

**PANCHAYATI RAJ INSTITUTIONS AND PARALLEL
STRUCTURES: A CASE STUDY OF ANDHRA
PRADESH AND MADHYA PRADESH**

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CERTIFICATE

This is to certify that the dissertation titled "PANCHAYATI RAJ INSTITUTIONS AND PARALLEL STRUCTURES: A CASE STUDY OF ANDHRA PRADESH AND MADHYA PRADESH" is submitted in partial fulfillment for the M. Phil degree of this University and has not been previously submitted for any other University and is my original work.

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To My Grand Parents

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INTRODUCTION

The establishment of panchayats, as constitutionally safeguarded entities, is a landmark in the evolution of our democratic governance. The emphasis of democracy is on democratic decentralisation of governance. And the principle underlying the formation of panchayat system at the grassroots is to create autonomous self-sufficient local bodies. The Panchayati Raj system is based on the Gandhian thought. For Gandhi, the essence of democracy is truly manifested in self-sufficient, self-governing villages in which voluntary cooperation will be the condition of dignified and peaceful existence.¹

In Gandhi's vision of true democracy "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 later ready to perish for circle of villages, till at last the whole becomes one life composed of individuals never aggressive in their arrogance but ever humble, sharing the majesty of the oceanic circle of which they are integral units."²

Panchayati Raj or local self- governance is an important exercise of decentralisation of authority, especially administrative authority. It is mainly the devolution of powers, functions and finances to the local bodies. It is based on the following principles:

- (i) There should be a three tier structure of local self-governing bodies from village to district level, with an organic link from the lower to the higher ones.
- (ii) There should be a genuine transfer of power and responsibility to these bodies.
- (iii) Adequate financial resources should be transferred to these bodies to enable them to discharge their responsibilities.

¹ Harijan, 28 July 1946, p, 236 cited in Kaushik, Asha (1998), "Globalism and Swaraj", in Babu, B, Ramesh (ed.) (1998), Globalisation and the South Asian State, South Asian Publishers, New Delhi , p, 47.

² Ibid.

- (iv) All development programmes at these levels should be channelled through these bodies.
- (v) The system evolved should be such as to facilitate further decentralisation in the matter of power and responsibility in future.

district The Panchayati Raj Institutions have been established at the village and block levels, with a view to ensuring their active involvement in the planning and implementation of special programmes of rural development particularly those concerned with poverty alleviation and provision of minimum needs. With this view in mind, the Balwantraji Mehta Committee was constituted in 1957 to assess the economy and efficiency of Community Development Project (CDP), and to study the efficacy of the programme in utilising initiative and creating local institutions to facilitate the process of socio-economic *development* which recommended a three tier Panchayat System. They are:

- (i) Gram Panchayat at the village level,
- (ii) Panchayat Samiti at the block or taluk level and
- (iii) Zilla Parishad or District Development Council at the district level.

The call of grass roots democracy, however came to the fore front only after the Janata Party came into power in the Centre in 1977. In the same year, under the chairmanship of Asoka Mehta, a committee called Asoka Mehta Committee was constituted. In 1978, the Committee recommended a two tier system of Panchayati Raj in place of the three tiered one recommended by the Balwantraji Committee. This was not approved. *15-0 States only*

It was only after the Congress Government under Rajiv Gandhi, who under the theme of "responsive administration" undertook series of conferences for the reconstruction of local self government. Two bills- 64th and 65th Amendment Bills-were accordingly introduced. Although the Constitution (64th Amendment) Bill got a two-third majority in the

Lok Sabha, in the Rajya Sabha on the 15th October 1989, it failed to meet the mandatory requirement by two votes. The National Front Government introduced the 74th Amendment Bill (a combined bill on Panchayats and Municipalities) on 7th September 1990 during its short tenure in office. But it was never taken up for discussion. It was only in September 1991, the Congress Government under Narasimha Rao introduced the 72nd (Panchayats) and 73rd (Nagar Palikas) Constitutional Amendment Bills. The bill was passed in 1993 under the Panchayati Raj Act with the following provisions:³

- (i) Each of India's 5 lakh villages will have rights and duties to elect their panchayat representatives.
- (ii) Each panchayat will have clearly defined responsibilities, in 29 delineated areas.
- (iii) The tenure will be for 5 years.
- (iv) Dismissal of the institutions will have to be followed by fresh election within six months.
- (v) Women occupy one-third of the panchayat seats and are entrusted to play a decisive role.
- (vi) Scheduled Castes and Tribes are given reservation of seats according to their densities in respective villages.
- (vii) State's Finance Commission will allot resources for the panchayats.

Salient Features and Functions of Panchayat Institutions:⁴

- (1) Promotion of Agriculture and Rural Industries.
- (2) Provision of medical relief, maternity and women and child welfare.
- (3) Maintenance of village roads, tanks, wells, common grazing grounds etc.
- (4) Provision of sanitation and drainage systems.

³India, Government of (1993), *The Constitution of Seventy-Third Amendment Act, 1992 on the Panchayats*, Government of India.

⁴India, Government of (1993), *The Constitution of Seventy-Third Amendment Act, 1992 on the Panchayats*, Government of India.

- (5) Execution of socio-economic programmes.
- (6) Provision of primary education and collection of land revenue.
- (7) Identification of beneficiaries in Integrated Rural Development Programme (IRDP) and execution of rural employment programme like Training of Rural Youth for Self-Employment (TRYSEM).

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These Panchayati Raj Institutions however, have not been able to function efficiently due to unabashed use of state power and growth of politicisation. According to Nirmal Mukarji and Balveer Arora, the ruling classes, which perceive themselves as the mainstream of Indian society, view any sign of turbulence in the periphery with dismay. Increasingly, they tend to react through parallel organised structures which are often counter productive. There is therefore, a need for fundamental changes in the approach to the system of governance — a system that has been characterised in its operation by an increasingly counter-productive centralisation of powers and functions.⁵

It is against this background that the new Panchayati Raj Institutions (PRIs) which came into existence since 1993, after the 73rd amendment has been analysed and discussed in the present study. Besides, the parallel structures created by different states has been examined with special emphasis on Andhra Pradesh and Madhya Pradesh.⁶

The study makes a critical analysis of the parallel structures in general with particular stress on ones existing in Andhra Pradesh and Madhya Pradesh. In this arena, an organisation or structure is said to be parallel, if it works directly with the beneficiaries at the grass roots levels, but is not accountable to PRIs. Their functional domain often overlaps and mostly bypasses the PRIs. As given above, the PRIs are given 29 subjects which are mostly related to rural development. They

⁵ Mukarji, Nirmal and Balveer Arora (1992), "Restructuring Federal Democracy", in Mukarji and Arora (eds.) (1992), *Federalism in India*, Vikas, New Delhi, p, 266.

⁶ It has been elaborately discussed in chapter 3.

are made to provide a decentralised democratic government at the grassroots level. However, in the course of time they have lost their credence. They are revived from time to time. The 73rd Amendment was made to restore them with powers and functions and it made the PRIs mandatory.

However, in the recent years, it is noticeable that many parallel structures to the local bodies have been making their presence felt. Some of the parallel structures operating in various states of India are — the Janmabhoomi Programme, Stake-Holder Committees (Andhra Pradesh), the District Governments, Gram Swaraj (Madhya Pradesh), Expert Committees (Kerala), Watershed Programme (Rajasthan) etc. There are other Centrally Sponsored Schemes which also comprise the parallel structures to the PRIs. They include the District Rural Development Agencies (DRDA), District Primary Education Programme (DPEP) etc. All the functions which are performed by these structures are included in the functions and responsibilities of PRIs and some of them like DRDAs are merged with the PRIs.

However, most of them are still functioning without involving the PRIs. These structures mostly function under the bureaucratic order and the works taken up are not discussed with the members of the villages who are better equipped with the knowledge of the needs of the village. The PRIs are meant to be run on the decisions of the villagers, who are inadvertently left out by these parallel structures causing unnecessary delay in the effective functioning of PRIs. People are deprived of their powers and they do not have any power in decision making. This is a crucial drawback of the presence of parallel structure and needs to be rectified in earnest.

Further, the states of Andhra Pradesh and Madhya Pradesh are selected for the purpose of this study since they provide a basis for understanding how the parallel structures affect the decision making of people at the grassroots level. Both the states have conformed to the 73rd Amendment Act very early. They have since been conducting regular

panchayat elections. However, their approach to decentralisation is quite different.

Regarding the introduction and functioning of parallel structures, there are certain similarities in both the states. In Andhra Pradesh, PRIs have been completely side lined due to the functioning of the parallel structures. While in Madhya Pradesh, the government has legislated various reforms to improve PRIs which however resulted in forming power structures working similar to parallel structures — at the district level parallel structure like District Government has been introduced which has concentrated power in the bureaucrats — thereby robbing lower bodies of its legitimate authority. Besides, there is the Gram Swaraj which has various committees working alongside the existing PRIs. Madhya Pradesh seems to be a pioneer of decentralisation, but at the ground level it shows contradictory results. The framings of rules within the innovative programmes are contradicting the spirit of decentralisation. The study makes a critical analysis of the working of the parallel structure in these states looking at the bureaucratic trends which often undermine the PRIs.

Review of Literature:

Given the significance of the PRIs and decentralisation in India, a number of scholars have studied PRIs and its linkages with various factors like poverty, education, bureaucracy, human rights etc. Before laying down the objectives of the study, we shall first take a look at the earlier literature and capture its main issues.

Much literature has been written on the Panchayati Raj Institutions since its incorporation in the Constitution of India. However, this study is limited to the period after the enactment of the 73rd Amendment Bill i.e., after 1993 and so much of the literature used for the study is the ones written after 1993.

To start with, a little knowledge of history of the PRIs is also necessary. In the early period, Panchayats were not elected the way in which elections take place now. The members of the Panchayats were

village elders and they were elected by consensus and their authority was based on tradition. These were different from the modern one and in those times villages were economically and socially self contained and self-sufficient units. As Shukla states, they had positive administrative machinery and were hostile to the external forces.⁷

The notion of village self-sufficiency is best described in the words of Sir Charles Metcalfe a British Historian as, "The village communities are little republics, having nearly anything that they want within themselves and almost independent of any foreign relations." But, these communities could not be called ideal institutions or democratic institutions as George Mathew recalls the views of B.R. Ambedkar on these village communities.⁸ India has a caste-ridden, feudal structure since long and this was more prominent in the villages which made Ambedkar take a completely negative view on these structures. His well known remark in the Constituent Assembly on 4 November 1948 that "these village republics" have been the ruination of India and that they are "a sink of localism, a den of ignorance, narrow mindedness and communalism must be seen in its correct perspective".

Before
that

Dr. B.R. Ambedkar gave no place for Panchayati Raj in the Constitution, but the advocacy of Mahatma Gandhi for the PRIs gave way for their incorporation in the Directive Principles of State Policy (Article 40) of the Indian Constitution. Thus it was only later that these PRIs attained greater recognition and have been made to make them more vibrant and autonomous bodies.

Mishra and Mishra give an account of the Panchayati Raj and their prospects and retrospect, and the powers and functions given to PRIs along with their applications in some of the states.⁹ Their study emphasised on the regular gram sabha meetings ensuring the presence of

⁷ Shukla, J.D (1976), *State and District Administration in India*, National, New Delhi.

⁸ Mathew George (ed.) (2000), *Status of Panchayati Raj in the States and Union Territories of India 2000*, Concept, New Delhi.

⁹ Mishra S.N and Sweta Mishra (2002), *Decentralised Governance*, Shipra, Delhi.

all sections of people, to ensure the representation of weaker sections of the society where there is patronage and dominance of upper caste as found in many states. They primarily identified the problem of co-ordination amongst the three levels of PRIs on the one hand and bureaucracy, NGOs etc on the other hand. They also identified lack of clarity regarding the distribution of powers and functions among the three tiers of PRIs mentioned in the Eleventh Schedule, vague idea on whether PRIs are implementing agencies of developmental programmes or they are both planning and implementing agencies, lack of clarity in regard to relationship between PRIs and bureaucracy and problem of competition between the PRIs and NGOs.

The study further recommended the merger of District Rural Development Agencies with the PRIs for the PRIs to succeed. They maintained that a collusion between the politicians and bureaucracy must have been the cause for their existence even after the recommendation for their merger by the Centre in 1996. They also recommended the transferring of funds of MPs and MLAs Area Development Schemes to PRIs. They also recommended the functioning of District Planning Committees. Financial powers are required to be enhanced. Overall, they found non-encouraging picture of PRIs, but expected a positive result in the later years.

Manoj Rai and others also made an overall review of the PRI system and their functioning.¹⁰ They assessed a progress in the functioning of PRIs, but pointed out that the progress was not made up to the mark. They pointed out the existence of pressure from the MPs and MLAs to take away the powers of PRIs and that it will continue until the powers and functions of the PRIs at the three tiers are clarified. They stated that the state governments perceived panchayats as parallel institutions created to erode their authority and so distortion exists in the states.

¹⁰ Rai, Manoj, et. al (eds.) (2001), *The State of Panchayats A Participatory Perspective*, Samskriti, New Delhi.

Similarly George Mathew gave an overall status of PRIs in the introductory part of the status of PRIs in India.¹¹ In this book, he stated that Panchayati Raj in India has been caught up with the presence of parallel structures in various states and gave a brief note on them. He suggested the necessity for a fresh look at the 73rd and 74th amendment to achieve the objectives set out in Article 243. He cited the Gram Sabha and its jurisdiction, the desirability of uniform and integrated three tiers of the PRIs, presence of MPs and MLAs, reservations for OBCs and the setting of Nyaya Panchayats are seen as problematic areas. The book provides the status of Panchayati Raj in the states of India.

The book on the status of PRIs brought about by the Rajiv Gandhi Foundation has been much helpful in the study of the functioning of 73rd Amendment in different states.¹² The book provide a detailed account of the status of PRIs in different states.

Rajni Kothari opines that the only alternative to a decentralised and genuinely democratic political system in a country like India is the gradual dissipation, erosion and ultimate disintegration of the state as well as the nation.¹³ He viewed that Panchayati Raj is the only way to ensure radical change through democratic process and so instead of conceiving PRIs as development agencies, we have to conceive development as the agent of Panchayati Raj. Further, he states that Panchayati Raj is too important to be left to governments and parties. It must be seen as part of political process that emanates from the grassroots.

