' is of the view that Article 243-G has a non-mandatory status and leaves the PRIs at the mercy of

state legislatures. The author says that the conferment of a constitutional status upon the PRIs is neither a radical-structural nor a radical-functional innovation in rural India and their gains in democratic improvement in organization of local-level panchayats are not commensurate with the functional agenda of the panchayats as units of self-government. Iqbal Narain and PR Sharma in their chapter 'Panchayati Raj and Reservation Policy', through a well-researched survey of two panchayats in the Jhalawar district of Rajasthan have built up the argument that except in case of caste, other variables like sex, age and education are not very significant in forming opinion about reservations. They conclude that the upper castes and classes find reservation as a challenge to their power, which they were enjoying for a long time.

JOSHI, GV and Jyothi Shenoy, 'The Gram Sabha in Karnataka: Some Reflections and Realities', Quarterly Journal of the All India Institute of Local Self-Government, Vol. LXVI. No. 34, year??, 195-201

The authors discuss whether Gram Sabha is an active body in the state of Karnataka and to what extent it can emerge as an instrument of primary democracy. It examines the provisions of the Panchayati Raj Act related to Gram Sabha. The article says that in Karnataka the institution of the Gram Sabha has not been functioning in the past. The state began to activate it through the Karnataka Act of 1983 but the empirical cited in the article prove that they were ineffective. The 1993 Panchayat Act of the state, according to the authors is far superior to the previous acts. Quoting the erstwhile Panchayati Raj minister (1993) the article says that the Gram Sabha is the soul of Panchayati Raj in Karnataka today, it will maximize the accountability and transparency of administration and public awareness at the grassroots level. But the concern express is that there are no in-built statutory provisions to maximize the accountability of the Gram Panchayat to the Gram Sabha. This article was written before some substantial amendments were brought to the 1993 Act.

KANNAN, KP. 1993. Local Self-Government and Decentralised Development. *Economic and Political Weekly*, 2644-2646

This author deals with the framework for rural and urban local bodies laid down in the 73<sup>rd</sup> and 74<sup>th</sup> Amendments to the Constitution and the follow-up action that is required at the level of the states for them to function as institutions of self-government. From this perspective the situation in the state of Kerala is the focus of discussion. Important points taken up are: existence of an effective and politically competent local leadership as a prerequisite for realizing the full potential of local-level planning; necessary expertise and most importantly the vigilance and will of the people for the successful working of the PRIs. It also looks into the obstacles like the structure and behavior of the bureaucracy, the reluctance of the ministers to share powers and the increasing sectarian interests of the political parties in the proper functioning of the local self-government institutions. The author argues that for the PRIs to function as effective institutions, there has to be devolution of adequate financial resources as well as necessary political and administrative support systems to the lower levels.

KONRAD Adenauer Foundation. 1998. *Local Government Finances in India*. Delhi: Manohar Publications.

The volume contains proceedings of a National Conference on ‘ Emerging Trends in Indian Local Government Finances’ held in 1996. The 14 papers that comprise this volume address the issue of restructuring local government finances in India. They examine the role of the State Finance Commissions, the present status and future prospects of municipal finances, local resource mobilization, municipal expenditure, grants-in-aid, reforms in municipal service charges, rent control and property tax-base, non-tax revenue generation by local bodies and policy options for reforming local government finances.

KONRAD Adenauer Foundation. 1998. *State-Local Fiscal relations in India*. New Delhi: Manohar Publications.

This is the second volume on devolution of financial resources in India's federal structure. The 15 papers were presented at a national conference on ‘ Emerging trends in State-Local Fiscal Relations in India’ held in 1996.

There papers address various issues like the present status of relations (state-local), a suggested approach, implications for decentralization, finances of city governments and panchayats, resource mobilization for PRIs, inter-state disparity in fiscal capacity and policy options.

The papers have dealt with several case studies and aims to enrich the debate on the further development of local self-governing institutions and to the concept of democratic decentralization in India.

Some of the important papers are:

- State – Local Fiscal Relations: Implications for Decentralization by Sujatha Rao
- State – Local Fiscal Relations in India: A search for an Analytical Framework by MA Oommen
- Resource Mobilization for PRIs: Tax Assignments and Tax Transfers by Noorjehan Bawa.

KRISHNA, Sudhir. Agenda of Electoral Issues for the New Panchayati Raj Set Up. *Quarterly Journal of the All India Institute of Local Self Government*. Vol. LXIV, No. 4, 210-217.

This article was written immediately after the 73<sup>rd</sup> Amendment became part of the Indian Constitution. It gives a descriptive note on the provisions concerning; (a) strengths of the Panchayats and delimitation of constituencies, (b) ex-officio representation of MLAs, MLCs and MPs in the panchayats, (c) representation of panchayat chairpersons in the local bodies at the higher level, (d) direct elections for the chairpersons of village panchayats, (e) reservation for women, (f) reservations for scheduled castes and scheduled tribes. Other issues discussed are: delimitation and reservation, prohibition of simultaneous membership, elections on party basis, funding of election expenses. The author is of the view that training and awareness building through popular debates and discussions by media and political parties will make panchayat elections an issue of the common man with positive expectations and participation.

KRISHNASWAMY, KS. 1993. For Panchayats the Dawn is not yet. *Economic and Political Weekly*, 2183-2186.

This article is based on the seminal report for the Government of West Bengal written by Nirmal Mukarji and D Bandyopadhyay (1993). The author analyses the case of the state of Karnataka in the context of the observations and suggestions given in the report. The article lists issues raised by the report like; the extent of 'governmental' authority of Panchayats over the local domain, control over staff functioning under them, election, audit and arrangements of accounts, organic links between the Panchayat tiers and with the state apparatus, collegiate functioning at Panchayat levels and financial devolution, which will determine the functioning of the local bodies for the local community in the states of India.

KUHN, Berthold. 1998. *Participatory Development in Rural India*. New Delhi: Radiant Publishers.

Berthold Kuhn is a young German scholar who worked with the European Union, New Delhi in the mid 90's. He developed an interest in Panchayati Raj in India and selected Rajasthan for a detailed study. This book has a chapter on the concept of participatory development and two chapters on the development profile of India and local self-government in India.

The major portion of the book (about 160 pages) is case study conducted in the Udaipur district of Rajasthan in three blocks – Jhadol, Badgaon and Mavli. The hypothesis of his study is that politico-administrative reforms require a synergy between various development agents: local self-government institutions, government bureaucracy and NGOs. Development theory attaches particular importance to the contribution of the growing NGO sector for promoting participatory involvement.

The book provides valuable insights into the social and political dynamics of participatory development and local self-government in rural India. The innovative research approach of the work is based on participation and observation. The study criticizes the elusive character of common concepts, strategies and methodologies of participatory development, which prevails in many donor agencies. The volume examines the actual powers, functions and resources of Panchayats, the participation of women, Scheduled Castes and Tribes in these institutions and the role of NGOs and party politics at the village, block and district level. It demonstrates how the implementation of local self-government reform faces opposition from state level politicians and bureaucrats who fear losing powers and authority if the country's third level of government – the Panchayati Raj System is strengthened.

The author argues that the newly elected Panchayats are likely to contribute more to the empowerment of the poorest and their participation in the development process than the NGOs who are driven by middle class values. The extensive case studies in Udaipur district provide evidence that the NGOs tend to identify their beneficiaries in an autonomous and one-sided manner and do not often satisfactorily cooperate with the Panchayats.

KUMAR, Girish and Buddhadeb Ghosh. 1996. *West Bengal Panchayat Elections 1993 – A Study in Participation*. New Delhi: Institute of Social Sciences and Concept Publishing Company.