Agarwal and others studied the participation of women *Sarpanches* and *Panches* in panchayats and came to the conclusion that *Sarpanches* had comparatively much higher participatory role in panchayats as compared to *panches*. But, they also advocated need to be

¹¹ Mathew George (ed.) (2000), Status of Panchayati Raj in the States and Union Territories of India 2000, Concept, New Delhi.

¹² Rajiv Gandhi Foundation (2000), *Panchayati Raj in India – Status Report 1999*, Task Force on Panchayati Raj, New Delhi.

¹³ Kothari, Rajni (2000), “Perspective on Decentralisation”, in Singh Raj, (ed.) (2000), *New Panchayati Raj: A Functional Analysis*, Anmol, New Delhi.

motivated and trained and made fully aware of their rights, duties, powers and responsibilities.¹⁴ George Mathew argued that sooner than later fifty percent of elected positions in PRIs must be reserved for women and the state legislatures and parliament should follow the this principle.¹⁵ Studies in some of the states show that women have social handicaps and constrains of various kinds in functioning effectively, but with experience their effectiveness improves. Certain type of mindset and culture of male dominance are some of the problems and a social transformation aimed at women's changing role could be achieved by Panchayati Raj.

Study
of All India
Panchayat
Sarpanch
Karnataka

Regarding bureaucracy, M.R. Biju advocates the establishment of sound official, non-official relationship which will be essential for the effective functioning of panchayats.¹⁶ He pointed out the necessity of the state governments to transfer functions and power to PRIs and see that its functions are well co-ordinated with those of other local bodies.

Vyasulu in his study on panchayat finances in Uttar Pradesh, Madhya Pradesh and Karnataka concludes that decentralisation takes place when the state government takes an interest for some special reason (as in Karnataka the need to find an important issue to fight with the Union Government).¹⁷ Delegation of financial powers and transfer of finances played an important role in controlling decentralisation. Apart from higher level politicians, local bureaucracy too resisted the process. Carefully thought out process of devolution, in which the panchayats are the vehicles through which a demand for social service is generated begins to provide a base for genuine local government (Madhya

¹⁴ Agarwal, D., I. Grover, and D.K. Grover (2000), "Participatory Role of Women Sarpanches and Panches in Panchayats", in Singh Raj (ed.) (2000), *New Panchayati Raj: A Functional Analysis*, Anmol, New Delhi.

¹⁵ Mathew, George (2000), "Will Reservation Ensure Participation" in Singh Raj,(ed) (2000), *New Panchayati Raj: A Functional Analysis*, Anmol, New Delhi.

¹⁶ Biju, M. R. (1998), *Dynamics of New Panchayati Raj System: Reflections and Retrospections*, Kanishka, New Delhi.

¹⁷ Vyasulu, Vinod (2003), *Panchayats, Democracy and Development*, Rawat, Jaipur and New Delhi.

Pradesh). Change can be pushed through very quickly in times of crisis. He states that finances are lubricants to the system of PRIs and they should be nurtured through these. The other resources that helped the study of financial status of the states have been the reports of State Finance Commissions of various States.

Regarding the Panchayati Raj in the scheduled areas, the Bhuria Committee report, Roy Burman and Atul Goswami presented a detailed study on the provisions of the Extension Act of Panchayati Raj.

Venkatesan noted certain parallel structures in some of the states and points out that these structures are antithetical to decentralisation but, still are supported by the Government of India and the state governments.¹⁸ He points out the centrally sponsored schemes and also those funded by International Organisations like World Bank. He even points out the role of NGOs in the implementation of rural development projects without the knowledge of PRIs. The PRIs hardly know anything about the projects until they are started in their areas. He thus criticises the unaccountability of the parallel structures to PRIs.

Krishna Reddy in his study of Economic Reforms and Panchayati Raj Institutions in Andhra Pradesh also came to the conclusion that in the recent years PRIs in Andhra Pradesh are receiving little attention and this is due to the presence of parallel structures.¹⁹ He states that these Janmabhoomi, user benefit groups and other such parallel structures tend to ignore the multiple uses of a resource and in the process prioritises one use of that particular resource over the other uses thus neglecting the overall requirements. He states that PRIs are not in tune with the institutional requirements and they provide an incompatible framework for the economic reforms because of which the

¹⁸ Venkatesan, V (2002), *Institutionalising Panchayati Raj in India*, Concept, New Delhi.

¹⁹ Krishna Reddy, G. (2002), "Economic Reforms and Panchayati Raj Institutions in Andhra Pradesh: A case of Incompatibility", *Indian Journal of Federal Studies*, Vol.3, No.2, 2002.

pro-reform government of Andhra Pradesh has taken up to new institutional set up.

Writing on new populism and liberalism, Krishna Reddy takes the view that the policies taken up by Chandrababu Naidu are in the mould of new populism, which signifies politics behind development, couched in terms of depoliticisation.²⁰

The World Bank report gave good insights in the study of both the PRIs and parallel structures both in Andhra Pradesh as well as Madhya Pradesh.²¹ The study of Andhra Pradesh concludes that rural decentralisation in the state is thin. PRIs are ignored and marginalised. The government instead took to local development and local political objectives through Janmabhoomi - a bureaucratic initiatives dominated parallel structure. The study of Madhya Pradesh also gives similar account where the devolution is far short of what is claimed.

The study made by Behar and Kumar give much material on the working of Panchayati Raj in Madhya Pradesh along with Gram Swaraj.²² James Manor criticises the Gram Swaraj calling it as a leap into the unknown.²³ Minocha criticised the District Governments strongly for their influx of bureaucracy.²⁴

²⁰ Krishna Reddy, G. (2002), "New Populism and Liberalisation: Regime Shift under Chandrababu Naidu in AP", *Economic and Political Weekly*, March 2, 2002.

²¹ World Bank (2000), *Overview of Rural Decentralisation in India: Approaches to Rural Decentralisation in Seven States*, Volume II, Report. World Bank.

²² Behar, A. and Kumar, Y. (2002), *Process of Decentralisation in Madhya Pradesh: Panchayati Raj to Gram Swaraj (1995-2000)*, Background Report Submitted to ODI Livelihood Options Project, Overseas Development Institute, London.

²³ Manor James (2001), "Pradesh Experiments with Direct Democracy", *Economic and Political Weekly*, March 3, 2001.

²⁴ Minocha, A.C. (1999), "District Government in Madhya Pradesh: Laudable Objective, Inappropriate Mechanism", *Economic and Political Weekly*, July 3 1999.

Objectives of the Study:

The objectives of the study are

1. To assess the status of PRIs since the inception of the 73rd Amendment Act.
2. To study various parallel structures in different states and to examine how they work to undermine PRIs.
3. To make a case study of such parallel structures in Andhra Pradesh and Madhya Pradesh.

The study thus focuses on these issues and makes an indepth study of parallel structures to know whether they are encouraging or undermining the PRIs and the influence of bureaucracy.

This dissertation consists of three chapters apart from the introduction and summary and conclusion. The first chapter is entitled “The Status of Panchayati Raj Institutions since the 73rd Amendment Act”. This chapter looks into the various aspects involved in the PRIs like reservations, powers and functions, finances, sectoral devolution etc and their operation in various states following the decade after the amendment.

The second chapter, “Panchayati Raj Institutions and Parallel Structures: An Overview”, gives an account of the parallel structures at work in various domains of local self government, and how they override the PRIs owing to bureaucratic influences.

The third chapter is entitled “Panchayati Raj and Parallel Structures: A Study of Andhra Pradesh and Madhya Pradesh”. This chapter gives an account of decentralisation in both the states thereby comparing and contrasting the various aspects of parallel structures functioning in these states. It also gives an analysis of the various factors undermining the effective functioning of PRIs.

The study is based on both the primary and secondary sources and other literature available. Efforts have also been made to document existing informations and data through periodicals, journals, news paper reports and reports from other relevant departments of Government such

as Planning Commission, Ministry of Rural Development, Rajiv Gandhi Foundation, Institute of Social Sciences, Society for Participatory Research in Asia and Indian Institute of Public Administration.

CHAPTER 1

The STATUS OF PANCHAYATI RAJ INSTITUTIONS SINCE 73RD AMENDMENT

1.0 Introduction

Panchayat has been an integral part of rural life in India since times immemorial. Village panchayats have been a form of self government which has lasted for years. Panchayats were made a part of constitution under Article 40 of the Directive Principles of the state policy. However, though panchayats were made a part of the Directive Principles, they remained only on the paper. The revival of Panchayats took place only after the passing of the 73rd Amendment Bill 1992, thereby evolving as the Constitution Seventy third Amendment Act, 1992 on 24 April 1993. This has been a fundamental change in the realm of “local self-government” as well as in the federal character of India.

These PRIs have been revived considering the provision of giving power to the people, i.e. to empower them so that they could manage their own economic and social affairs within a democratic framework. This should enable them to take their own decisions for their general welfare and improvement of their living conditions. They have been revived especially to eliminate poverty, improve literacy, provide employment and for the establishment of schools in the vicinity of the villages, provision of drinking water and other such requirements of the villages. It is perceived that all such requirements can be fulfilled in a better way through the participation of people. For the same, the Government has taken steps to devolve powers to the Panchayati Raj Institutions.

1.1 There are certain essential prerequisites for the PRI to function as institutions of self-government. They are: (a) clearly demarcated areas of jurisdiction; (b) adequate power and authority commensurate with responsibilities; (c) necessary human and financial resources to manage their affairs and (d) functional autonomy within the federal structure

which have been provided by the 73rd Amendment Act.¹ The Central Act has been incorporated with both mandatory as well as enabling provisions. A critical review of the State Panchayat Acts reveals that state legislatures have incorporated mandatory provisions like constitution of three tier structure, reservation, constitution of State Finance Commission, planning and implementation, devolution etc.²

1.2 This chapter looks into the aspects of the functions of Panchayati Raj Institutions since the implementation of the 73rd Amendment Act. After the passing of the 73rd Amendment Act, all the state governments have passed their State Panchayat Acts to establish panchayats at village, intermediate and district levels thus widening the democratic base of Indian Polity. Amendments have been made in several states to strengthen PRIs. These amendments have at times also strengthened the hold of state government on PRIs. It has been a decade since the 73rd Amendment Act has come into force and it is worth looking into certain aspects of it like reservation, functions of panchayats and devolution of powers and finances etc., so as to assess its importance as well as its drawbacks.

2.0 Reservation

The provision for providing reservation for scheduled castes, scheduled tribes, backward classes and women in the PRIs has been made mandatory under Article 243D. The manner in which reservations are to be provided was left to the state itself as given by Article 243D(4). The states have made these provisions in their Acts. Article 243D(6) mentions that 'nothing in this part shall prevent the legislature of a state from making any provision for reservation of seats in any panchayat or office of chairpersons in the panchayats at any level in favour of backward class of citizens'.

¹ Mathew George (ed) (2000), "Panchayati Raj in India-An Overview" in Mathew George (ed), *Status of Panchayati Raj in the States and Union Territories of India 2000*, Concept, New Delhi, p. 10.

² Rajiv Gandhi Foundation (2000), *Panchayati Raj in India, Status Report 1999*, Task Force on Panchayati Raj, New Delhi, pp, 1-18.

2.1 Reservations legally ensured the access of rural power structure to the weaker sections. Reservations provided the backward classes the much needed power through which they could get the developmental works done in their localities. Reservations to Scheduled Castes (SCs) and Scheduled Tribes (STs) in the panchayats allowed the rural population, particularly the downtrodden, greater participation.³ It is observed that the presence of *dalit sarpanch* or *dalit* ward member has greatly contributed to the participation of the *dalit* community in Gram Sabha meetings.⁴ The 73rd amendment can be seen as an instrument to facilitate the empowerment of *dalits* to represent their interest in the hope that this could transform politics dominated by upper castes. Reservation would help *dalits* to take their rightful place along with the upper castes as human beings, as citizens and as equals.⁵ Reservations to *dalits* have brought in a quantitative representation and tries to bring about a qualitative representation. Reservations provided a political space, opportunities for leadership, political experience and social recognition for *dalits*.⁶

2.2 However, more negative trends can be seen than of positive trends achieved through reservation. *Dalit* voters were prevented from many panchayats and it was observed that high caste Hindu groups resorted to various measures to dilute or sabotage the attempts to empower marginalised groups especially *dalits*.⁷ In panchayats, despite legal backing, the members of lower caste are denied an effective role both in the decision making and also in the distribution of village level

³ Rai, Manoj and Priti Sharma (2003), 'Editorial', *Participation and Governance*, Vol.9, No.26, March 2003, p. 5.

⁴ Mathew, George (2003), "Panchayatiraj Institutions and Human Rights in India", *Economic and Political Weekly*, January 11,2003, p.158.

⁵ Rai, Manoj (2003), "Mainstreaming The Marginalised" , *Participation and Governance*, Vol.9,No.26, March 2003, p. 7.

⁶ Sharma, Priti (2003), "Dalit Leadership in Panchayats", *Participation And Governance*, Vol.9, No. 26, March 2003, p7.

⁷ Mathew, George (2003), "Panchayati Raj Institutions and Human Rights Institutions in India", *Economic and Political Weekly*, January 11,2003, pp. 155-162. There are instances where high caste groups challenged the reservation for SC/ST in the court of law and when failed they boycotted the elections.

developmental schemes or projects and is given minimal access to village, social and economic goods.⁸

Though political reservations are provided for the dalits, they are denied power in reality. Even after coming to power, their exercise of power is restricted. And regarding dalit women, they have more to suffer. And as for scheduled tribes, the provisions of panchayats (Extension to Scheduled Areas) Act 1996, has been enacted to suit their needs which would be dealt with later.

3.0 Reservation for Women

One of the positive results of the reservation provided under the 73rd Constitutional Amendment Act has been the participation of women in a big way in all these levels of PRIs.

3.1 However there are two major obstacles for making these reservations a reality⁹ : (1)the mass illiteracy of women and (2) the discrimination, exploitation and oppression that they face in society. The experiences of women in different parts of the country show that they face strong culture of exclusion and are not treated well both in the family and outside the house. A study of women's participation in panchayats in Tamil Nadu noted that 72 percent of the respondents contested the 1996 elections mainly because of reservation of seats.¹⁰ In Madhya Pradesh, in the first election in 1994, majority of women contested the reserved seats but 17 women were elected as chair persons of district panchayats against 15 positions reserved in the then existing

⁸ Punalekar, S.P. (2001), "People and Panchayat : Interface and Contradictions", *IASSI Quarterly*, Vol.19, No. 3, 2001, pp. 57 to 70.