West Bengal was the first state to revive Panchayati Raj following the Asoka Mehta Committee's recommendations in 1978. Since then it was the only state which had conducted elections every five years without fail. While in states such as Andhra Pradesh, Karnataka and Kerala, the second generation panchayats could not survive following the defeat of the non-Congress parties in power, in West Bengal, the panchayat system had not only survived but has also carved a niche for itself for introducing many innovations in the field.

This book is based on field surveys in West Bengal, during and after the May 1993 Panchayat elections. This study offers a critical analysis of the extent of popular participation in the Panchayat election process and the working of the Panchayat institutions. The authors base their analysis primarily on the state's successful long-standing experience with local self-governance since 1978, when the PRIs were resurrected, almost from the ashes. Among other things, the study succinctly points out that the panchayats have taken deep roots in West Bengal and holding of regular elections together with active participation of political parties have significantly contributed to the institutionalization of local government in rural areas. At the same time, the study has noticed lack of adequate participation of the common people in the activities and programs of the panchayats.

LAL Bahadur Sastri National Academy of Administration. 1993 Oct-Dec. *The Administrator*. Special Issue on Panchayati Raj; Vol. 38, p. 163.

This special issue of the journal contains several articles written by eminent experts in the field of rural decentralization in India. Articles analyze the different provisions of the 73<sup>rd</sup> Constitutional Amendment Act and suggest measures for making the Amendment a true instrument of change for the better. Some of the important chapters are:

- Panchayati Raj in the Coming Years by V. Ramachandran
- 73<sup>rd</sup> Constitutional Amendment: An Analytical Framework by SK Singh
- Political Parties, Elections and Panchayati Raj Institutions by Iqbal Narain
- Restructuring the Institutional Arrangements to Strengthen the Panchayati Raj by Sudhir Krishna
- Human Resources Development for Panchayats by VK Agnihotri, Sudhir Krishna and Amitava Mukherjee.

LIETEN GK. 1996. *Development, Devolution and Democracy – Village Discourse in West Bengal*. New Delhi: Sage Publications.

This study comes under the 'Indo-Dutch Programme on Alternatives in Development (IDPAD)', implemented in India by the Indian Council of Social Science Research (ICSSR). The book has nine chapters. The author collected the data through his fieldwork in a four-year period: 1991-95. The achievements of the Left Front Government in the area of land reforms, rural development, devolution of administration to the grassroots level and the Panchayati Raj system are some areas of the study. One of the underlying themes is that in West Bengal Panchayats ensure the democratic participation of the poorest. The study with primary data concludes that the West Bengal's agrarian development was through strengthening Panchayati Raj with a strong pro-poor orientation.

The introductory chapter (18 pages) gives in a nutshell the political theory of the Communist Party of India, (Marxist) CPI (M) and their involvement in the rural landscape as it exists. The study takes up the intervention of Panchayats at different

levels in the production relations (land re-distribution, tenancy legislation, wage levels), in the forces of production (agro-inputs, poverty alleviation programs). Democracy, emancipation, empowerment, grassroots, self-reliance are some of the concepts used by the author in the context of development in a decentralized system. The author says that enfranchisement is the silver lining of the West Bengal' experiment.

All the chapters have valuable notes and references. It has 11 tables and nine graphs. The book has also a very useful bibliography on the work done on the subject so far in West Bengal.

LIETEN GK and Ravi Srivastava. 1999. *Unequal Partners – Power relations, Devolution and Development in Uttar Pradesh*. New Delhi: Sage Publications.

This is the second study by GK Lieten under the IDPAD series. This study is based on the field work in Uttar Pradesh from 1990-96. The field work was conducted in three districts; Muzzafarnagar, in the western region, which is the green revolution area, Rae Bareilly in central Uttar Pradesh with a feudal strong hold and Jaunpur in the eastern region which is a backward area. Muzzafarnagar's per capita domestic product is around one-third higher than the state average, Jaunpur's is around one-third below the state average. The volume has nine chapters including the conclusion.

Chapters one on devolution and village democracy (25pages) is an informative piece on the development of decentralization in India as a whole and Uttar Pradesh in particular. The findings of this study underline the stark reality of a deficient democracy through the Panchayats. The author says that the Panchayats have remained an affair of the rich with intense factionalism – “Panchayati Raj, it may be concluded, remains the *raj* (rule) of the village strongman and the poor villagers by and large continue to comply as a co-opted caste.”

Although this is the general trend in Uttar Pradesh, the authors recognize a slow movement of Muslims, Scheduled Castes (SCs) and Other Backward Castes (OBCs) emerging in the villages. This study also underlines peoples perception that they need a corruption-free panchayat. Lack of land reform is cited as the single most factor for the ineffective Panchayati Raj system in Uttar Pradesh. The important chapters in this book are: Dominance - Land, Caste and Power; Dependence, Contradiction and Resistance; Panchayat Councils, Leadership and Co-option; Panchayats, Development and Poverty Alleviation; The Development Priorities from Below and Devolution and Accountability.

The volume has 29 valuable tables and 16 charts/figures. All the chapters have detailed notes and references and an extensive bibliography with special reference to decentralization in Uttar Pradesh.

MATHEW, George and Ramesh C. Nayak. 1996. *Panchayats at Work: What it means for the Oppressed?* ISS Occasional Paper Series - 19, New Delhi: Institute of Social Sciences.

This book is the investigative research paper focusing on the working of Panchayats in the villages of Madhya Pradesh, originally published in the *Economic and Political Weekly* of 6 July 1996. It is a critical examination of certain violent incidents in four village panchayats of the state.

Madhya Pradesh was the first state to hold Panchayat elections in 1994 after the 73<sup>rd</sup> Constitutional Amendment came into force on 24 April 1993. The paper analyses these violent incidents (stripping a woman *sarpanch*, gang rape of a woman *panch*, brutal attacks on Dalit *panches*, etc) against the backdrop of the age-old customs and traditions

of the villages, especially a factor in poor villages in northern India. The authors state that Panchayats, which are "institutions of self-government", cannot function in a society that is ridden with caste, feudalism and poverty. It attempts to fathom the social factors behind them and to provide a clear perspective.

The paper argues strongly that Panchayati Raj Institutions should be made effective instruments for social change. Therefore, "Panchayats can become instruments of social transformation through a vibrant democratic political process at the local level." The book has an anthropological approach and the conclusions are insightful.

MATHEW, George. 1994. *Panchayati Raj – From Legislation to Movement*. New Delhi: Concept Publishing Company.

This book contains 17 chapters on historical background of the Panchayati Raj in India, the experiences of the pioneering states in implementing panchayats viz. West Bengal, Karnataka as well as Orissa (Orissa's progress in PRIs was under one of the outstanding leaders of India, late Biju Patnaik, who was twice chief minister of the state); politics and panchayats under several national parties and some critical issues like women in Panchayati Raj and political parties in Panchayati Raj Institutions. It has also a chapter on Chinese experiments with local self-government. These chapters have been written over a period of six years reflecting over and responding to the developments in this field. Most of them were originally published in the national dailies; later expanded and edited for the book. This book helps to understand the issue of decentralized governance in India in the proper perspective and argues that mere statutory changes are insufficient to have healthy local bodies; there must be strong people's movement to make the constitutional changes a reality. The noted thinker on the subject, LC Jain, in his foreword says, "This book is not meant to be the last word on the subject but only an initial signal to the people to rally themselves for the challenge placed in their hands by the constitutional amendment. Should this signal command the notice of different sections of the society, even in a small measure, the labour of the author of this eminently well-documented, well-written and very readable volume will be more than justified."

MATHEW, George. 1999 February. Decentralised Institutions – Governmental and Voluntary Sector. *Economic and Political Weekly*, 529-534.