⁹ Ghosh, Ratna and Alok Kumar Pramanik (1999), "Women's Participation in Panchayats: Some Steps", in Ghosh Ratna & Alok Kumar Pramanik (eds.) (1999), *Panchayat System in India: Historical Constitutional and Financial Analysis*, Kanishka, New Delhi, p. 223.

¹⁰ Atreya, V.B. and K.S. Rajeshevari (1998) *Womens Participation in Panchayati Raj: A case study from Tamil Nadu*, M.S.Swaminathan Foundation, cited in Buch, Nirmala (2001), "The 73rd Constitutional Amendment and the Experiences of women in the New Panchayati Raj Institutions (PRIs) : A Critical Evaluation", in Ambrose. Pinto and Helmut, Reifeld (ed.) (2001), *Women in Panchayati Raj*, Indian Social Institute and Konrad Adenauer, New Delhi, p. 19.

45 districts.¹¹ In Andhra Pradesh participation of women was very limited in the 1995 elections. More than 90% of women who contested elections did it for the first time against the reserved seats and had not participated actively. However, there are exceptional cases as well where women were quite vocal and active. Reservations have helped women participate in governance at local levels. A study of political participation of women in Panchayati Raj in Haryana, Kerala and Tamil Nadu states in 1996 showed that in Kerala 73rd amendment has a positive impact so far as empowerment of women is concerned while in Haryana the picture is not very encouraging regarding the participation of women in PRIs and Tamil Nadu comes in between.¹² In Karnataka, women's representation in local bodies reached 43%.

3.2 Several cases have been observed regarding the participation and assertiveness of women members and *Sarpanches* in the panchayats. Some examples are given.¹³

The Shetkari Shangatana, a peasant movement in Maharashtra, has been instrumental in setting up five more all-women panchayats.

Fatima Bee, a conservative Muslim woman who knew nothing about the world outside her home was terrified initially by her induction as *Sarpanch*. But she did exemplary work in Kalra in Kurnool district and was honoured with the best Sarpanch award of the government and later on by the UNDP.¹⁴

In some cases women are assaulted for their assertiveness. When Gundiabhai, the *Sarpanch* of Pipra in Madhya Pradesh, hoisted the national flag at the local school on the occasion of the Golden Jubilee of

¹¹ Buch, Nirmala, "The 73rd Constitutional Amendment and the Experiences of women in the New Panchayati Raj Institutions (PRIs) : A Critical Evaluation", in Ambrose, Pinto and Helmut Reifeld (ed.) (2001), *Women in Panchayati Raj*, Indian Social Institute and Konrad Adenauer Foundation, New Delhi, p. 16.

¹² Santha E.K. (1999) '*Political Participation of Women in Panchayati Raj*' Indian Social Institute, Occasional Paper, Institute of Social Sciences, New Delhi.

¹³ Datta Bisakha (ed.) (1998), *And who will make the chapathis? A study of All Women Panchayats of Maharashtra*, Calcutta Street.

¹⁴ *Pioneer* (1998), Delhi, "What Women in Burqa Can Do?", 4 October 1998, Delhi and *Panchayati Raj Update*, 'Tough as Steel, Soft as Silk', December 1997, New Delhi, pp. 11-12.

Independence, she was beaten up for her temerity. And when it was highlighted by the press, there was a public outcry. A few months later the Chief Minister invited Gundiabhai to hoist the national flag at Tikamgarh, the district headquarters on Republic Day.¹⁵

3.3 The introduction of reservations for women has provided the base for women's participation in PRIs. However, there are still many hindrances which restrict the participation of women in PRIs. Illiteracy, lack of economic independence, dominance of men over women and dominance of upper caste people are some of the factors responsible for the depreciation of the panchayats led by women representatives.

3.4 The 73rd amendment has provided a platform for women to come into politics. They face several obstacles. But they have also demonstrated that given an opportunity, they have faced the challenge and used the opportunity to enter the public sphere despite the personal, social, economic and political obstacles. Most of the studies which viewed women as proxy members noted their new recognition and identity as women who can participate in politics with confidence and work for the community. Experiences in different states show that women are more committed, transparent and accountable. They fight for the development of villages and in some they have also achieved the goal. The affirmative action taken to provide reservations to women through the 73rd Amendment is a sincere step taken towards empowering women in politics at the grassroots level. Women have been facing a lot of constrain. And provision of reservation for them is a welcome step. In the working of Panchayati Raj it is seen that women work more effectively than men. However, illiteracy, lack of confidence, family, poor economic status, patriarch etc have been a constrain on their efficient working. So, to improve this situation women should be provided with the required training and leadership qualities should be developed.

¹⁵ *Panchayati Raj Update*, "Gundiabhai to Unfurl National Flag", June 1998 New Delhi.

3.5 A study by the World Bank states that although Indian States and Union Government have been willing to recognise the panchayats to hold elections and to respect the stipulations governing the reservations for SCs, STs and women, they have been unwilling to vest them with sufficient 'administrative control over significant functions or fiscal autonomy.'¹⁶ In most of the States, panchayats have been handed a wide array of responsibilities without devolving the necessary fiscal and administrative resources.

4.0 Powers and Functions

The Panchayati Raj Institutions have been brought in to India to empower the people of three different levels. But this has remained unimportant till the passing of the 73rd Amendment Bill. With the inclusion of the Eleventh Schedule of the Constitution, 29 items have been enlisted as the functions of three levels of the Panchayati Raj governance. And the state legislatures were expected to chalk out the details of functions under each of those 29 listed subjects and distribute them between different tiers of panchayat.¹⁷ However, most of the states made a copy of all the 29 subjects enlisted in the Eleventh Schedule and appended them with their respective panchayat acts resulting in the confusion about the 'functional domain' of PRIs¹⁸.

Though the amendment provided a list of functions under the provision of Eleventh Schedule, it has not mentioned clearly the level of PRIs which would perform a particular type of function. This has created certain ambiguity.

¹⁶ World Bank (2000), *Overview of Rural Decentralisation in India*, Volume I, World Bank, p. 20.

¹⁷ The 73rd amendment left the state legislature with the power to devolve functions on their own.

¹⁸ Rajiv Gandhi Foundation(1999), *Dialogue on Panchayat –Summary Proceedings of Four Regional Tripartite Interface Workshops held between July 1998 and February 1999*, Task Force On Panchayati Raj, New Delhi, p. 16.

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4.1 A study by the Task Force, Rajiv Gandhi Foundation observes that the functions and area of responsibilities assigned to Panchayati Raj Institutions at three different levels are overlapping.¹⁹

In the states, the functions enlisted in their Panchayat Acts are classified into three categories:

- (i) Administrative Functions
- (ii) Developmental and Social Functions and
- (iii) Maintenance Functions.

At the *Village level*, the general administrative functions include

- (i) preparation of annual plans for the development of village panchayat
- (ii) preparation of annual budget
- (iii) mobilising relief for natural calamities
- (iv) removal of encroachment on public properties
- (v) maintenance of statistics of village and
- (vi) performance of any other functions entrusted by the Panchayat Samiti, Zilla Panchayat or the State or the Central Government on an emergency basis.

The other general administrative functions include functions like, village defence, information and publicity and the constitution of Nyaya Panchayats which are found only in the lists of the states of Andhra Pradesh, Maharashtra and West Bengal.

As far as developmental and social functions are concerned, a large range of functions are common in most of the states. These functions are social forestry, drinking water, rural housing, education (formal and informal), social welfare, women and child development, poverty alleviation programmes and khadi, village and small scale industries. The functions like cooperation and rural insurance are found only in the states of Andhra Pradesh, Gujarat, Maharashtra and West Bengal. The category of maintenance include 33 items some of which

¹⁹ Rajiv Gandhi Foundation, *Revitalisation of Panchayati Raj in India, Problems and Prospects*, Task Force on Panchayati Raj, New Delhi 1997, pp. 16-17.

are rural electrification and rural sanitation, establishment of markets and fairs, maintenance of community assets, public health and family welfare, library, cultural and sports activities etc.

4.2 At the *Block level*, that is, the middle tier of PRIs, about ten items are included in the category of administrative functions. Most of them are related to providing relief during natural calamities and other works entrusted by the Zilla (district) Parishad or Central or State Governments. Some of them are social education and village defence corps, publicity and information and statistics. The social and developmental responsibilities include agriculture, animal husbandry, fisheries, social farm and forestry, drinking water, adult and non-formal education, women and child development, social welfare, industries like khadi, village, cottage, small scale industries and co-operatives. Functions like social reform (Karnataka, Maharashtra and Rajasthan) and rural credit (Gujarat and West Bengal) are also found to be entrusted to them.

Among the maintenance functions, the maintenance of markets and fairs, health, family welfare, sanitation, medical and cultural activities and sports are common responsibilities. The construction and maintenance of public places (dharmashalas and chawadis) were assigned to Panchayat Samitis only in Maharashtra and Tamil Nadu.

4.3 At the *District level*, the major responsibility of general administrative function is overall supervision, co-ordination, consolidation, integration and implementation of developmental schemes at the block and district levels and preparation of plans for economic development and social justice in the entire district and securing the execution of plans, projects, schemes or other public sector works that are common in all the states

4.4 The Zilla Parishad is also entrusted with certain uncommon assignments. These include the role of technical advisor (Gujarat, Maharashtra and West Bengal), relief measures (Gujarat and West Bengal) and publicity (Maharashtra). Among the developmental

functions, agriculture including extension and horticulture, animal husbandry, dairying and poultry, social forestry, minor forest produce, fuel, fodder and education (primary and secondary) are common in various states. In Gujarat, development of village sites, including building of model village is the responsibility of Zilla Parishad. Rural credit is found in West Bengal Zilla Parishad. Health, hygiene and family welfare, medical and sanitation are the only maintenance functions performed commonly by most of the states. The maintenance of dharmashalas, rest houses, traveller's bungalows, sarais, chawadis, burial and cremation grounds, public functions and sammelans, propagation of Gramdan and Bhoodan are covered only in Maharashtra.

4.5 These are the powers and functions entrusted to the PRIs. A study of the powers and functions of PRIs brings out the areas of responsibilities assigned to the PRIs at the three different levels that are overlapping. In most of the states, these functions are shared by two or three levels. A clearcut demarcation of responsibilities exists at all the three levels with respect to the general administrative functions while, in respect of developmental and social functions, the areas of responsibilities in the State Acts has not been made clear. The case of functions of maintenance is slightly better.

A study conducted in all the states, by the sub-regional level workshops sponsored by the Rajiv Gandhi Foundation, showed that the powers and functions assigned to the PRIs without keeping any cardinal principle in mind.²⁰ There is overlapping of areas, functions and responsibilities amongst the Government agencies in general and the three levels of PRIs in particular.

4.6 In most of the states, it is seen that a number of functions of PRIs are performed by other *parallel structures* like District Rural Development Agency(DRDAs) and some other Centre and State sponsored schemes. A number of state enactments regarding such

²⁰ Ibid.

schemes became null and void after the commencement of 73rd amendment but, they continued to encroach the autonomy of PRIs. Some of them are those that existed before the amendment and some are those that were brought in after the amendment as against law.²¹

The pre-existing structures comprise of the bodies like DRDAs as mentioned above and others like Joint Forest Management, Water User Groups etc., while the post amendment structure consist are like Expert Committees in Kerala, Janmabhoomi in Andhra Pradesh, Vigilance Committee in Himachal Pradesh and the Gram Vikas Samiti in Haryana.

In some of the states, there is a deliberate subversion of the Constitution. Venkatesan gives a glance at the actions of different states in the matter of faithful implementation of the amendment.²²

Uttar Pradesh had appointed an Administrative Reforms and Decentralisation Commission which submitted a report in 1997 according to which the government had issued orders to twenty eight departments for transferring some of their functions to PRIs. But such transfer of functions has no operational significance, since all important decisions are taken as before by the respective departments.

In Orissa, the Gram Panchayats and Panchayat Samitis of the state have no power to prepare plans for their own areas, even though this right is constitutionally given to all such institutions.

In Andhra Pradesh, all the tiers of panchayat have been assigned with large number of functions. But none of them are given functional or administrative resources under their control to execute them and even the PRIs have no control on District Rural Development Agencies (DRDA) to express commitment for developing panchayats 'as units of self-government', to eliminate bureaucratic control over elected bodies, to give powers of delimitation of constituencies to election commission, provision of establishing a state panchayat council with Chief Minister

²¹ For a quick look at the PRIs and Parallel Structures see Annexure A.

²² Venkatesan, V. (2002), *Institutionalising Panchayati Raj in India*, Concept, New Delhi, pp. 167-184.

as chairperson and all the *adhyakshas* of Zilla Parishads as members to act as a forum for discussing matters relating to the panchayats. Funds which come to the Panchayati Raj bodies are mostly in tied form and this leaves little scope to launch programmes based on their own plans and initiatives. They have no effective administrative control over the government staff transferred to them nor do they have their own cadre. So the panchayats of the state perform mainly agency functions.

In Madhya Pradesh, the responsibility for programmes of seventeen departments has been transferred to the panchayats along with staff and resources. Despite these efforts, panchayats remain only implementing agencies of the schemes conceived by the state or central government. They receive funds which are mostly tied to specific schemes. The staff remained with the state government. Even, in respect of taking major decisions on implementation, they are influenced by the district bureaucracy. By far the greatest distortion in the process of decentralisation has been made by making a state minister, chairperson of District Planning Committee and naming it as district government. Even the "Gram Swaraj" is also a distortion in the process of decentralisation.

Kerala appears to be the only state where a systematic and sincere effort is made for total decentralisation. Kerala Panchayat Act which has been amended in 1999 is probably considered the best attempt to define the functional areas of different tiers of PRIs as precisely as possible reducing the agency role and expanding their autonomous actor's role. The Act has eliminated district control of panchayat by bureaucracy and drastically reduced government control over them.

Thus, a look at the functions assigned and performed by the PRIs in different states shows that as a whole, most of the states have not kept up with the spirit of the 73rd Amendment Act. Like before, the states visualise panchayat as nothing more than a local authority which will exercise such delegated powers and authority as may be given to them

by the state acts or rules of executive orders.²³ There is no attempt at devolution type of transfer of functions, functionaries and financial resources from the state government to the panchayats.²⁴

5.0 Finances of Panchayati Raj Institutions

True devolution of local governments may be said to take place only when funds, functions and functionaries are transferred to the appropriate level of local government and such a transfer has to be made in substance and not in form only.²⁵

5.1 The finances of the PRIs are generally drawn from three major sources: (i) the tax assignment, (ii) tax sharing and (iii) grants-in-aid.

It is necessary for the states to give fiscal autonomy to PRIs, to make them autonomous and self-sufficient bodies. It should be taken care by the state to give PRIs elastic and buoyant sources of income to the three levels of panchayats. The making of the arrangements for the transfer of funds and their use has been made compulsory by the 73rd amendment.

Accordingly, a number of taxes are levied at different levels of PRIs. With the exception of few states, most of the Panchayat Acts (Conformity Acts) did not make much distinction between obligatory and optional levies. In most of the states, the PRIs at the gram panchayat level are entrusted with power of imposing and collecting taxes. The other two tiers at the top Zilla Parishads and Panchayat Samitis are given no such powers. Even if the power of levying taxes, fee and charges are entrusted to the district or block level panchayats, the taxes are mostly collected at the village level and then passed on to the upper tiers of the PRIs. The taxes and charges levied by the Zilla Panchayats are either in the form of surcharge on the taxes and charges levied by the

²³ Bandyopadhyay, D., Saila K. Ghosh, Buddhadeb Ghosh (2003), "Dependency versus Autonomy: Identity Crisis", *Economic and Political Weekly*, September 20, 2003, pp. 3984-3991.

²⁴ Ibid.

²⁵ Vyasulu, Vinod (2000), *Panchayats, Democracy and Development*, Rawat, Jaipur and New Delhi, p. 99.

gram panchayats, or as surcharge on the same base as used by the gram/village panchayat.

5.2 Most of the states have constituted the State Finance Commissions (SFCs) twice and submitted their reports. The 73rd and 74th Constitutional Amendment made it mandatory upon the state governments to constitute SFC once in every five years to make recommendations for the devolution of taxes, other shared revenues and grants to local bodies. Following the Constitutional guidelines, the states have formed their Finance Commissions and their reports and recommendations on devolution of finances have been submitted, the former one's being accepted to some extent. These SFC are endowed with the work of assessing the condition of the PRIs in the states and identify the problematic areas and make recommendations regarding the allocation of funds as well as devolution of resources for funds.

According to the reports, the status of the SFCs varies across states. Most of the states did not fulfil the constitutional requirement of the constitution of SFCs within one year since the passing of the Amendment Bill. But now all the states have got their first SFC reports and their recommendations, some of which have been accepted and put into effect in some states while in some states action has not even been initiated according to the Action Taken Reports of the states. The Eleventh Finance Commission (EFC) report stated that the operationalisation of the changes contemplated under the Constitution require action by both the Centre and the State, and that the pace of empowerment of the local bodies to function as institutions of self-government has, however generally been slow.²⁶

5.3 The Eleventh Finance Commission(EFC), basing upon a study of the National Institute of Rural Development, Hyderabad has concluded that the 73rd Constitutional Amendment has not significantly altered the functional domain of the panchayats at various tiers. The EFC has found

²⁶ India, Government of (2000), *Report of the Eleventh Finance Commission (For 2000-2005)*, Department of Economic Affairs, Ministry of Finance, p. 71.

it deplorable, the maintenance of panchayat accounts and audit. The data base is poor and no reliable data is available on finance, budget needs and basic civic and development functions.

The Ministry of Rural Development has drawn attention to the needs of the panchayats for performance of regulatory operations and maintenance (O&M) and development functions envisaged under article 243G and the Eleventh Schedule of the Constitution, and the principles which should guide the inter-state distribution of funds meant for panchayats. They view that the reports of the SFCs for specific periods available, focus largely on the pre-devolution position of the panchayats and do not adequately recognise their emerging role under the 73rd amendment.²⁷ They also stated that, the recommendations made by the SFCs have not been totally accepted by the State Governments; the states anticipate a very heavy expenditure arising out of the devolution of powers and functions to the panchayats, and unless sufficient funds are devolved to the States under article 280²⁸, they will find it extremely difficult to implement the 73rd amendment. The Ministry also stated that the requirement of funds by the panchayats for performing developmental functions is met under the various Centrally Sponsored Schemes and the State Plan Schemes and that it is the regulatory and maintenance needs of the panchayats, that should receive special dispensation from the Finance Commission.

5.4 Regarding the views of some of the States, power should be given to the local bodies to levy tax on Central Government properties. It is seen that most of the states sought funds for construction of buildings-residential and non-residential, provision of civic amenities including works of public utilities, maintenance of capital assets, and expenditure on staff and establishment. Some States have however identified two other specific areas to be supported by the Finance Commission which

²⁷ *ibid.*

²⁸ Article 280 states about the setting up of the Finance Commission and drawing up its duties by the President of India.

are, development of database and strengthening of the arrangements for maintenance of accounts and audit. States of Bihar, Karnataka and Tamil Nadu wanted fifty per cent of the funds to be given by the State Government to the local bodies to be compensated through the Finance Commission transfers. Gujarat and Haryana have suggested that the grants recommended for the local bodies should be untied giving freedom to these bodies to use them for any purpose. Madhya Pradesh suggested the earmarking of seven percent of Central taxes for devolution to local bodies from which eighty percent be distributed to States on the basis of index of infrastructure. The states of Andhra Pradesh, Karnataka (PRIs), Kerala Manipur, Nagaland, Sikkim and West Bengal have not quantified their demands for funds.

6.0 Recommendations of the First State Finance Commission in the States

The statement of object and reasons for the 73rd Amendment has been cited as, “the lack of financial resources,” the lack of which has been a concern in the past and affecting the functioning of panchayats. To rectify this, the Centre has taken steps to constitute SFCs to review the financial position of panchayats and to make recommendations to the Governor as to:

- (a) the principles which should govern-
 - (i) the distribution between the State and Panchayats of the net proceeds of the taxes, duties, tolls and fee leviable by the State, which may be divided between them under this Part and the allocation between the Panchayats at all the levels of their respective shares of such proceeds;
 - (ii) the determination of taxes, duties, tolls and fee which may be assigned to , or appropriated by the Panchayats;
 - (iii) the grants-in-aid to the Panchayats from the Consolidated fund of the State;
- (b) the measures needed to improve the financial position of the Panchayats;

(c) any other matter referred to the Finance Commission by the Governor in the interests of sound finance of Panchayats.

Thus the State Finance Commissions are formed with this purpose. The recommendations given by the SFCs in some of the states are given here.

Andhra Pradesh: Taking example of few of the states about the recommendations of the SFCs, we see that Andhra Pradesh SFC suggested a transfer of 25 per cent, 30 per cent and 50 per cent of state revenue to local bodies.²⁹ It also suggested that devolution should be made for capital expenditure for fair and equal development all over the state and to devolve for the maintenance of heads.

In Andhra Pradesh, SFC has prioritised basic civic functions³⁰ to be discharged by Local Bodies for devolution of resources. It has identified two issues (i) arriving at the total amount required by the local bodies and (ii) judiciously arriving at a percentage of the state revenue to be transferred to local bodies. The total requirement of the gram panchayat was estimated to be Rs.316.49 crores by the first SFC. It has chosen to follow the principle of 'no effort no grant' to the Local Bodies and recommended the devolution of Rs.179.15 Crores for 1997-98 and Rs. 229.15 Crores from 1998-99 onwards, to the Gram Panchayats. For the Zilla Parishads and Municipalities, a total amount of Rs.321.23 Crores is estimated to be required for rural water supply, minor irrigation, mandal buildings, school buildings, rural sanitation and roads etc., and the same has been recommended for.

Regarding the fixing of the percentage of share of Local Bodies from State Finances, the Commission recommended a part of global income of the State Government as represented by its tax and non-tax

²⁹ Andhra Pradesh State Finance Commission (1997), *Report of the First State Finance Commission, Andhra Pradesh, 1997-2000*, Hyderabad, pp. 63-133.

³⁰ SFC has categorised basic civic functions as water supply, cleaning of roads and drains, street lighting, construction and maintenance of roads and sanitation, drainage etc., under first category; water supply both under Minimum Needs Programme and otherwise, construction of roads, minor irrigation, buildings including mandal complexes, school buildings, rural sanitation by zilla parishads, Primary, Upper Primary and Secondary Education etc.

revenue. Thus it has recommended the entitlement of 39.24 percentage of States revenue both from tax and non-tax to the Local Bodies which may be given statutory effect by suitable enactment. The Commission also recommended for the synchronisation of the second State Finance Commission with the XI National Finance Commission.

The State Finance Commission made 84 recommendations in total among which 54 were accepted. While 11 recommendations were accepted with modifications, 19 were not accepted at all.

Madhya Pradesh: In Madhya Pradesh, the SFC recommended that every department should prepare a performance budget showing district-wise targets of delegated functions and after approval, it should be forwarded to districts along with figures of their allocations.³¹ It recommend RS. 186.66 crores minus 30 percent (i.e. Rs. 56.00 crores) from their own resources, i.e. net Rs 130.66 crores for Gram Panchayats for discharging basic functions assigned to them and only agency fee to Janpad Panchayats and Zilla Panchayats for discharging functions entrusted to them. Apart from this, there are suggestions for tied and untied grants and raising of additional financial resources. Rupees 130.66 crores were recommended for Gram panchayats for 1995-96 as 2.9 percent of the state's total tax and non-tax revenue.

Additionally, specific grant of Rs. 67.66 crores was recommended annually for establishment expenditure till the Panchayats become economically viable. A lump sum non-recurring grant at the government's discretion for furnishing and maintenance of Panchayat Offices was also recommended. The distribution of Rs. 130.66 crores among the districts had been recommended based on fifteen percent funds distribution on proportion of Scheduled Castes and Tribes in the districts and eighty five percent on a formula of population, area, number of agricultural labour, per hectare gross value of agricultural output, number of workers in registered factories per lakh of population,

³¹ Madhya Pradesh State Finance Commission (1996), *Government of Madhya Pradesh Report for Rural Local Bodies April 1996 to March 2000*, Bhopal.

per capita consumption of electricity and literacy rate. In the Gram Panchayats, devolution is based on seventy five percent of population and twenty five percent on area. The SFC also recommended de-linking the share of taxes from the collection of land revenue, cess and additional stamp duty and give 2.9 percent share of gross tax and non-tax revenue.

These are few of the recommendations made by the State Finance Commission of Madhya Pradesh. However, reports on the action taken for the recommendations states that only few recommendations were accepted, and even those that have been accepted, had not been followed by releasing the funds accordingly.

Assam: In Assam, the State Finance Commission desired that the devolution of fiscal powers to the local bodies would enable them to discharge effectively the responsibility in implementation of the core subjects such as water supply, sanitation/sewerage, solid waste collection and disposal, primary education, primary health, village roads and culverts and so recommended for the same.

The SFC of Assam recommended for the maintenance of local data base for proper accounts, the cost of which is to be met by the State Government out of plan fund as grants to local bodies which has been accepted by the state government.³² Regarding the devolution of taxes, it has not made any changes and the share of the State taxes for transfer to local bodies and inter-se-distribution was to be made on the then existing basis with an additional ten percent of net proceeds of motor vehicle tax in each year as share to local bodies to be distributed on the basis of population of each rural local body as per latest census.

The Commission has recommended that the total percentage of share of state taxes for transfer to local bodies should be two percent in each of the years from 1996-97 to 2000-01 which has been accepted. It

³² For a detailed report on the recommendations of State Finance Commission of Assam, refer to Assam State Finance Commission (1996), '*Report of the Assam Finance Commission for 1996-2001*', Assam.

has recommended for grants in aid to be given to rural local bodies as under the 73rd Amendment for implementing the core subjects of development in the areas of local bodies under their respective jurisdiction.

The Commission has further recommended that the assessment of property tax should be made in every five years to make periodic revision. User levy should be imposed on the agricultural pump set, user charges on services rendered by village local bodies on parks, public toilets, public health centre, etc. The recommendation regarding the issue of birth and death certificate to be issued by local bodies thus collecting the registration fee has also been accepted. The State Government has also accepted the recommendation of the Commission with regard to debt relief to Municipalities/Town committees and also with regard to the write off of the outstanding loan of panchayats.

Karnataka: In Karnataka, sections from 199 to 208 of the 1993 Act deal with taxes, fee, levy of cess and grants relating to financial assistance given to panchayats. Of the three panchayats, the Gram Panchayat is given the powers of taxation and collection of fee. The Zilla Panchayat and the Taluk Panchayat are not given any powers of taxation but are given grants by the State Government.

The State Government has constituted the State Finance Commission for streamlining the process of devolution as per the requirement of the Constitutional Amendment. The commission has recommended for devolving finances in percentage terms. And accordingly, it had recommended for transferring thirty six percent of Government's 'non-loan gross own revenue receipts' every year to Panchayats and urban institutions.³³ It has specified indicators for determining the percentage of finances to be devolved. The commission estimated that the Panchayati Raj Institutions in the non-plan gross own

³³ Karnataka State Finance Commission (1996), *Report of the State Finance Commission Relating to Panchayati Raj Institutions*, Bangalore. Refer Chapter IX, pp. 254 to 285.

revenue receipts of the State Government may be increased from 34.27 percent to thirty six percent. It has recommended the transfer of eighty five percent to Panchayat Raj Institutions and fifteen percent to Urban Local Bodies out of the thirty six percent for the financial years 1996-97 to 2000-2001. Of the thirty six percent of the non loan gross revenue receipts of the statements, 30.6 percent may be transferred to all the three layers of the panchayats basing on the above mentioned criteria. It has recommended for direct release of funds for Gram Panchayats and Taluk Panchayats by the Zilla Parishad.

It has also recommended that the PRIs at all the three levels should make a matching contribution in order to be eligible for the non-plan maintenance grant. These matching contributions can be used for paying wage bill while the material cost should be met from the grant coming from the Central Government.