This is a research paper on Non-Governmental Organizations and Panchayats. The paper says that in the 1950's, 60's and 70's the government was not favorable to the voluntary organizations but from the Seventh Plan onwards there was a positive change for their participation in development and this changed perception will be an added advantage for Panchayats and voluntary associations to work together. In states where people's organizations have a powerful base, they play a creative role in channeling the capability of local self-government institutions. The main thesis of the article is that only in a genuine democratic milieu civil society can play a role and, "only an active civil society can ensure a responsible, transparent, corruption-free and efficient local self-government system from the neighborhood level to village, town, block and district levels." The article re-assures a positive role for NGOs in the new Panchayati Raj system, as there are a large number of voluntary associations which are active in the country.

MATHEW, George (ed). 1994. *Status of Panchayati Raj in the States of India 1994*. Institute of Social Sciences, New Delhi.

This is a reference book published immediately after the 73<sup>rd</sup> Constitutional Amendment and the passing of the state conformity acts in 1994. It has an exhaustive introduction giving the origin of panchayats from the ancient times, development through the British period and their situation at the time of the 73<sup>rd</sup> amendment. The status of panchayats in 25 states in the Union of India is dealt with in each chapter. It has socio-economic profile of every state (based on the 1991 census), history and tradition of panchayats, maps showing district boundaries, tables showing area, total population, density, rural and urban population, statistics on panchayats, various phases through which the panchayat has developed in the state, analysis of various elections, summary of Acts on panchayats and suggested readings.

MATHUR, SN. 1997. *Nyaya Panchayats as Instruments of Justice*. New Delhi: Concept Publishing Company.

This book looks at the concept of 'Justice', in the background of the Constitutional 73<sup>rd</sup> Amendment Act. The author argues that with the Act becoming part of the Constitution, decentralized justice should have found renewed expression through 'Nyaya Panchayats', i.e. Judicial Panchayats that settle disputes at the village level. It has not been the case, as neither the Constitutional Amendment nor the State Conformity Acts have brought this institution within their ambit.

The author takes a fresh look at the 'Nyaya Panchayats' in the emerging context as a system of decentralized justice in relation to the broad objectives of local governance. The aim is to decentralize the administration of justice, both community centered and civil together with a decentralized Police Administration through the Panchayats.

This is the only book of its kind published after the 73<sup>rd</sup> Amendment.

MAYARAM, Shail and Pritam Pal. 1996 December. The Politics of Women's Reservation: Women Panchayat Representatives in Rajasthan, Performance, Problems and Potential. Working Paper No. 074, Jaipur: Institute of Development Studies.

The Panchayati Raj act enacted in the wake of the 73<sup>rd</sup> Amendment has galvanized the system. There is presence of nearly one million rural women at the level of local self-governance. However women's representation to the local bodies is greeted with considerable dismay. This paper seeks to investigate the reactions to this new step and also reflects on the emergent character of women's role in the PRIs and the challenges both women and democratic decentralization face and the larger debate on the question of women's reservation. The case studies in the paper are confined to the state of Rajasthan, but have wider implications for women's role in the new village councils. The authors conclude that women representatives will have to be constantly sensitized into issues of deprivation, social justice etc and the women *sarpanches* also have to be provided support structures. While these have been developed around the state and central legislatures to facilitate the effective functioning of the representatives no thought has been given to their development around the elected panchayat representatives. The argument put forward by the authors is that reservation must be seen only as a short term measure and that it should be withdrawn at the earliest, once political parties rectify the place they give to small number of women as candidates. At another level, when rural women acquire a measure of self-confidence and power of assertion with respect to the political process the reservation could be withdrawn.

MINISTRY of Rural Development 1999 October. *Kurukshetra 1999-2000: The Year of the Gram Sabha*. Annual Issue, 48(1).



Kurukshetra is a monthly journal on rural development brought out by the Ministry of Rural Development. It seeks to carry the message of rural development to all and serves as a forum for free, frank and serious discussion on the problems of rural development with the focus on rural uplift.

This annual issue focuses specially on the Gram Sabha (Assembly of the village) and has articles written by experts on every aspect of the functioning of the Gram Sabha. All the articles in this issue discuss the issue of Gram Sabha and grassroots democracy.

- Towards Direct Democracy: The Legal Empowerment of Gram Sabha by Harsh Mander.
- The Role of Gram Sabha in Village Development by Katar Singh.
- Gram Sabha -- Task Before the Nation by S. P. Jain.
- Gram Sabha and Social Audit by George Mathew.
- Towards Empowering Gram Sabha by M. Aslam.
- Women's role in Gram Sabha by Sakuntala Narasimhan.
- The Relationship between Gram Sabha and Gram Panchayat by M.S. John and Jos Chathukulam.
- Gram Sabha in Fifth Scheduled Areas by Mahi Pal
- Gram Sabha: Lessons from Karnataka by SS Meenakshisundaram.
- Gram Sabha in Rajasthan by P C Mathur.
- Gram Sabha in Tripura by Sujit K. Datta.
- Gram Sabha in Historical Retrospect by Navin Chandra Joshi.

MOHANTY, Bidyut (ed). 1995, 1996, 1997. *Women and Political Empowerment*. Institute of Social Sciences, New Delhi. 3 Vols.

This is a series on the proceedings of the women's political empowerment day celebrations. On 24 April every year elected women representatives from various parts of the country meet in New Delhi to celebrate the 33 per cent reservation in the local bodies. It was on 24 April 1993 that this provision became part of the Constitution of India. The theme of the 1995 publication is Panchayati Raj, Women and Empowerment. It also discusses the social, political and economic factors that inhibit participation of women in politics. The 1996 publication discusses Panchayats, Women and health and has sections on the functions assigned to various tiers of panchayats in the sphere of community health, social medicine and health care. The 1997 publication is on Panchayats, Women and primary education focusing on the role of panchayats in the sphere of education and eradication of illiteracy. This series is a valuable referral literature. Each volume has a well researched background paper, key note papers and addresses by experts in the field.

MUKARJI, Nirmal, (1986) *The Alternative District Government?* in 'Asian Seminar on Rural Development: The Indian Experience,' ML Dantwala, Ranjit Gupta, et al, (eds.), New Delhi: Oxford and IBH, 235-261.

Nirmal Mukarji was the last Indian Civil Service (ICS) officer to retire in 1981 after a long and distinguished career in the Indian administration. After his retirement his writings on decentralization, local bodies and Indian federalism have made rich contributions to the thinking on the subject in India. The present article was a paper he presented in a seminar.

Nirmal Mukarji was the first person to introduce the concept of District Government and that was through this article. He reviews in this article the rural development delivery system through the five-year Plans. He also reviews various commission reports on decentralization and development planning.

He asks the question: “ Given the objective of an egalitarian re-distribution of power, what sort of political institutions are required?” Then he devotes a section on “ Is Panchayati Raj the answer?” Finally he comes to the conclusion that what India needs is a representative district government. Taking the cue from West Bengal (1978) and Karnataka (1983) initiatives towards decentralization, he says that district government should form a third tier in India’s federal polity with proper constitutional backing. The district government should replace the collector pattern and the district bureaucracy should come under its control. Mukarji says, “ The idea of district government does not rule out democratic institutions at lower levels. But their composition and functions would need to be thought out afresh, breaking out of the PRI bind and taking account of the constitutionally backed third tier at the district level.

This article assumes importance as it was written much before the 73<sup>rd</sup> Constitutional Amendment.

MUKARJI, Nirmal; BN Yugandhar *et al.* 1995. *Peoples Representatives and Bureaucracy – The interface in Panchayati Raj*. ISS Occasional Paper Series – 17. New Delhi: Institute of Social Sciences.

This booklet is the outcome of a national conference on the Interface between Officials and Elected Representatives in Panchayati Raj, held in November 1994 in New Delhi, organized by the Institute of Social Sciences.