The Commission also recommended for the earmarking of grants for service up gradation of certain essential public services to normative levels. Supply of safe drinking water, street lights, roads, primary education and primary health care are identified as the most essential public services to be provided in rural areas. And it recommended the up-gradation of these services to normative standard by earmarking an amount from the share of the respective Panchayati Raj Institutions in the state government's non loan gross own revenue receipts. It stated that Zilla Parishads should be entrusted with the task of implementing up-gradation of safe drinking water, primary health and primary education facilities while the Taluk Panchayats are to be given responsibility of up-gradation of roads and Gram Panchayats with the street lights. The Zilla Panchayat is to monitor the implementation of the whole. Some of the other recommendations include provision of proper training to the personnel of PRIs. The Commission recommends that all individual beneficiary oriented schemes that come under either state sector or centrally sponsored sectors should be entrusted to Gram

Panchayats for implementation and they should receive 25 percent of the total devolution of funds recommended, by the Commission.

However, though the Commission made thirty four recommendations in its report, only seven have been accepted and one has been rejected while the others were to be considered by the Government. A serious drawback is, the commission did not make any recommendations regarding giving taxation powers to both Taluk Panchayats and Zilla Panchayats while there is a great demand for them.

Kerala: Kerala has been a state where Panchayati Raj has been working relatively well. The major source of finance for the three tiers of panchayati Raj are taxes, grants, collection of fee and loans. Kerala has also constituted a State Finance Commission to make recommendation regarding its finances. Some of its recommendations include the constitution of a special cell to watch the implementations of the recommendations of the SFC, delimitation of revenue villages to ensure that no village falls under more than one panchayat.³⁴ It has also recommended for the introduction of provision to charge interest at 2 percent per month on the arrears in the Kerala Panchayati Raj Act 1994, the option of following either the current system or a modified system based on gross collection capacity as the basis for taxation.

It has recommended the introduction of a system of collecting a tax on sale of land from land owners at the time of sale of property so that it can do away with levy of land cess. It recommended the ceasing of the Rural Development Board as the financing agency as well as the constructing and supervising agency and become a lending body basing on merits and at market prices. It also recommended the doubling of land tax, provision of 60 percent of additional income from Land Tax to Block Panchayat and the balance to District Panchayats; the additional

³⁴ Kerala State Finance Commission (1996), *Final Report of Kerala State Finance Commission*, Kerala. Refer Chapter II, 'States Finance: A General Picture', pp. 9-24 and Summary of Recommendations, pp. 205-215.

levy may be a permissive one and the concerned District Panchayat may be authorised to decide on the levy by a resolution.

It also recommended for the removal of the untied funds by activating the planning process in the PRI Legislation. Local bodies should be allowed to decide on the application of the non-plan grants according to their own priority and perception of their needs. It has further recommended for the diversion of the unutilised non-plan specific grants of the past for purposes other than those envisaged in the grant and be treated as general purpose grant. Non-statutory non-plan grants may be fixed at 1 percent of the State Revenue and may be distributed between the Local Bodies in proportion to their population, building tax be exclusively given to Village Panchayats and Municipalities. Library cess is to be collected by the PRIs and be used for improving infrastructure of the educational institutions under their control.

It has recommended for the appointment of a small expert group to see the format of budget and accounts and other related matters of local bodies. Government should review the arrangements for auditing and accounting of Local Bodies. The Central Government may evolve suitable Centrally Sponsored Schemes (SFC) with the aim of transferring annually to local bodies a minimum of Central Revenue. 85 percent of the Central Finance Grant may be earmarked for Village Panchayats and the remaining 15 percent may be distributed among Block and District Panchayat in proportion of 3:2 and on per capita basis. 25 percent of the funds of various Centrally Sponsored Programme for poverty alleviation should be at the disposal of the Local Bodies to be spent on poverty alleviation programmes formulated by the PRIs and approved by the District Planning Committee. It also recommended for a Statutory Authority to give annual reports about the PRIs.

Maharashtra: In Maharashtra, the sources of income of PRIs are broadly divided into two groups, (i) taxes, fees and other receipts and

(ii) Government Grants. The Village Panchayats are empowered to levy taxes on a number of items, subject to the rules of State Government and is entitled to receive Grants. Panchayat Samiti can direct the Village Panchayat to increase taxes and fees. The taxes and Government Grants are the main sources of income for it. The Panchayat Samiti at the Taluk level does not have any independent source of income and depends on the Zilla Parishads for Grants. Zilla Parishad being the apex body, has powers to collect taxes but, it also heavily depends on the grants from the government.

The Maharashtra State Finance Commission was appointed in 1994 and it made 129 recommendations.³⁵ Some of the important recommendations are the requirement of providing 66.67 percent of the demand of land revenue and the cess thereon as advance grant every year. The commission recommends for the charging of the non-agricultural tax by the Zilla Parishad and also grant a sum of Rs.25 lakhs per year as an incentive grant to bring improvement in the management, administrative efficiency and increase in their resources. It was considered desirable to examine the ways to procure funds through tax share instead of taking grants. Some of the recommendations regarding taxes and fee are, the government should take steps to examine necessary provisions regarding house tax, so that the Gram Panchayats can increase their income. The local bodies should be allowed to levy taxes and service charges on all the properties (including the properties of public sector undertakings of the Central and State Governments, Boards and Corporations) like ordinary tax payers.

The commission recommends for an indepth study to rectify the problems that have arisen due to privatisation and corrective measures to be taken regarding the Octroi tax. It also recommended that the Gram Panchayats should levy general water rate, in the case of villages where there is no water supply scheme, and the only source of drinking water

³⁵ Maharashtra State Finance Commission (1997), *Report of the First Maharashtra Finance Commission*, Government of Maharashtra, Mumbai, pp. 201-234.

is bore well or drinking water well, through an amendment. The industrial and commercial rates of water should be substantially high, as compared to the domestic rates to make across subsidisation of less profitable use, possible. Regarding the general taxes, the restrictions imposed on local bodies in respect of minimum and maximum rate of taxes need to be reduced. At the least, the power to reach the maximum should be vested in them.

It also recommends for the review of all fee and service charges periodically and regularly to bring them to current level. Regarding the administrative improvements, it recommends that, while working out whether the establishment expenditure is reasonable and within limits in relation to income, all expenditure including that on the self supporting schemes and daily and casual employees should be included for a meaningful review. It also recommended that it should ensure that no recoverable amounts are left pending beyond two years. The commission feels that there should be a data bank on financial position of the Panchayati Raj Institutions and municipal bodies. It recommended the full utilization of facilities to avoid loss of income caused due to it.

From all the 129 recommendations it made, and in all the 27 recommendations regarding distribution of taxes and grants-in-aid, the State Government has accepted 12 recommendations fully, 11 partially and rejected four totally. It is said that the State Government has made an inordinate delay in taking a decision on the recommendations indicating the casual manner in which it is treated at the political level.

Manipur: The State Finance Commission of Manipur has also submitted its recommendations in which it suggested the provision of development grants totalling Rs.14.16 crores to the rural local bodies as well as the urban local bodies in the state for five years.³⁶ It recommended for the amendment in laws and rules for local bodies to bestow additional powers of taxation on Gram Panchayats, simplify

³⁶ Manipur State Finance Commission (1996), *Report of the Manipur State Finance Commission, 1996*, Manipur.

manner of approval of taxation proposals and to provide effective machinery for collection of arrears by both rural and urban local bodies. It also recommended the transfer of the function of maintenance of assets (roads, street lighting, drainage/sewerage etc) created by government departments to the local bodies. It also suggested that administrative departments must take more interest in “servicing” of local bodies, approval of budgets and taxation bye-laws, collection and scrutiny of performance and so on.

Orissa: The Government of Orissa has also constituted its SFC with an aim to fulfil the basic objectives of the local bodies which is to render basic civic services as well as discharging of certain concurrent functions and agency functions as assigned. Some of the important recommendations³⁷ are given here.

The PRIs should be given the income from cess on land revenue, *kendu* leaf grant, surcharge on entertainment tax, surcharge on stamp duty as recommended by the commission. Keeping in view infrastructure development like roads, irrigation projects and other economic activities in rural areas, the commission recommended for the empowering of Gram Panchayats through suitable amendments in Gram Panchayat Act, 1964 to levy house tax on buildings (residential and commercial) located in the Gram Panchayat Area on the basis of annual rental value of the building with minimum 4 percent and maximum 8 percent after deducting 15 percent towards repair and maintenance cost while determining annual rental value of a holding. The rural local bodies are now empowered to impose a number of taxes like vehicle tax, latrine tax, drainage tax, water tax, lighting tax etc. and to raise some non-tax revenues like public resort and entertainment, licence fee for industries, factories and trade, public markets and fines and penalties.

Regarding the grants to rural local bodies, the Commission after interaction with the officials and non-officials of rural local bodies

³⁷ Orissa State Finance Commission (1998), *Report of the State Finance Commission*, Government of Orissa. Bhubaneswar. See chapter X, pp. 139-154.

advocated for non-bureaucratisation of official machinery of Gram Panchayats and its staff and their administration should be left to the gram panchayats with some safeguards. The Government of Orissa has already taken decision to pay Rs. 2200 p.m to Gram Panchayat secretaries as consolidated remuneration w.e.f November 1, 1998. The Commission recommended for a full fledged Secretariat for Zilla Parishads to enlarge their concurrent as well as agency functions by merger of DRDAs to meet twin purpose of having a Secretariat without additional financial problem on such convergence and with empowerment to take functions like monitoring, supervising, executing and administering various developmental functions. In addition, the District Planning Boards also may be merged with Zilla Panchayats with powers to prepare plans for districts with the help of Palli Sabhas and Gram Sabhas. The SFC also recommended training to the staff of rural local bodies and creating of data bank to ensure valid information for preparation as well as effective implementation of rural development programmes.

Thus the SFC of Orissa has attempted to address the problems of local bodies by highlighting two major constrains; (i) the existing poor capacity of local bodies to raise resources and (ii) inability of the State Government to devolve funds owing to rapid increase in revenue expenditures. The Commission therefore emphasised on providing of massive external assistance to PRIs in order to discharge their functions.

Punjab: The Punjab SFC also gave its recommendations regarding devolution of functions, finances etc.³⁸ It has recommended functions for the Gram Panchayats, Panchayat Samitis and Zila Parishads along with financial powers of five lakh rupees for Gram Panchayat, upto ten lakhs for Panchayat Samitis and above ten lakhs for Zilla Parishads. It has recommended for the framing of bye-laws for PRIs, placing the DRDAs under the control of Zilla Parishad,

³⁸ Punjab State Finance Commission (1995), *Report of the First Punjab Finance Commission*, Government of Punjab, Chandigarh.

constitution of State Council for Panchayati Raj and suggested the appointment of Deputy Commissioner as Chief Executive Officer of Zilla Parishad. It has also suggested for the constitution of State Council for Panchayati Raj.

The SFC recommended for the assignment of land revenue to Gram Panchayats in total and land revenue cess to be assigned to PRIs when recommended by the Zilla Parishad. It recommended for the sharing of 20 percent of net proceeds of Stamp Duty, Punjab Motor Vehicle tax, Electricity Duty, Entertainment tax, Entertainment tax (Cinematograph shows) with the Panchayati Raj Institutions and Municipalities. It suggested transfer of liquor tax. It also recommended grants for the weak Gram Panchayats to bring their income upto Rs. 100 per capita. The Commission recommended grants for street lighting and also provision of grants as incentives. It recommended the levying of various types of taxes.

The commission suggested that the State Marketing Board and Rural Development Board should give opportunity to Panchayati Raj Institutions to choose their own areas of preference for rural development scheme. Public accountability is emphasised and Contingency charges should be transferred to PRIs along with the funds of the scheme. It also recommended for the provision of certain fixed per cent amount of capital cost for the maintenance of assets. Data information should be maintained.

Rajasthan: Similar to other states, Rajasthan also constituted a State Finance Commission which submitted its report in December 1995. Some of the recommendations³⁹ it made are : (i) allocation of financial resources to Panchayats should be made in proportion to the overall state revenue and not as a given share of different budget heads. The report recommended the devolution of 2.18 percent of the net proceeds of the taxes raised by the State Government to Panchayats and urban

³⁹ Rajasthan State Finance Commission (1995), *Report of the First State Finance Commission (For 1995-2000)*, Jaipur, pp. 7-102.

local bodies in the ratio of 3:1, (ii) raising of government grant-in-aid to Panchayats, (iii) higher allocations for tribal areas. (iv) maintenance of buildings, roads and other community assets should be entrusted to Panchayats and paid out of their increased funds, (v) an award for the best performance of Panchayats should be established with substantial reward, (vi) a system of matching grants should be established, (vii) if Panchayats fail to execute mandatory duties under the new Act, funds of the coming year will be reduced in respect to non-executed duties, (viii) a finance corporation to be set up in rural and urban areas in order to facilitate investment in Panchayat and urban bodies.

Further, the Commission also recommended for the compilation of financial data, consolidating of various rules applicable to the different tiers of PRIs and evolving common rules. It also recommended for the strengthening of the cadre of Panchayat Service, examining the relevance, importance, and requirements of these institutions. It suggested that to ensure an uninterrupted speedy flow and utilization of funds at Gram Panchayat level, the executing agencies of rural development programmes need to be organised. Transfer of functions should be accompanied by transfer of funds.

These are some of the recommendations made by the Rajasthan State Finance Commission. However, it could be seen that the SFC of Rajasthan has not given much of autonomy and self-sufficiency to PRIs with regard to finances thus depriving them from becoming effective institutions of self-government and making them dependent on the government grants.

Tamil Nadu: The State Finance Commission of Tamil Nadu has highlighted on the necessity to strengthen the Panchayats and other Local Bodies in terms of finance and administration to achieve satisfactory delivery of services.⁴⁰ It has made a detailed study of six

⁴⁰ Tamil Nadu State Finance Commission (1994), *Report of the State Finance Commission for Local Bodies (Tamil Nadu)*, Government of Tamil Nadu. See Chapter V and VI.

core services, drinking water, roads, street lighting, sanitation/sewerage, solid waste management, storm water drains etc. and arrived at the resource gap which has to be filled through own resources of the local bodies, allocation of funds by the state government in the form of assignments and grants and financial assistance from the central government.