The first chapter outlines the problem. There was the fear that the officials will interfere in the functioning of Panchayats and it may become a stumbling block in the effective implementation of the constitutional provisions. It goes briefly into the history of the problem. The most important chapter is by Nirmal Mukarji, who retired as the Cabinet Secretary of India after a very long period of service in the Union Government. His chapter ‘Self-Government and its Instrumentalities’ argues that “State level politicians and state bureaucracies are generally regarded as the main obstacles in the way of decentralized governance...At a deeper level, the real villains are feudalism and patriarchy. So long as these remain the organizing principles of rural society, little good can be expected from self-governing panchayats. For, they will only give more power to those who are already powerful in social and economic terms. Control over the instrumentalities of self-government will further strengthen their hands.”

BN Yugandhar, then Secretary of the Ministry of Rural Development, in his chapter ‘The Imperative of Interface’ says that the problem caused by the bureaucracy is not unique to panchayats, it is encountered at every level. According to Yugandhar “What is unique at the level of the panchayats is that the relationship, when manipulated at the higher levels, becomes very complicated. The division of functions between elected representatives and officials has not been made clear. In the earlier phase it was left blurred and in the present phase it has still to be thoughtfully considered and outlined.”

In “The Third Stratum: From Precept to Practice”, SS Meenakshisundaram, is of the view that there is a need “ to restore a sense of idealism and spirit of dedication among the bureaucrats and a sense of commitment among the politicians.” And this will be a challenge for a long time to come.

MUKARJI, Nirmal, 1993. The Third Stratum. *Economic and Political Weekly*, 28(18): 859-862.

This article was written immediately following the 73<sup>rd</sup> Constitutional Amendment becoming part of the Indian Constitution. This is a widely quoted article. Mukarji argues that, “ The fundamental question before panchayats everywhere in the country has for long been whether they are there for development functions only or for the wider purpose of self-government. The central objective of the Constitution (73<sup>rd</sup> Amendment) Act must, therefore, be seen as self-government, unabridged by the quite unnecessary references to economic development and social justice.”

The theory he has propounded in this article is that the amended constitution requires the states to constitute panchayats as institutions of self-government not only for villages but also at intermediate and district levels. Consequently there will be, henceforth, be three strata of government: the union, the states and the panchayats. According to him, a more radical change is difficult to visualize. Its implications are far-reaching, perhaps not fully grasped even by those who legislated the measure.

This article has five sections. The first section analyses the 73<sup>rd</sup> Amendment in the context of the two historic Committees on decentralization – the Balwantrai Mehta Committee (1957) and the Ashok Mehta Committee (1978). The second part critically looks at both the 73<sup>rd</sup> and 74<sup>th</sup> (Rural and Urban) Amendments and says that the two acts have created artificial dichotomy between rural and urban self-government. The third section says the union must first decentralize to the states so that the states will have enough to decentralize to the lower strata. The fourth section is a plea that the Indian State should abandon the distortion of over-centralization. The earlier principle of federation with a strong center should give way to a federation with strong center and strong states. The fifth and final section says that with the 73<sup>rd</sup> Amendment, Panchayats have become the third stratum of Indian federation with three levels within it and thus there will now be a five storied pyramid of governments – from the village panchayats at the base and the union at the apex.

**MUKARJI, Nirmal and D Bandyopadhyay. 1993. *New Horizons for West Bengal's Panchayats: A Report for the Government of West Bengal*, Calcutta: Government of West Bengal.**

This report is the first systematic evaluation of Panchayati Raj in West Bengal. The study authored by two seasoned administrators of the country is significant as it provides insightful information on West Bengal and also on the general process of evaluation of elected local government that is relevant to all the other states in India. Mukarji was closely involved in the implementation of devolution of powers especially in Punjab and that of land consolidation and Bandyopadhyay has played a crucial role in the implementation of Operation 'Barga' in West Bengal. The authors of the report were concerned to get an in-depth understanding of the issues of governance as viewed from below. They address the question of why the panchayats are tending to run out of steam in the state. They adopt two broad lines of enquiry, one conceptual and the other programmatic. The report identifies the inherent structural weakness of the panchayats as the root cause of the mood of despair into which they have sunk. Fifteen conceptual dimensions are identified in Chapter 3 of the report. Of these, self-governance and autonomy are theoretically and ideologically central to the long-term prospects of Panchayati Raj. Other issues are:

- identification of functions
- recruitment of staff
- raising finances and defining the parameters of financial devolution and responsibilities

- task of managing the spread of urbanization to certain parts of the countryside ensuring the spread of the benefits of development to social groups which have been and still are kept out of its purview
- redrawing the politic-administrative map of the state to optimize as far as possible the size and sociological cohesion of districts, blocks and village panchayats
- widening the social base from which recruitment to local level politics is made
- rendering panchayats accessible to new persons drawn for the lower echelons (lowest castes and poorest sections) of local society,
- developing a collaborative style of well-coordinated inter-level functioning at the district, block and village panchayat levels,
- ensuring that open accounting procedures are being followed and local government accounts are being properly and regularly audited,
- manifesting the same thoroughness and diligence in the conduct of local elections and by-elections at the three local levels of government as at the state level and evolving a suitably un-authoritarian day-to-day relationship with the state government bureaucracy and ministry.

These issues on which the report has reflected against a background of a wide sampling and field visits have wider application in the other states as well.

MUKARJI, Nirmal and Abhijit Datta. 1996. *New Perceptions of Local Government*. ISS Occasional Paper Series – 20, New Delhi: Institute of Social Sciences.

This book contains two articles, first by the veteran bureaucrat Nirmal Mukarji on strengthening Indian Democracy and the second ‘Reforming Panchayat Bureaucracy’ by Abhijit Datta, a specialist in public administration. The first is a full-fledged article arguing for bringing power down to the people through the panchayats. It takes into consideration center-state relations and the role of the Congress Party in it. The author’s concern is about an organic linkage between the three strata of governance – local, state and central and also discusses the lack of minimum powers and functions, problem of finance facing the local governments.

Datta’s paper has six parts and is based on a research project titled restructuring panchayat bureaucracy which examined the institutional environment and organizational context of India’s panchayat bureaucracy from the perspective of its governance. Panchayat organizations in the 90’s, panchayat-staffing system, managing panchayat personnel, panchayat bureaucracy in Madhya Pradesh, West Bengal and Punjab, are the main parts of the paper.

The findings are based on the fieldwork done in Madhya Pradesh, West Bengal and Punjab in 1995. Two districts from each of the three states were intensively studied. The five areas identified for the study of panchayat bureaucracy were accountability, size and cost, structural attributes, motivation for result and management. The chapter concluded with an exhaustive agenda to improve the working of Panchayat personnel.

MUKHERJEE, Amitava (ed.). 1994. *Decentralisation – Panchayats in the Nineties*. New Delhi: Vikas Publishing House.

This volume is a compilation of papers presented at a National Seminar on “Panchayati Raj: Agenda for the Nineties” held in 1993.

The papers that are included in the volume are:

- A Perspective on systems and measures to Enhance Accountability in Panchayati Raj( Consistent with its status as a vehicle of Genuine Local Self-Government) by M Shiviah
- Panchayats and Common Land Afforestation in India by NC Saxena
- Panchayats: Arrangements for Scientific, Technical Management and other Expertise support systems by LC Jain
- Creation and Maintenance of Alternative Database for PRIs by Amitava Mukherjee
- New Horizons for West Bengal Panchayat ( A report for the Government of West Bengal) by Nirmal Mukarji and D Bandyopadhyay.

The issues addressed by the papers in this volume are: allocation of functions and powers to raise resources, resource endowments of the Panchayats (forests, common property resources, land and human resources), developmental and planning functions of the Panchayats and Institutional arrangements and personnel policies. The volume has reproduced Nirmal Mukarji and D Bandyopadhyay's celebrated report on West Bengal, "New Horizons for West Bengal Panchayat".

MUKUL. 1997 May. Tribal Areas: Transition to Self-Governance. *Economic and Political Weekly*, 928-929.