The SFC for proper devolution of finances, divided the taxes into two categories - Pool 'A' and Pool 'B'. Under Pool-A, assigned revenue, local cess and surcharge on stamp duty are fully assigned to the Village Panchayats, while local cess surcharge is fully assigned to the Panchayat Unions. Ninety percent of entertainment tax based on place of origin is also assigned to the local bodies and is shared between the Village Panchayat and the Panchayat Union in the ratio of 70:30. Under Pool-B, the Government follows the policy of sharing with the rural local bodies by grouping all the State tax revenue except entertainment, instead of only shared individual taxes.

According to the SFC recommendations, fifteen percent of the resource devolution was reserved as "equalisation and incentive fund" and shared between rural and urban local bodies at the ratio of 60:40. This fund is used to give incentive for resource mobilisation through own sources by the local bodies and to bridge the resource and the infrastructural gap existing between the local bodies. This is noted as a unique feature of financial devolution under the Tamil Nadu system which encourages the local bodies to efficiently collect the taxes allotted to them and, thereby, increase their own resources.⁴¹

The suggested criteria of SFC for the distribution of finances amongst the Panchayat bodies has been fifty percent weightage on population, fifteen percent on SC/ST population, fifteen percent of percapita house tax collected and twenty percent on core civic services and infrastructural deficiencies. Further the commission also gave

⁴¹ Rajiv Gandhi Foundation (2000), *Panchayati Raj in India - Status Report 1999*, Task Force on Panchayati Raj, New Delhi, p. 227.

recommendation regarding the collection of profession tax and the Village Panchayats are now being given more flexibility to raise profession tax periodically.

Broadly, “eleven heads of accounts” are identified pertaining to financial allocation to the Panchayat institutions in Tamil Nadu.⁴² Non-plan and State-plan accounts constitute the two major heads of financial allocation to the Panchayats. Some of the major schemes for which outlays under state-plan are made shows that the allocations made to the Panchayats under plan-schemes are not comparable with their functions. Important functions such as agriculture, animal husbandry, fisheries, forestry and small scale industries do not appear in the plan schemes where financial allocations have been made. Emphasis was laid on poverty alleviation programmes and infrastructure development programmes.

The two positive features found in Tamil Nadu with regard to the Panchayat Finances are (i) the system of providing matching grants that provides incentive for the local bodies to generate resources and (ii) the emphasis on Panchayats to generate their own resources through tax and non-tax revenue. This feature indicates the financial autonomy of the state’s PRIs.

However, though financial resources are provided to the local bodies, they are still financially weak as indicated by the State Planning Commission.⁴³ Moreover, the assets created by Panchayats for augmenting resources were also found to be in a bad state.

Uttar Pradesh: Uttar Pradesh is another state where several recommendations have been made under the SFC. The SFC reviewed the structure and finances of the Panchayati Raj Institutions in the state and gave its recommendations. Some of the recommendations have been

⁴² Tamil Nadu State Finance Commission (1994), *Report of the State Finance Commission for Local Bodies (Tamil Nadu)*, Government of Tamil Nadu. See Chapter V and VI.

⁴³ Tamil Nadu , Government of(1997), *Report on the Entrustment of Powers to Panchayats*, Government of Tamil Nadu, cited in Rajiv Gandhi Foundation (2000), *Panchayati Raj in India : Status Report 1999*, Task Force on Panchayati Raj, p. 229.

mentioned here.⁴⁴ The Commission recommended for several system of Grants-in-aid to PRIs by the State Government. It recommended for a share in the total net state tax receipts instead of providing *ad hoc* grants. Of the total funds to be transferred, twenty percent has been earmarked for Zilla Panchayats and eighty percent for Gram Panchayats. Kshetra Panchayats are to be given a share of ten percent out of the share of Gram Panchayats (if they are allocated some non-plan functions at their level). The Commission recommended for the levying of Circumstances and Property tax by the Zilla Panchayat.⁴⁵ The State has accepted many of the recommendations but, has not made any changes in the law. The SFC has also recommended for surcharge on land revenue, which is an obligatory tax to be levied by Gram Panchayats. The surcharge should be levied at the rate of fifty percent of land revenue and be collected by the State Revenue Department along with the Land Revenue. It should become a part of the consolidated fund of the state and State Government should earmark twenty five percent of its net proceeds for Gram Panchayats.

It is observed that the State Government as well as the Central Tenth Finance Commission sanctioned funds to the PRIs but they have not been utilised. So it is thought that the financial administration of panchayats needs to be strengthened to ensure proper utilisation of funds. Effective monitoring and improved administration is to be made.

West Bengal: Next comes West Bengal is another state where PRIs have rendered several successful services for the upliftment of rural communities. However, in the present context, they are depending heavily on grants from the Union Government through poverty alleviation and other schemes which point out the need for devolving more powers to local bodies. Due to this, the State Finance Commission

⁴⁴ Mathew, Anand (2000), *Rural Decentralisation in India*, A World Bank Project, New Delhi, pp. 118-127.

⁴⁵ This the only direct tax that can be levied by the Zilla Panchayats in Uttar Pradesh according to the Zilla Panchayat and Kshetra Panchayat Act 1961 (amended in 1994). This tax is levied on the basis of the income of the assessee.

of West Bengal gave certain recommendations.⁴⁶ The SFC recommended for the keeping of a considerable amount of plan expenditure for districts and to the local bodies in the form of untied funds, and the rest will be grants. Regarding the tax sharing, the Commission recommended for the transfer of sixteen percent of the net proceeds of all taxes collected by the state in a year to local bodies. The funds should be untied and be at the disposal of local bodies and should be released to districts in suitable instalments. Taxes collected on entertainment, irrigation rates along with water management and maintenance should be handed over to the local bodies.

The West Bengal Panchayat Act has empowered the three tiers of Panchayats to raise taxes, levies and tolls from a wide range of fields. The SFC recommended for the stepping up of these efforts. The SFC recommended for periodical assessment by the Central Valuation Board (CVB) making it mandatory along with the strengthening of CVB. Voluntary contributions should be encouraged to garner more resources as well as to enhance people's participation. Tax collection in the state should adopt a new approach through the working of State Tax Collecting Officials in co-operation with the functionaries of local self government. The three tiers of Panchayats and Municipalities will get money from three sources namely, own income including donations, entitlements and grants from the State and the Centre. The first two sources are untied and the local bodies will be free to spend them according to their chosen priorities. Here the Zilla Parishads have a greater scope to create new assets to concentrate on more complex types of maintenance and it will have more co-ordinating responsibilities.

Regarding the distribution of funds among the local self governing bodies, the proportional allocations recommended for the three tiers are : Zilla Parishad thirty percent, all Panchayat Samitis twenty percent, all Gram Panchayats together fifty percent. They also

⁴⁶ West Bengal State Finance Commission (1995), *Recommendations of State Finance Commission*, West Bengal, pp. 3-14.

recommended for the additional flow of funds to the districts to be available for use by the local bodies. Auditing of incomes and expenditure is stated to be a must for the healthy functioning of local bodies.

6.1 These are some of the recommendations made by different states in brief. A study of the recommendations gives us an account of the common ones highlighted by SFCs in most of the states. This comprise of the distribution of funds in the three tiers in a proper manner, yielding of untied grants to the Panchayati Raj Institutions and setting up of a much needed accounting and auditing system, giving the functions of basic civic amenities such as provision of water, sanitation, health and hygiene to the local bodies. Apart from the collection of funds, most of the States were relied on the grants to be given by the Centre. Some of the states indicated that the transfer of functions to PRIs from other bodies must be accompanied by the transfer of resources. A demand for the provisions of matching grants has also been systematised so as to make the PRIs more active.

However, the reports from some of the states where action is taken on the basis of the recommendations is disheartening. Only few of the recommendations have been accepted and successfully implemented. In some States recommendations are accepted only after making some changes. Eventhough state governments have accepted the recommendations and sanctions have been made, they are not implemented owing to various politically vested interests and bureaucratic red tapism. There is an unwanted delay in executing the programmes chalked out for the PRIs and in the spending of the funds meant for the PRIs. A good auditing system is also required as most of the states demanded, so as to keep the accounts clear and uncorrupt and to make the Panchayati Raj Institutions, institutions of self government.⁴⁷

⁴⁷ To see the record of the States who submitted SFC report, see Annexure B.

Looking at the various reports of the Finance Commissions of different States, the Eleventh Finance Commission gave its report along with certain recommendations for the local bodies in the States. The chapter viii of the report particularly carries information about the local bodies.

7.0 Recommendations of the Eleventh Finance Commission

The Eleventh Finance Commission has emphasised on two points.

Firstly, there are a number of schemes that have been taken up by the States as part of the State plans or Centrally Sponsored Schemes for the provision and improvement of civic services in rural and urban areas such as drinking water supply, sanitation, rural roads etc. It is a matter of concern that these Centre and State Sponsored Schemes have not been transferred to the local bodies as yet, for grassroots level planning and implementation. Such schemes should be transferred to local bodies and such a transfer of schemes should be accompanied by transfer of funds and staff as well so as to keep up the spirit of the Constitutional Amendment and also to see that it does not lead to any additional expenditure liability on states.

Secondly, the Commission stated that the additional expenditure of States on account of acceptance and implementation of recommendations of State Finance Commission should be built into the expenditure stream of the state. The panchayat institutions are most often starved of finances. Here it would be better if these local bodies are provided with enough resources to make them self-reliant autonomous bodies.

7.1 The Eleventh Finance Commission stated certain impediments in bringing about its report. It stated that there is no synchronisation of the periods covered by the reports of SFCs with the Finance Commission; many SFCs have not addressed the specific terms listed in articles 243 I and 243 Y and have not provided a clear idea of the powers, authority and responsibilities actually entrusted to the local bodies and also lack of prescribed time limit for submission of action taken reports. It

suggested that the Twelfth Finance Commission should lay down some common firm principles and guidelines to be followed by the State Finance Commissions in future. Money being fungible and the states having got the money from the Finance Commission award, often tend to ignore other non-monetary recommendations for ensuring good financial management. In regard to this Bandyopadhyay suggests that Twelfth Finance Commission may consider instituting a system of financial reward and punishment for this purpose.⁴⁸

7.2 Some of the recommendations made by the Eleventh Finance Commission regarding PRIs are as follows.⁴⁹

- (i) The commission recommended for the taking of the decision relating to transfer of resources by the State Governments basing on the recommendations of the SFC. It also suggested amendment of law to ensure the placement of Action Taken reports before the legislature at the earliest.
- (ii) Taxes may be levied in suitable form and devolved to the local bodies for augmenting civic services.
- (iii) States should levy profession tax (revised rates) or empower the local bodies to levy it to supplement their resources.
- (iv) Local bodies should have the power to fix the rates of user charges.
- (v) Grants recommended for local bodies should be given to those having primary responsibility for maintenance of civic bodies. These grants should be untied, but should not be used for paying salaries.
- (vi) States should review the existing accounting heads under which funds are being transferred to local bodies. The Comptroller and Auditor General should be entrusted with the exercising of control and supervision over the maintenance of accounts for all

⁴⁸ Bandyopadhyay, D. (2003), "Twelfth Finance Commission and Panchayat Finances", *Economic and Political Weekly*, June 7, 2003, pp. 2242-2243.

⁴⁹ India, Government of (2000), *Report of Eleventh Finance Commission (For 2000-2005)*, Department of Economic Affairs, Ministry of Finance, pp. 71-85.

the three tiers of Panchayats and urban local bodies as well. The commission suggested an yearly grant of Rs. 4000 for a panchayat for the expenses related to the upkeep of accounts.

- (vii) A database on the finances of the panchayats and municipalities should be developed at the district, State and Central Government levels for easy co-ordination and monitoring.
- (viii) The two Union Ministries- the Ministry of Rural Development and Ministry of Urban Development have to ensure that the local bodies functions as institutions of self government and all the impediments to the realisation of this ideal are removed.
- (ix) The three-tier Panchayati Raj system is very rigid arrangement. States may be provided flexibility to decide whether a two-tier system may operate with greater efficiency and economy or a three-tier structure would be essential.
- (x) The Village Councils in Meghalaya, Mizoram and Nagaland should be recognised as panchayats in the 73rd Amendment by legislative measures. Suitable provisions of the Constitution may be introduced so that the hill areas of Manipur and the district of Darjeeling in West Bengal could get the benefit of 73rd amendment.
- (xi) Administrative reorganisation of panchayats is necessary to ensure their development as viable institutions of self government.
- (xii) The District Planning Committees should be constituted and made functional.

These are some of the major recommendations made by the Eleventh Finance Commission. These recommendations should be acted upon to make panchayats more functional as grassroot institutions. The position of the panchayats since the 73rd Amendment has not changed much. They still suffer from lack of funds and other such deprivations. The position of panchayats need to be elevated and funds and functions should be transferred to them properly so as to make the people reap its

benefits. However, in most of the states, these recommendations have not been accommodated yet. A systematic follow up of the recommendations will lead to the proper functioning of PRIs. A state-wise yearly allocation of grant to Panchayats (Rupees 1600 Crore) as recommended by the EFC is given in the annexure (iii). Apart from the efforts made by the EFCs and SFCs response should come from the governments in power whose will and wisdom is required for the flourishing of PRIs as institutions of self government.⁵⁰

8.0 Sectoral Decentralisation

Apart from the financial devolution to PRIs, sectoral devolution is also important. Sectoral decentralization means the devolution of decision making in specific sectors.⁵¹ In most of the states it is found that sector service delivery has not been assigned to the PRIs. Particular sectors which are essentially to be provided to the PRIs are not assigned to them and instead they are given to either the line departments or to other such bodies created by the State Government.

8.1 The World Bank conducted a study of five major sectors-Primary Education, Health, Rural Roads, Water Supply, and Agriculture Extension. The study found that there is almost no decentralized management in any of these sectors. Gazetted staff are under the direct control of the State administrative hierarchy and not the PRIs. There are schemes sponsored by the State Government or by the Centre in which PRIs have little stake.

For example, in Andhra Pradesh, the sector service delivery assigned to the PRIs is negligible. The particular key sectors mentioned above are implemented by line departments with an exception of water supply and rural roads. Further, the functions and responsibilities of the PRIs pertaining to the agricultural extension are restricted to the

⁵⁰ The recommendations in brief are given in annexure C.