This article looks at the Panchayats (Extension to the Scheduled Areas) Act of 1996 and comments that it will strengthen the tribal people's struggles on issues of natural resources, mega-projects, displacement and self-governance. The Act, which received the assent of the President on December 24, 1996, provides for the extension of the provision of Part IX of the Constitution, relating to the panchayats to the scheduled areas. It gives radical governance powers to the tribal community and recognizes its traditional community rights over natural resources. The author is of the view that the Act can also pave the way for other communities outside the scheduled areas, aspiring for some rights and regulations to manage their own natural resources and protect their lives and livelihood in a sustainable manner and says that the Act and its implementation opens up new areas of struggle for self-governance in any community in the present era of globalization and the hegemony of market forces.

OLDENBURG, Philip. 1999. *Non-Governmental Organizations and Panchayati Raj*. Occasional Paper 5, New Delhi: PRIA.

This paper was written based on the field study of 12 development projects in the states of Haryana, Madhya Pradesh and Uttar Pradesh in early 1998. It explores the emerging relationship of Non Governmental Organizations (NGOs) with the Panchayati Raj Institutions. The report has two parts, first a discussion note presented by the author at a symposium at the Ford Foundation, New Delhi in August 1998 and second, a summary of the discussions at the symposium. It has informative sections on participatory micro-planning – panchayats and NGO's, empowering the Gram Panchayat, politics of Gram Panchayat empowerment, accountability, strengthening the Gram Sabha, access to information, administrative reform. The thrust is on people's organizations and their role in strengthening Panchayati Raj.

OOMMEN, M A. 1995. *Devolution of Resources from the State to the Panchayati Raj Institutions – Search for a Normative Approach*. ISS Occasional Paper Series – 18, New Delhi: Institute of Social Sciences.

This is one of the first works on devolution of financial resources from the state to the Panchayati Raj institutions. The author has evolved norms for the fiscal transfers to the PRIs. The subjects he has taken up are: state conformity acts and the issue before the State Finance Commissions (SFCs); normative evaluation of instruments of transfers, viz. tax assignments, revenue sharing and grants. The assumption is that the fiscal transfers should promote horizontal equity. The author concludes, “the regime of Panchayati Raj has added a new dimension to Indian federal finance. The question of evolving a normative scheme of devolution to these categories is by any reckoning not easy. The era of discretionary transfers must end.” It has a useful appendix on state-wise distribution of enabling provisions from the State Panchayat Acts regarding tax assignment/fees, tax sharing and grants-in-aid.

OOMMEN, MA. 1998. *Devolution of Resources to Rural Local Bodies – A comparative study of select State Finance Commission reports*. ISS Occasional Paper Series – 21, New Delhi: Institute of Social Sciences.

This work is a comparative study of State Finance Commission (SFC) Reports of Karnataka, Kerala, Punjab, Rajasthan and West Bengal. The paper deals with the constitutional tasks of SFCs, expenditure and revenue assignments, tax assignment, non-tax revenue, borrowings, inter-governmental transfers, revenue-sharing, fiscal effort and financial autonomy and grants. It has an elaborate section dealing with a synoptic critic on the approach of the five SFCs. In the conclusion it compares the local government finances of industrial countries and developing countries. The work contains three annexures on the recommendations of SFCs on tax assignment of the five states.

PAL, Mahi. 1999 July-Sept. Village-Level Decentralisation of Judicial System: Desirability and Advantages. *Indian Journal of Pubic Administration*, Vol.XLV(.3), 544-555.

The Constitution (73<sup>rd</sup> Amendment) Act has given Constitutional status to the Panchayats endowing them with the powers of preparation and execution of plans for economic development and social justice, including the subjects listed in the Eleventh Schedule of the Constitution. Till now no legal framework has been provided at the local level to settle disputes, if and when these arise in the implementation of the schemes and programs relating to the 29 subjects listed in the Eleventh Schedule. Although some states have made provisions for constituting Nyaya Panchayats, in most of the cases they are dormant and defunct. The existing courts at the district and sub-district levels already are burdened, enlarging the number of pending cases. There are possibilities that the disputes at the local level might increase in future as reservation given to the Scheduled Castes and Tribes and women have created animosity among the established social forces, which have resulted in conflict and disputes on various issues relating to decentralized governance, planning and development. In this article the author discusses the case of Nyaya Panchayats as a viable form of decentralized judicial system at the village level. Besides giving a historical perspective on its evolution since pre-independence period, the position of Nyaya Panchayats under the 73<sup>rd</sup> Constitutional Amendment Act and provisions thereof under the State Panchayat Acts are also discussed. The author talks of a desirability of a robust Nyaya Panchayat system suggests another constitutional amendment and to realize it on a sustainable basis.

PANDA, Snehlata. 1998 July. Decision-Making In Panchayats: Role of Women, *Yojana*, 11-15.

This article written after five years of passing the 73<sup>rd</sup> Amendment discusses the changes in the rural power structure after the induction of women into the PRIs and the pattern of decision making in rural local government in selected Panchayats of Orissa. The study is based on documentary information from the proceedings of meetings, records of panchayats and district panchayat office annual reports. The study concludes that women have not been able to occupy higher levels in the PRI structure. The well-known disabilities of women are standing in the way of their role performance. However, women's growing interest in public life is seen as a positive factor for the future.

PANDIT, Santishree DNB. 1998 July-Dec. Panchayati Raj In Tamil Nadu. *Prashasnik*, 25(2), 75-89

Tamil Nadu was one of the British provinces that had Panchayati Raj institutions from 1871. The author traces the history of the Panchayats in the state and goes in detail into the developments in the post independent period. In Tamil Nadu the second tier i.e. the Panchayat Union Council has been more powerful than the Gram Panchayat and the District level Panchayats. The article analyses in detail its functioning financial profile and the elections held to the panchayat bodies. Towards the end of the article, it discusses the 1994 Panchayati Raj State Act that came into force in conformity with the 73<sup>rd</sup> Amendment. The article concluded on a skeptical note on the future of panchayats in Tamil Nadu because the state has a political culture of hero-worship, servility to authority and populism. In 27 years, Tamil Nadu has held elections only twice (1970 and 1986).

PRAMANICK, Swapan Kumar and Prabhat Datta. 1994. *Panchayats & People – The West Bengal Experience*. Calcutta: Sarat Book House.

This volume is a study on the working of Gram Panchayats in West Bengal. It is based on intensive field surveys, formal and informal interaction with leaders of the Gram Panchayats and officials connected with working of the local bodies.

The study focuses on the social background of the panchayat leaders, their role perceptions, the role of the party in the working of the Gram Panchayats and the role of the Gram Panchayats as instruments of social change and mass mobilization.

The study reveals that the Gram Panchayats in West Bengal have largely been responsive to the needs of the people, more so to those living below the poverty line. It has been argued that despite efforts by the Gram Panchayats in West Bengal since 1978 with the active participation of the people, the time has come to identify new thrust areas and new sense of priorities in the functioning of Gram Panchayats. The need is for the consolidation of the Panchayati Raj system in rural Bengal. It has six chapters with useful tables and an appendix.

PRIA and NCRSOs. 1998.; Status of Finances of Panchayati Raj Institutions – An Overview, New Delhi.

The Society for Participatory Research in Asia (PRIA) conducted a national study on the status of finances of PRIs in India in 1998. Apart from the introduction and conclusion, the main text deals with the State Finance Commissions, Income of Panchayats, Panchayats own revenue, Central Funds and State Funds. It has informative charts and special mention may be made of the charts on:

1. the share of PRIs in the average yearly transfers to states from the center,
2. per capita income of Gram Panchayats and
3. central and state available funds to the Gram Panchayats in 1997-98. The report says that per capita income of Gram Panchayats in Orissa is just Rs. 16 for the year 1996-97 while for Kerala it was Rs. 178. For Madhya Pradesh it is Rs.74, Rajasthan – Rs.127 and Uttar Pradesh it is Rs. 35. Only 2.42 per cent of yearly transfers from center to states goes to the PRIs. This report gives a sad state of financial health of PRIs.

RAJARAMAN, Indira, OP Bohra and VS Renganathan. 1996 May 4. Augmentation of Panchayat Resources. *Economic and Political Weekly*, 1071-1083

The authors argue that the new tier of local governance mandated by the 73<sup>rd</sup> Constitutional Amendment cannot be visualized merely as a shift in the point of delivery of certain functions previously discharged by higher levels of government. If the problem of fiscal devolution has to be simplified to one of ensuring a fiscal transfer to match the functional transfer, there has to be some revenue additionality to cover incremental establishment costs. The paper links improved delivery with the need for additional revenues, concentrating in the rural sector. The paper also examines taxes presently leviable by panchayats.

RAJASEKHARAN, K. 1996 April. Reservation: Boon or Bane? *Social Welfare*, 7-9

This is another article on reservation of one-third seats in the three tiers of panchayats through the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments. The central theme is that India, “has made a legislative expediency over political initiative in ensuring participation of women at the grassroots level.” It enumerates the major criticisms against the reservation for women in the political sphere. It underlines the role of political parties and non-governmental organizations and the mass media in ensuring better participation of women in local government bodies.

RAJASEKHAR, D. 1999. *Decentralised Government and Ngos - Issues, Strategies and Ways Forward*. New Delhi: Concept Publishing Company.

With the 73<sup>rd</sup> Constitutional Amendment new vistas have opened up for Non-Governmental Organizations (NGOs) to work in a more participatory manner with the Panchayati Raj Institutions (PRIs). The essays in the volume, focusing specially on South India capture this resurgent ideal. The volume begins with a discussion placing in proper perspective the issue of interface between NGOs and Gram Panchayats. It then moves on to a conceptual background of the interface between NGOs and PRIs. Abdul Aziz's paper deals with the issue of capacity building among the Gram Panchayat members- for their enhanced participation in planning and implementation of government projects and programs. Hansen's paper ‘*NGOs role in increasing peoples participation in Local Decentralized Government*’ examines the role of NGOs in facilitating the linkages between their target groups and the Gram Panchayats and the extent to which the NGOs have helped the weaker sections to gain more power within the unequal structure of society.

The volume consists of a collection of papers presented at a workshop organized by the Institute of Social and Economic Change (ISEC) and NOVIB in Bangalore. They examine issues related to the various strategies adopted by the NGOs to enable their



target group to participate in Gram Panchayats and the problems that are encountered in the process.

Four of the papers deal with concepts and delineate the role of NGOs in revitalizing the Gram Panchayats. Two papers focus on accounts based on fieldwork about the impact of the work of NGOs on Gram Panchayats. There are also papers by NGO leaders, which document and analyze the strategies adopted by them, before, during and after the elections - to the Gram Panchayats. The book raises several critical issues relating to the interface between Gram Panchayats and NGOs and offers concrete strategies.

RAPHAEL, Jos C. 2000. *Decentralized Planning in India*. New Delhi: Anmol Publications.

Decentralized planning is a system through which the planning process is brought close to the people who are ultimately the target of development. The present book is an empirical study on decentralized planning with reference to Karnataka and Kerala. Decentralised Planning in Karnataka – This chapter explains the structural arrangements for decentralized planning in the state of Karnataka according to the various acts of the state. The various supporting arrangements for decentralized planning created by the state government are also described. By using the criterion of pre-requisites for decentralized planning the adequacy of the structural arrangements in the state is analyzed to find out the structural gaps that exist in the system. The operational aspects of decentralized planning in the rural district of Bangalore with the help of case studies are dealt with in the book. Decentralised Planning in Kerala chapter examines the structural arrangements for decentralized planning in the state of Kerala. The various supporting arrangements of decentralized planning created by the state government are also explained.

Operational Aspects of Decentralisation and Planning in Kerala is described through a Case Study of Trichur District. The study covered the activities of the District Council, District Development Council, District Rural Development Agency and the District Planning Office. The final chapter of the book is Synthesis, Findings and Recent Developments.

ROY, Sam M. 1995 Oct-Dec. Emerging Panchayat leadership and polarisation of political power at grassroots level. *Journal of Rural Development*, 14(4), 341-356

This article is based on a study conducted in Thiruvarangulam Panchayat Union in Pudukottai district of Tamil Nadu. The sample was 450 rural poor, 137 ward members and 38 panchayat presidents, randomly selected.

It explores the leadership pattern in Panchayat Union through comparing the socio-economic condition of the panchayat leaders and the rural poor and tries to identify the factors that affect it. The finding of the study is that while a number of ward members were elected from lower caste and lower income groups, the panchayat presidents were mostly from a stable economic background among the numerically superior backward castes.

The factors attributed by the author to the emergence of such caste and class composition of the panchayat leadership are: the numerical dominance of the caste; voting behaviour of the rural poor; the caste and economic background of the candidates contesting in the panchayat elections.

The votes of the lower castes decide the winning candidate in the panchayat president election. In such contests a number of backward caste candidates aspire for positions. This situation creates a tough competition among them to plan and implement many welfare measures for their development. It invariably influences the shifting of power

structure in favor of the less-privileged sections. This is a good article on caste factor in Panchayats.

SANTHA, E K. 1999. *Political Participation of Women in Panchayati Raj – Haryana, Kerala and Tamil Nadu*. ISS Occasional Paper Series – 24, 1999, Pp.72

The reservation of 33 per cent of seats for women in the PRIs was one of the most radical aspects of the legislation mandated by the 73<sup>rd</sup> Constitutional Amendment act. This enabled thousands of women to contest elections and enter local government bodies for the first time. This report is the outcome of a study conducted in Haryana, Kerala and Tamil Nadu to assess the performance of elected women representatives and their relative independence in decision making at the local bodies. The role of sociological factors like caste, class, educational status and religion on the political participation of women has also been taken into consideration. These three states were selected for the study according to the author, as these put together constitute a representative sample of the social, political and economic realities that exist in India, particularly regarding the development of women. The report gives a comparative overview of women's political participation in these states and describes the factors that influence the level of their participation and also attempts to broaden out understanding of the wider impact of the 73<sup>rd</sup> Amendment on the role and status of women in rural India.

SAXENA, NC. 1993 June. *Social forestry and Panchayats*. Seminar, 406, 27-32.

The philosophy of afforestation of common lands in the social forestry program was that after the initial investment by the government, the trees would be handed over to the village communities for its protection and management. The capabilities of the village communities, whether represented by the Panchayats or by the village hamlet consisting of 50-200 families, to manage the land and tree resources determine the long-term physical viability of the program as well as the social effectiveness in flows of benefits to the poor.

This article looks at the afforestation of village lands and to what extent have communities been managing common lands as opposed to only using them as an open access resource. It also explores as to what extent has the afforestation of village commons by the Forest Department been a viable program and of help to the poor. Community forestry is a program for community action for the benefit of the community. The author concludes that effective community forestry needs not only funds and the right kind of policies but also the right kind of political support. The author sees little political commitment to strengthening community control and management.

SEN, Manab. 1999. *Transfer of Minor Irrigation Projects to Panchayat Samitis in West Bengal – A Case Study*. West Bengal: State Institute of Panchayats and Rural Development.

This is a study of the State Institute of Panchayats and Rural Development on one of the deep tubewells that was transferred for operation and maintenance from the Government of West Bengal to the Panchayat Samiti. The objectives of the study were to evaluate the economic efficiency, equity, cost-effectiveness and water-use efficiency. The study report has ten chapters: Chapter I gives an introduction to the West Bengal Minor Irrigation Project and the process of transferring the Operation and Maintenance responsibilities to the Panchayat Samiti by the State Government. Chapter IV outlines the role of the beneficiary committee, fixation of water rate, irrigation coverage, cropping intensity and

comparative management aspects of the irrigation structures operated by a private individual, state government and the Panchayat Samiti. This is a case study.