⁵¹ World Bank (2000), *Overview of Rural Decentralization in India*. Volume I., World Bank, p. 24.

selection of beneficiaries to various agricultural implements at the mandal and no funds are devolved for this purpose.

In Bihar, these functions are entrusted to the Gram Panchayat while, its staff is appointed by the state government and decisions regarding these are to be taken by the bureaucracy. In Himachal Pradesh, the Panchayat Samiti at the block level is entrusted with these functions, while in Karnataka, the Functional Committees or Standing Committees-General Audit, Education and Health, Agriculture and Industry have to work closely with the staff of the Line Departments though they come under the Zilla Parishad.

Kerala devolved subjects listed in the Eleventh Schedule to Local Self Governments such that village panchayats have been given more powers, schemes, institution and offices with assets and staff. Administrative powers of the devolved subjects has been entrusted to the elected representatives through state legislation. However, study of the PRIs here reveals that line departments still keep their authority through the officials in the discharging of the developmental programmes related to the devolved subjects. The gazetted staff are partially under the control of local PRIs through a dual control mechanism. In blocks and districts, officers of class I to IV are supposed to report to the panchayats (through CEO of the level) and technically to their respective line departments at the district and state level. The World Bank report stated that the dual control mechanism has showed mixed results.

In contrast to most of the states, Madhya Pradesh resolved to make the Panchayats a real centre of power by devolving powers on a list of 23 departments and their activities, responsibilities, programmes, schemes and projects being transferred to them. However, there is lack of clarity regarding the orders and about the frequent statements of the government about duties, powers and functions of panchayats. The departments genuinely delegated to Gram Panchayats were revenue, rural development, education, women and child development while the

Janpad Panchayat involve in the implementation of 28 of the 99 items listed. The Zilla Panchyats, on the other hand can only supervise, control, guide and co-ordinate.

In Maharashtra, staff of 29 departments have been transferred from line departments to the Zilla Panchayat. State Government pays salaries and they report to the line departments on technical matters. The CEO writes the Annual Confidential Report (ACRs), and the Collector can call for records and review the work of local bodies. Line department expenditures and programmes constitute the bulk of sector expenditures, with PRIs accounting for very little.

In Orissa, decision-making activity on devolved subjects is guided on political considerations, instead of the local considerations bypassing primary considerations regarding development. In Rajasthan, the new Act of 1994 retained substantial power with the State Government over PRIs. All the gazetted officers of the State Government are entitled to attend meetings of the Zilla Parishad and Panchayat Samiti and all other Standing Committees. They are also entitled to participate in the deliberations of such meetings on subjects relating to their respective departments. The Act provides for a range of governmental and bureaucratic controls over PRIs in the state, thus affecting the decision making of PRIs.

Tamil Nadu shows a picture where major sectors of development are kept outside the purview of the Panchayats. In Uttar Pradesh, though all the programmes related to rural development are kept under complete supervision of PRIs, powers of financial sanctions and other controls have been vested with government officials instead of elected representatives at the district level. West Bengal too does not seem to conform to the 73rd Constitutional Amendment Act. In the North East, states of Assam, Manipur and Tripura, took steps to conform to the 73rd Amendment Act while in Arunachal Pradesh, the Act is leading to the elimination of existing panchayats.

8.2 Thus the devolution of power of decision-making has been entrusted among the PRIs in different states. In most of the states, it could be seen that sectoral devolution has not taken place in a proper manner. The decision making power entrusted with the PRIs is very limited. Majority of the functions of sectors related to the development of the panchayats are still entrusted with the line departments. Line department expenditures and programmes constitute the bulk of the sector expenditures with PRIs accounting for very little. Thus, even though the 73rd Amendment has provided many powers in theory to PRIs, in practice it has not been so. The State Finance Commissions have given a report on what taxes the local bodies can collect and how much money should be given to PRIs through grants and other means, but did not specify the amounts to be allocated to different sectors. Recommendations regarding allocations of funds to different sectors are required.

9.0 Scheduled Areas

The 73rd Amendment is not applicable to all states. Article 244 of the Constitution makes provisions for the inclusion of the scheduled areas in Fifth and Sixth Schedules. In these scheduled areas, the provisions of the 73rd Amendment Act does not apply.⁵² The areas which come under the Fifth Schedule are to be administered through the 'Tribes Advisory Councils' which advise the Governor regarding the welfare and advancement of the Scheduled Tribes while, the areas which comprise the tribal dominated States coming under the Sixth Schedule are administered by the establishment of an "Autonomous District Council" for local governance. The Fifth Schedule applies to the Scheduled Areas of Andhra Pradesh, Bihar, Jharkhand, Gujarat, Himachal Pradesh, Madhya Pradesh, Chattisgarh, Maharashtra, Orissa

⁵² The Constitutional (73rd Amendment) Act, under its Article 243M, stated that the Act, under its present form will not be applicable to (a) the scheduled areas and tribal areas referred to in clause (2) of Article 244(b) of the Constitution, (b) the States of Nagaland, Meghalaya and Mizoram, (c) the hill areas in the State of Manipur for which district Councils exist and (d) panchayats at the district level in the hill areas of Darjeeling district in West Bengal.

and Rajasthan in the country while Sixth Schedule applies for some areas of states of Assam, Meghalaya, Mizoram and Tripura in the North-East region.

9.1 The 73rd Amendment is however considered to be a necessary condition for the healthy growth of decentralised governance. But, the conditions in most of the tribal areas seem to be different from the rest of the regions with different administrative structures. However, considering the need for extending the provisions of Part IX of the Constitution to the Scheduled Areas, a high level committee was constituted in June 1994, under the Chairmanship of D.S. Bhuria, which gave its recommendations on the salient features of the law for extending the Act to Scheduled Areas. Thus basing on the recommendations, the Parliament extended 73rd Amendment Act to the Tribal Areas on 24 December 1996 (under vide) Clause (i) of Article 244 of the Constitution. The provisions of Part IX of the Constitution relating to the panchayats have been extended to the Scheduled Areas with exceptions and modifications as are provided.

9.2 This Extension Act has given more powers to the tribals. However the implementation of this can be done only after the Governor has consulted the Tribal Council and is approved by the President. This system is said to be conferring more powers to tribals and also tries to preserve their culture. Critics opined that the Tribes Advisory Councils are more or less working like the Panchayats, then why should they be denied the privileges that can be accrued from the implementation of the 73rd Amendment Act. It is criticised that these recommendations show complete insensitivity to the ongoing debate on women's rights.⁵³ In certain areas discriminatory practices are made towards women in the name of customs. The fixing of one-third reservation for women has not been accepted in the Sixth Schedule Areas.

⁵³ Burman Roy (ed.) (1998), *'Problems in Tribal Society Some Aspects,'* Rajiv Gandhi Institute of Contemporary Studies, Paper No.47, p.viii.

The Bhuriya Committee insisted on conferring on the Gram Sabha the right to enforce the customs of the Constitutional Amendment. In doing so, the commission failed to enforce the customs of the concerned community. The committee failed to realise that a village in isolation cannot change customary practices. Roy Burman maintained, "If by taking advantage of the legal instrument, these gram sabhas act in isolation, on the one hand the frame of unity of action of the concerned tribe will be disturbed, and on the other, the village communities when required to take decisions in isolation, will become vulnerable to external manipulations or will try to protect themselves by creating cocoons of ultra-conservatism among them."⁵⁴

9.3 Salient Features of the Provisions of the Panchayats (Extension to Scheduled Areas) Act 1996:

To study more about these Scheduled areas we need to look at the salient features of the provisions of the Panchayats (Extension to Scheduled Areas) Act 1996. The Bhuriya Committee gave its recommendations on the basis of which the 73rd Amendment Act has been extended to the Panchayats in the Fifth Scheduled areas. The significant features are the powers vested in the Gram Sabha which are (a) ownership of minor forest produce, (b) approval of development plans, (c) selection of beneficiary programmes under various programmes, (d) consultation on land acquisition, (e) managing minor water bodies, (f) controlling minor minerals, (g) regulating and prohibiting sale of intoxicants, (h) preventing alienation of land and restoring unlawfully alienated land of STs, (i) managing village markets, (j) controlling money lending to STs, (k) controlling institutions and functionaries in all sectors, (l) giving utilisation certificate for funds used for projects and programmes for social and economic development, etc to the Village Panchayat.

⁵⁴ Ibid., p. viii.

9.4 A brief survey of the State Acts gives an account of the status of the implementation of the Act.

In Andhra Pradesh, the Act regarding the administration of the Scheduled Areas incorporated most of the provisions of the Extension Act but failed to incorporate some of the mandatory provisions. The Act envisages the nomination of such tribes which are unrepresented in the intermediate level or the district panchayat. But, nominations of such persons has been provided only for the mandal level. The Act of Andhra Pradesh has endowed the Mandal Parishads with more powers while the act lays down a more vigorous role for the Gram Sabha. Further, the district level body has not been designed on the pattern of Sixth Schedule as required.

The Gujarat Panchayat Act has also been amended in conformity with the provisions of the Extension Act of 1996. The Act has incorporated most of the provisions with the exception of a few. It has not incorporated the powers given to the village to grant prospecting license or mining lease for minor minerals and grants for concession for exploitation of minor minerals by auction. Taluka level has been chosen as the centre of power while the Act required it to be the Gram Sabha. Nothing has been mentioned about the administrative arrangements with the Sixth Schedule.

The Himachal Pradesh Panchayat Act, 1994 amended its Act incorporating almost all provisions of the Extension Act. However, reservation for other communities has not been given at the district level. Similarly, seats of chairpersons at district levels have not been reserved for STs. Some specific powers have been entrusted to the Panchayat Samiti as required and the position of Gram Sabha has been maintained in the amendment as far as its powers are concerned.

The Madhya Pradesh Panchayati Raj Act has been amended to incorporate the provisions of the 1996 Extension Act and all the tiers of the panchayats, especially, the Gram Sabha have been provided with

some specific powers. Nevertheless, the powers to enforce prohibition and move against money lending are not included.

In Maharashtra, the Maharashtra Zilla Parishad and Panchayat Samiti Act, 1961 and the Bombay Village Panchayats Act, 1958 were amended along with certain other Acts relating to panchayats so as to accommodate the mandated provisions of the 1996 Act.

In Orissa also, all the Acts relating to the Panchayati Raj Institutions have been amended. The powers envisaged in the 1996 Act have been distributed to all the three panchayat tiers. The Gram Sabha has not been given all the powers given in 1996 Act. Planning and management of minor water bodies and acquisition of land and license for mining minerals have been entrusted to the Zilla Parishad.

The Rajasthan Government issued an Ordinance – the Panchayati Raj Ordinance, 1999, to implement the Extension Act in the Scheduled Areas which has been made into an Act. However, this has not clearly identified the tiers of the panchayats entrusted with performance of specified functions.

This survey of the States portrays the half hearted efforts of the states to conform to the Amendment. It could also be seen that most of the States have either not included all the mandatory provisions or else they have not been demarcated specifically to all the tiers.

9.5 The Autonomous District Councils have law making powers which is constrained by the fact that, until asserted by the Governor, the laws promulgated by the Councils shall have no effect. The Autonomous District Councils can be called as Panchayati Raj Institutions but they are at a disadvantageous position. It does not contain any mandatory provisions for (i) reservation of seats for women and reservation of offices for women members, (ii) establishing a Finance Commission every five year, (iii) constituting bodies below the district level with clear demarcation of functions and powers, (iv) reserving seats for minority social groups, (v) empowering the Councils to prepare plans for economic development with social justice and (vi) holding of

elections within a period not exceeding six months in the end of dissolution of Council.

Here the power of the District Councils in the matter of administration of justice is handicapped by the rule-making power of the Governor. Similarly, the law making power of the District Council is limited of operational value, as laws promulgated by the Council until approved by the Governor can have no value.

9.6 The Fifth Schedule does not stipulate any devolution of power at the local level. It rather provides for centralisation of power as Clause 3 of the Schedule stipulates that the executive power of the Union shall extend to the giving of direction to the State as to the administration of the said area. Paternalistic surveillance has become the main thrust of the Fifth Schedule instead of self-management by the people.

9.7 The Sixth Schedule Areas are provided in the Constitution with provision for ensuring district level autonomy to the tribal areas of the North-East. These are the areas which are exempted from the purview of the 73rd Constitutional Amendment Act. Article 244 (2) states that the provisions of the Sixth Schedule shall apply to the administration of the tribal areas in the states of Assam, Meghalaya, Tripura and Mizoram. The tribal areas of the State of Assam includes (i) the North Cachar Hills district, (ii) the Karbi Anglong district of Meghalaya, (iii) the Khasi Hills district, (iv) the Jaintia Hills district and (v) the Garo Hills district of Tripura, the Tripura Tribal Areas district. While the State of Mizoram includes (i) the Chakma districts, (ii) the Mara district and (iii) the Lai district. In addition, by an act of Parliament, the Manipur (Hill Area) District Councils Act, 1971 provides for constituting of autonomous district councils in the hill areas of Manipur. The Constitution provides for administration of each autonomous district by a District Council consisting of not more than thirty members, of whom not more than four can be nominated by the Governor and the rest elected on the basis of adult suffrage.

These District Councils constituted in accordance with the provisions of Sixth Schedule are conferred legislative, judicial, executive and financial powers. These district councils appear like states within states.⁵⁵ These autonomous district councils have enacted different laws and rules, though within the provisions of the Constitution. These autonomous District Councils differ in matters of decentralization of power to the grass-roots (village) level, setting up of various levels of courts and in accommodating traditional 'self-governing' institutions to the formal structure. The Sixth Schedule provides for Autonomous Districts, Autonomous Regions and corresponding level Autonomous Councils. Autonomous Councils under Sixth Schedule and Panchayat bodies under the 73rd Constitutional Amendment when compared show that, while in some matters, the autonomous Councils have greater functional scope, in some other matters the panchayat bodies under 73rd Amendment are more as stated by Burman.⁵⁶

9.8 However, the Constitutional bodies of Autonomous District Councils were able to intrude and also supersede into the domain of traditional bodies. In these areas, after the constitution of Autonomous District Councils according to the provision of Sixth Schedule, all tribal chiefs in the area become subordinate officials of the District Councils. It brought out strained relations between the statutory bodies and traditional bodies, especially when the statutory bodies are Panchayats. In some areas, the statutory bodies have incorporated the traditional system in it, which seems to be a positive sign.