SHARAN, SV. 1997. *Panchayati Raj Training in Madhya Pradesh: An Evaluation*. ISS Manuscript Report 11, New Delhi: Institute of Social Sciences.

This is a evaluation report of the training programme for panchayati raj functionaries in Madhya Pradesh. The report begins with an executive summary along with recommendations. There are six chapters with important annexures.

Madhya Pradesh was chosen as it was the first state to hold elections to all the three-tiers of panchayat. These polls were held in May-June 1994, soon after the Madhya Pradesh Panchayati Raj Act, 1993 came into force (January 25, 1994 onwards). The report is interspersed with important facts and statistics of panchayats in the state. It also has a list of training institutions and organisations that were involved in the whole process.

From a review of the status of training in Panchayats in 1997, the report gives a detailed working profile of government institutions and various other NGOs supported by international organisations. One of the important chapters, "Planning for the Fututre" is a critical analysis of the long term policies and practical objectives related to the training of elected representatives from different levels of panchayats. The core fields highlighted for the course content in basic training are: employment, agricultural productivity, education, health care, gender issue, environmental issues, watershed management, security and promoting welfare of the traditionally depressed groups. Since training of elected panchayat members is a major subject for government, NGOs and international bodies this book is a valuable source material.

SHARMA, BD. 1995. *Whither Tribal Areas? – Constitutional Amendments and After*. New Delhi: Sahyog Pustak Kutir.

This is a book from a former senior civil servant turned activist for the cause of power to the tribals. It has four chapters: (1) The Scheduled and Tribal Areas-Omissions, Neglect and Illusive Strategies; (2) Report of MPs and Experts to make recommendations on the salient features of the law for extending provisions of the Constitution (73<sup>rd</sup>) Amendment Act 1992, to Scheduled Areas (Bhuriya Committee); (3) Judgment of the High Court of Andhra Pradesh on the case of tribals in Schedule V Areas; and (4) An Appeal filed by the Government of Andhra Pradesh before the Supreme Court of India and the Supreme Court Order. The book argues that the tribals must be treated with special care and consideration. It praises the Bhuriya Committee Report. The volume was published in 1995 in the thick of the discussion on the implementation of the 73<sup>rd</sup> Amendment and its implications on Tribal Areas. It may be noted here that by December 1996, the Bhuriya Committee Recommendations were adopted by the Government of India.

SHRIVASTAVA, C Ramesh. 1998 July-Dec. Panchayati Raj and Rural Development in India. *Prashasnika*, 25(2), 133-141.

This article after giving a historical background of Panchayats goes in detail into various centrally sponsored rural development programs and its implementation. The author sees a greater possibility for rural development through the new Panchayati Raj system because in the Eighth Plan the allocation for rural development was Rs. 30,000 crores, whereas in the Seventh Plan it was only Rs. 11,000 crores. The possibilities for PRIs in the Ninth Plan (1997-2002) are still greater. This article has some important references on the subject.

SINGH, Hoshiar. 1994 September. Constitutional Base For Panchayati Raj in India: The 73<sup>rd</sup> Amendment Act. *Asian Survey*, 34(9), 818-827

This article written after the 73<sup>rd</sup> Amendment Act describes the conceptual aspects of local government, its workings and shortcomings and discusses the features of the Act. The author argues that a comprehensive understanding of local government is needed today. It must involve both development and planning components in it. Panchayati Raj in India has to work as an agency of decentralization having both political and administrative powers. PRIs must be encouraged and developed for mass participation and self-governance. Therefore, he says that there is a need to strengthen the planning process at the micro-level for overall rural development and to provide opportunities for the poor to participate in the decision-making process in the local bodies.

SINGH, SK. 1999. *Panchayati Raj Finances in Uttar Pradesh*. Occasional Paper, Hyderabad: NIRD.

With the 73<sup>rd</sup> Constitutional Amendment and the importance attached to Panchayati Raj Institutions, the area of local finance has gained importance. The State Finance Commissions have been constituted to lay down principles for sharing of resources between the state and the local bodies with a view to strengthening the financial base of the latter. The local bodies with their limited revenue base are not in a position to enjoy financial autonomy and mobilize adequate resources for providing even basic minimum services. The author makes an attempt in this paper to provide an insight into the present status of Panchayati Raj finances in the State of Uttar Pradesh.

SINGH, Mohinder. 1998 August. Role of Gram Panchayats after 73<sup>rd</sup> Constitutional Amendment: A study in Haryana. *Kurukshetra*, 59-63.

This paper is based on a study conducted to gauge the role of the Gram Sabhas and Gram Panchayats in the state of Haryana in rural development. It was conducted in the district of Kurukshetra where 15 villages, three each from the blocks of Thanesar, Pehowa, Babain, Ladwa and Shahbad were randomly selected. In all, 121 elected representatives of the Gram Panchayats of these villages were interviewed during the period 1997-98. The study revealed that there was representation of the weaker sections of society and women in the Gram Panchayats as per the provisions of the Act. However, the women elected representatives were not effective as they were controlled by their male relatives. Importantly the Gram Sabha was not seen to be functioning effectively and it remained primarily on paper.

SINGH, SS, Suresh Mishra and Sanjay Pratap. 1997. *Legislative Status of Panchayati Raj in India*. New Delhi: Indian Institute of Public Administration.

This book gives a brief account of the legislative status of Panchayati Raj institutions in the states. It is a compendium of selected parts of the Panchayati Raj Acts of the states (does not include union territories). There are informative chapters on: decentralisation and rural local government; historical perspective of panchayats; constitutional status to Panchayati Raj and a concluding chapter on Panchayati Raj at a glance (in table form).

SINGH, Surat. 1993. Constitutional Safeguards to Enhance The Status of Panchayati Raj Institutions. *Journal of Rural Development*, 12 (1), 77-83.

This article was written on the eve of the Constitutional Amendment (73<sup>rd</sup>) deliberations. The author discusses the need for constitutional support in detail and goes in some depth into the discussion of various committees appointed on the subject and their recommendations. Major part of the paper deals with the content of the 64<sup>th</sup> Constitutional Amendment Bill (1989) presented in the Parliament by the then prime minister Rajiv Gandhi; the 74<sup>th</sup> Amendment Bill (1990) presented to the Parliament during VP Singh's tenure as prime minister and the 72<sup>nd</sup> Amendment Bill (1991) presented during PV Narasimha Rao's prime ministership (It was this Bill that was passed as the 73<sup>rd</sup> Constitutional Amendment Act in December 1992). This is a descriptive paper.

SIVANNA, N. 1998 March. Decentralised governance and planning in Karnataka: A historical review. *Social Change*, 28(1), 28-53.

With the 73<sup>rd</sup> Constitutional Amendment, Panchayati Raj Institutions have acquired a statutory status as an integral part of the Indian polity and have come to be recognized as 'institutions of self-government'. This has given an impetus to decentralized governance and planning as strategies for the development of rural infrastructure and the improvement of living conditions of the weaker sections of society. The experience of Karnataka viewed in a longer time frame shows that local government bodies have had a chequered career. As a result of efforts by successive government regimes to rejuvenate, reinvigorate and change the panchayats in that State, the panchayats have in a significant measure enjoyed political and financial autonomy -- *sin qua non* of decentralized governance. The author is of the view that there is a need for constitutional compulsion to make the states commit to devolving more powers, functions and resources so that panchayati raj might fulfill its mandate. The article while tracing the rise and growth of PRIs under the different panchayat act and different regimes in Karnataka, makes an effort to raise issues that have a significant bearing on decentralized governance and planning. The author takes the view that even after the 73<sup>rd</sup> amendment, the panchayats are still lacking in both political and financial autonomy. Therefore the states have to act wholeheartedly in ensuring that the local tier of government is given more powers than is now so as to enable these institutions to function as envisaged by the constitutional mandate.

SIVANNA, N. 1997. Role of Panchayats in Poverty Alleviation Programmes: A Study in the State of Karnataka. *Journal of Rural Development*, 16(4), 633-650.

This article keeping in view the aspects of plan formulation and plan implementation, evaluates the poverty alleviation programs as formulated and implemented by the Panchayats. Though the panchayats were able to observe some norms and procedures laid down by the Act, there were many operational constraints which came in the way of meaningful planning process. Added to this is the inter-relationship between the officials and the non-officials, which was seen as one of 'love-hate' relationships. It has also come in the way of effective implementation of the programs. Notwithstanding all these, one of the significant aspects of the process was about calling the Gram Sabha meetings. Through this mechanism people could participate as beneficiaries of the programs. The respective village panchayats had made sincere efforts to call the Gram Sabha meetings to identify works relating to infrastructural development. All this speaks of meaningful process of decentralized governance and planning.

The need is therefore for the decentralization process to be strengthened by further devolving necessary powers and resources to the panchayats. Then only is it possible, the

author argues, for the grassroots level institutions to make a concerted effort to meet the onerous tasks of ameliorating the living conditions of the rural poor and developing social and economic rural infrastructure.

SRIVASTAVA. KB. 1999. *Panchayats in Scheduled Areas - An Analysis of Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 And Extent of its Adaptation by the states having Fifth Schedule Areas*. Hyderabad: NIRD.

The Parliament of India passed the Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 in December (1996) to extend the provision of the 73<sup>rd</sup> Constitutional Amendment Act, 1993 to the Fifth Schedule Areas of the country. This Act accords statutory status to the Gram Sabhas in the Fifth Schedule Areas with wide ranging powers and authority. The present work is a detailed analysis of the state conformity panchayat acts vis-à-vis this legislation in Andhra Pradesh, Gujarat, Himachal Pradesh, Madhya Pradesh, Maharashtra and Orissa. The author points out that the operationalization of the conformity acts by the states will not be possible unless necessary changes are affected in the various Subject Laws pertaining to nine subjects, such as Minor Forest Produce, Land Acquisition, Excise and Mining.

SUBHA. K. 1995. *Karnataka Panchayat Elections 1995 – Process, Issues and Membership Profile*. New Delhi: Institute of Social Sciences, Concept Publishing Company.

This book critically examines the important issues that influenced the voting pattern in the 1993 and 1995 panchayat elections in Karnataka and the level of popular participation in the *Gram, Taluk* and *Zilla* Panchayats (the three local tiers in the state). It analyses the new leadership emerging in the panchayats since 1987, when the state saw the dawn of a new era of local governance. This study is based on extensive field investigations in all the districts of Karnataka. The research covers a wide range of samples from among the rural population and panchayat elected representatives. A total number of 3,343 people were interviewed for the election process study and 4,775 elected representatives were interviewed to understand the social background of the emerging leadership. The publication is a valuable source book for the panchayat elected representatives, functionaries, researchers as well as for the Panchayati Raj training programs all over the country. This is a comprehensive research output and includes a number of important tables. The book has an exhaustive article on the historical development of Panchayats in Karnataka.

THAHA, M. 1998. *Planning for Gram Panchayats: Kerala Model*. Hyderabad: NIRD.

The salient feature of the decentralized planning is the involvement of the people in identifying projects for their benefit. The state of Kerala through the People's Campaign for Planning has done pioneering work for grassroots level planning. This involved the people in plan formulation right at the beginning and budgetary provision to the extent of 35-40 per cent was also provided in the implementation of projects identified by the local bodies. Significantly, all the planning documents including guidelines for preparation of development report and prioritization of projects were in the regional language *Malayalam*. This report highlights the steps that were followed in the formulation of the plan and focuses primarily on the planning process at the Gram Panchayat level. The author is of the view that the success in Kerala is because the state government believed in the capability and ingenuity of the people at the local level and says that by identifying viable schemes with people's participation and its implementation with the help of the

people the outlook among the people against planning will be erased and thereby peoples participation in planning and development will increase.

TIWARI, Amarendra Kumar. 1999 February. The First State Finance Commission in Rajasthan: An Innovative Mechanism of Fiscal Transfer to PRIs. *Kurukshetra*, .27-34.

Rajasthan was the first state in India to establish the Panchayati Raj system. The first Prime Minister of India, Jawahar Lal Nehru inaugurated it on October 2, 1959 at Nagaur. The constitution of the First State Finance Commission in Rajasthan is a milestone towards efficient governance based on the principles of democratic decentralization and sound financial relations of the PRIs. The SFC is broadly modeled on the Central Finance Commission, but the tasks performed by it are substantially different in nature.

This paper looks at the First State Finance Commission of Rajasthan and its recommendations critically. The author is of the view that the first SFC has helped in establishing the ground rules and trends for future SFCs and state-local bodies' financial relations. Moreover, the article points out that the First SFC in Rajasthan has been able to fill a large gap between the revenue of the Panchayats and their expenditure as a whole and tied up the allocation of funds to the Panchayats with the raising of their own resources to a given share.

VENKATARANGAIYA, M and M Pattabhiram (eds). 1969. *Local Government in India - Select Readings*. Bombay: Allied Publishers.

The readings in this work deal mainly with the evolution of the local self-government system in India from the last century of British rule to the 1960's. This is a seminal volume that includes relevant State papers, pronouncements of statesmen, recommendations of committees and commissions which have shaped the system of local self-government in India over the years. From important extracts from the pre-independence period to landmark debates in the Constituent Assembly of India in the post-independent era, it charts the course of the history of local self-government in a succinct manner. It contains extracts from articles written by leading publicists and experts from prominent journals and invaluable historical documents.

VITHAL, CP. 1997. Aspects of Panchayat Finances: An Analysis of Panchayat Acts. *Journal of Rural Development*, 16 (1), 123-134.

This article is based on the analysis of Panchayat Acts of 20 states including some Union Territories. The author looks at the problem of finance in local bodies and the lack of adequate resources for the Gram Panchayats to carry out their obligatory functions like provision of drinking water, maintenance of roads, sanitation etc. The panchayats are given wide-ranging powers of taxation but they are unable to efficiently mobilize their own resources.

VITHAL, CP and M Sarumathi. 1996. Panchayati Raj Finances in Andhra Pradesh and Karnataka: An Analysis. *Journal of Rural Development*, 15(2), 215-248.

This article is an analysis of the Panchayati Raj finances in the two southern states of India, Andhra Pradesh and Karnataka. The study underlines that the crux of the problem of local bodies is finance. Although the PRIs in general have a formidable list of functions to discharge, they do not have the necessary financial resources to cope with these functions. The need is to maintain a balance between the expanding functions and

the role entrusted to the local bodies' vis-à-vis their financial resources. A review of the pattern of finances in both the states points out that own resources of the Zilla Parishads are a meagre source of income and they constitute less than one per cent to their total receipts. Grants-in-aid constitute over and above 90 per cent of the total receipts of the Zilla Parishad. Secondary education is the major item of expenditure of the Zilla Parishads in Andhra Pradesh and Karnataka. More than half of the expenditure is earmarked for developmental schemes in Andhra Pradesh, while in Karnataka the developmental schemes and special rural development programs received a major share of 52 per cent. The own resources of the Gram Panchayats, which include tax revenue and non-tax revenue, constitute a significant source of income to the Gram Panchayats. The authors conclude that the bulk of the expenditure at the grassroots level is on the development schemes and public works targeting the welfare of the people.



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