9.9 In the Sixth Scheduled areas, the traditional institutions play an important role and the serious infirmity of the traditional institutions is, they do not accommodate women. Such absence of provision for the accommodation of women is a serious impediment to the spirit of local

⁵⁵ Goswami, Atul (ed.) (2000), *Traditional Self Governing Institutions Among The Hill Tribes of North-East India*, Akansha, New Delhi, p. 12.

⁵⁶ Burman, Roy, B.K. (1994), *Indigenous and Tribal Peoples' Gathering Mist and Horizon*, Mittal, New Delhi, p. 154.

self governing. It is therefore required to take necessary steps to see that these traditional institutions do not deny the legitimate democratic rights to any section of the society.

Infact, the positive elements of the 73rd Amendment Act needs to be emulated by the autonomous District Councils. The Extension Act gives innumerable powers to the tribal local bodies. However, there is a widespread apathy on the part of state governments, especially the political leaders towards the tribal areas and they resist giving so much power to the tribals. So the situation calls for a thorough probe into this area and to make out plans which could be carried out in these areas thus bringing them to the arena of decentralisation and self government.

9.10 The Extension Act has made the much needed provisions for the governance of tribal areas. It has been made taking into consideration the special conditions that exist in the Scheduled Areas recognising the way of life of tribal people, their culture, aspirations and traditions. Unfortunately though most of the states brought the legislation into practice, they have not made the mandatory provisions in their state legislations.

Therefore, there is a necessity for the states to reconsider their State legislations regarding the implementation of the Extension Act in the Scheduled Areas. Care should be taken to furnish atleast the mandatory provisions. All the three tiers should be endowed with administrative and financial resources.

10.0 Panchayati Raj and Bureaucracy

The effective functioning of panchayats depend on facilitative functional relationship in terms of coordination and cooperation between the elected and official functionaries.⁵⁷ Further, it is the prerequisite of democracy that administrative wing should function under deliberative wing, that is bureaucracy is answerable to the elected political leadership. The ultimate end of Panchayati Raj is self-sufficient self-

⁵⁷ Rajiv Gandhi Foundation (2000), *Panchayati Raj in India Status Report: Status Report 1999*, Task Force on Panchayati Raj, New Delhi, p. 11.

government and Officials working under them should be least interfering and they should be encouraging the governing people of PRIs giving them advice and help whenever required and act as agents between the government and rural local bodies.

10.1 However, bureaucracy is often associated with power. In India, lack of administrative and fiscal decentralisation is associated with power and nature of its non-elected bureaucracy.⁵⁸ A study of Panchayat legislations in various states show that the states conferred wide range of powers on the bureaucracy. This has made the bureaucracy gain an upper hand in the arena of democratic decentralization. In most of the states these are found to be in an upper position to the elected .

10.2 To understand the relationship of the Panchayats and the bureaucracy, the following examples can be taken into account.⁵⁹

In Gujarat, the common grievance expressed by the panchayat representatives is about the incomprehensive attitude of the authorities. The elected PRI representatives, especially the sarpanchs stated that corruption prevails at the district and Taluka levels. Another weakness identified has been that, the system to develop empathy among the Zilla Panchayat members, towards the representatives from the lower tiers. And the Gram Panchayat members have to shuttle from person to person.

In Rajasthan, the government organises *Samasya Samadhan Shivirs*, monthly block level grievance camps, covering all the villages in the State. The rather slow pace of the administration in responding to public grievances and providing redressal, led the district authorities to

⁵⁸ Behar, A. and Y. Kumar (2002), *Process of Decentralisation in Madhya Pradesh: Panchayati Raj to Gram Swaraj (1995-2000)*, Background Report Submitted to ODI Livelihood Options Project, Overseas Development Institute, London, p. 29-38; Jha, S.N and P.C Mathur, (eds.) (1999), *Decentralisation and Local Politics: Readings in Indian Government and Politics (2)*, Sage Publications, London; and World Bank (2000), *Overview of Rural Decentralization in India*, Volume I, World Bank, New Delhi.

⁵⁹ Rai Manoj, Malini Nambiar, Sohini Paul, Sangeeta, U. Singh, Satinder S, Sahni (eds.), (2001), *The State of Panchayats A Participatory Perspective*, Participatory Research in Asia (PRIA), Samskriti, New Delhi, pp. 54-61.

organise such camps. These camps have been held on fixed monthly date either at the Gram Panchayat or the panchayat head quarters of the district. It is mandatory for all the district level heads from all the government departments to attend these camps, including the Tehsildar, Patwari, Chief Medical Officer, Extension Engineer-Electricity, District Education Officer, Sarpanch etc. A wide scheme of matters are dealt with, like land and property disputes, old age pensions, ration cards, caste and handicap certificates.

The camps started with the registration of public grievances in two categories: (a) problems that can be addressed in the camp and (b) problems that will be solved in the next such camp after follow up. These camps have been lauded as a thoughtful initiative of the government to serve the rural people and the camps did work successfully initially.

However, with the passage of time, the interest of both people and the officials waned. As a result, the *shivirs* started getting a lukewarm response. The procedure for the registration of grievances and their follow up has been criticized both by the common man as well as the panchayat representatives. It is at the discretion of the official appointed, the grievances are registered and most often no claims in this regard are entertained.

This shows that the success of any programme relating to the rural local bodies largely depends on the enthusiasm and dedication of the bureaucrats.

In Madhya Pradesh, there were mixed views regarding the bureaucracy. Some of the panchayat representatives stated that they have good relationship with the bureaucracy and that the bureaucracy is quite supportive and that they are their channels of information, while some stated that the bureaucracy is corrupt and do not perform positively until bribed. The *Sarpanches* and other panchayat representatives felt that the bureaucracy is not sincere in its role.

The trend in Madhya Pradesh shows that the bureaucracy is mostly supportive and works in some cases while it is much corrupt in certain areas. However, if it works in cooperation with the panchayat representatives, the panchayats can progress much and villages can be developed.

The experiences from Haryana, also show that lack of support and timely action from the line departments is unable to help people address their problems. The members of the panchayats found themselves powerless regarding the matters related to a number of line departments and they are not informed about the finances and other things related to their panchayats. This way of relationship between the panchayat members and the bureaucracy is a serious concern.

Apart from the above type of concerns regarding Panchayat Raj, there are certain other concerns. The paying of arrears of panchayat dues which exceed the income of a panchayat, is a major liability to the next panchayat in power. The successive panchayats have to pay the debts from its resources which otherwise could have been utilised for developmental purpose.

The author gives the example of a case study in Sharanwas in Rewari district, Haryana.⁶⁰ This is a large village with a majority of population belonging to scheduled caste. The Sarpanch is well educated and belongs to the scheduled caste community. The Gram Panchayat has 8 *Kilas* of *shamat* land which fetches an annual income of thirty to thirty five thousand. However, when he formed the new panchayat, there was only Rs. 54 in the panchayat fund and a pending electricity bill of Rs. 30,000. Though there is a capable leader who wants to serve the village, he could not do anything for the village and so, he does not even want to contest a second time. He was bitter about this status of panchayats.

This draws attention towards the fact that eventhough there are certain capable leaders who like to serve people through panchayats,

⁶⁰ Ibid., p. 60.

they are constrained by the circumstances for which they are not responsible. In such cases the encouragement from the bureaucracy would be much benefiting the local bodies.

10.3 The above cases show the various ways in which bureaucracy is related to Panchayati Raj Institutions. A healthy environment which could be oriented towards development of the local bodies can be formed through the mutual good relationship between the Panchayati Raj Institutions and the local bodies. A relationship where there is no transparency and compatibility will lead to the negligence of these local bodies. There should be transparency regarding the works done and the utilisation of funds both at the panchayat level and the district levels. Most of the State Acts have given much scope for the state governments to exercise control over the local bodies through the bureaucracy. This situation prevails even after the passing of the 73rd Amendment Act which gives much of powers to the local bodies. Further, a more convenient and easy procedure should be chalked out for dealing with the local bodies so as to encourage the panchayats to take up developmental work and make them self-sustaining and self-governing bodies. Bureaucracy should act as an encouraging body for the local government bodies but not as hurdles for them.

In a majority of states, bureaucracy is seen as placing obstructions towards developmental work; it is seen as a discouraging body interfering in the activities of the panchayats. However, the cases where participation and enthusiasm of the bureaucracy has shown good results should be followed.

10.5 A recurring confrontation between the panchayat leaders and the administrative leadership is also due to an unclear demarcation of powers, functions and responsibilities among the three tiers. Field studies show that bureaucracy has been a dominant partner in decentralised governance which needs to be checked. Some of the researchers recommended the establishment of a separate 'Panchayati Raj Service' to solve the organisational, functional and personnel

problems which confront the Panchayati Raj administration. Further demarcation of functions at the officials and the non-officials is called for. And there is a need to transfer all the functions of line departments to the panchayats taking appropriate measures to check corruption without interfering in their work.

Conclusion:

The study and assessment of the Panchayati Raj Institutions since 73rd Amendment Act, delineates the working of the PRIs in various areas. The PRIs have been performing various functions assigned to the them through the Eleventh Schedule. The Amendment was expected to bring a positive role regarding the devolution of powers, functions and responsibilities along with resources. However, when this is observed at the ground level there are a number of obstacles in the actual dispensation of powers, functions and other responsibilities. Some of the issues are identified.

Most of the state acts have devolved powers, functions and responsibilities to the panchayats thus obliging to the letter and spirit of the 73rd Amendment. However, in most of the states it is seen that the panchayats are not provided with adequate powers, functions and responsibilities. Therefore, to make a genuine devolution, people must be enlightened and the demand for good functioning of PRIs should come from grassroots level.

With the passing of the amendment, almost all the states have passed Conformity Acts. The drawback of these Acts is that most of the states have just copied out all the provisions as provided in the amendment instead of imbibing them in a manner which suits the states. While making the Conformity Acts, steps should be taken so that the provisions of the amendment could be carried over in a practical manner.

Regarding the reservation for women and dalits in the panchayats, the 73rd amendment has been a positive step. In 1998 itself nearly eight lakh (0.8 million) women and about six lakh (0.6 million) scheduled

caste and tribe members were elected to different levels of PRIs in different states.⁶¹ Though there is an improved trend regarding the participation of women and other marginalised sections, still the reservation has not been utilised to a full extent. There are several obstacles which do not allow these groups to participate in politics. In some cases, women participate since the male members could not contest the elections due to the reservation and then women are made to act as puppets. This trend has to be subsided and power should be given to them in reality. They should be enlightened and provided training. Regarding the marginalised sections, they should be trained and steps should be taken so that these sections are not subordinated.

The case of devolution of functions and finances to panchayats has been dealt with by the formation of Finance Commissions in the states. These Commissions have given recommendations on various subjects relating to the panchayats. Most of the recommendations are being followed as well. But there has been a lot of delay in the submitting of the reports. Timely submission of reports is necessary so as to coordinate them with the report of the Finance Commission at the Centre so that necessary financial devolution can be made early.

Political and bureaucratic obstacles are still present in the functioning of panchayats as institutions of self government. The enthusiasm and cooperation of these sections is needed for the development of panchayats. They should encourage people to decide their necessities themselves and make efforts to realise the needs of their villages.

Further, there has been a lagging in the conducting of elections to these bodies in different states. There is a continuous postponing of panchayat elections by the state governments in several states. This should be checked to make the PRIs vibrant institutions of self government.

⁶¹ PRIA (2001), "Participation of Marginalised Section: Women and Dalit leadership in Panchayats", from *The State of Panchayats: Participatory Perspective Paper* presented on 18 December 2001, Participatory Research in Asia (PRIA), New Delhi.

The new Panchayati Raj has however given more power to the PRIs than before. With the vesting of more powers to the rural people, they have realised the significance of these bodies. The Amendment Act gave a new lease of life to these bodies. Corruption has been relatively curbed. The Act requires to keep all the information regarding PRIs transparent and available for public. This easy flow of information has made the officials accountable to the public thus making the system more viable.

Illiteracy and lack of training is an impediment in the working of the functionaries. Providing training to the functionaries enhances the PRIs. This has been seen especially in the case of panchayats.

To conclude, the 73rd Amendment has given much powers and functions to the PRIs and they have relatively enhanced their condition. People have come to realise their rights and needs and started working towards them. Participation of the marginalised section has improved. And there has been a great deal of transparency in the dealings. Further, training provided to local people has been an aid to these. This can be done by the non-governmental organisations (NGOs). Thus while the amendment has given a much positive picture, it still has not fully realised the goal of local self government.

In the recent years, there has been a trend of working of certain parallel structures to the PRIs in several states. The State Governments have started several bodies which more or less function like panchayats. Allegations are present against these bodies that the funds meant for panchayats are being diverted towards these bodies. There is a need to control such bodies. The funds that come from the Central Government should not be tied and they should be made available to the PRIs for better use. It has been a decade since the amendment has come into effect and the major issues of political, financial and administrative autonomy are still lacking. So a further amendment is required to give this to the PRIs. The democratic process in India can be said to be fully realised only when voice of people is heard and development is brought at the grassroots level.

CHAPTER 2

PANCHAYATI RAJ INSTITUTIONS AND PARALLEL STRUCTURES: AN OVERVIEW

Introduction

The constitution 73rd Amendment Act, 1993 was a momentous step in the direction of translating Gandhi's concept of 'Gram Swaraj' into a reality. The Act requires the state government to establish a three tier system of strong, viable and responsible panchayats at the village, intermediate and district levels. Article 243(G) of the Act envisages that the state legislature may endow the panchayats with such powers and authorities as may be necessary to enable them to function as institutions of self-government. Such laws may also contain provisions for the devolution of adequate power, responsibilities and funds for these for the preparation of plans and implementation of schemes for economic development and social justice on various subjects including those mentioned in the Eleventh Schedule.¹ The 73rd Constitutional Amendment Act has included the Eleventh Schedule which clearly states about 29 subjects of local significance.

The 73rd constitutional Amendment Act provided the much-needed opportunity for the local people to be an integral part of planning and development process of their village. It was thought that such participation of people in planning and development will lead to their empowerment and engage them in democratic decision making and enhance the development of villages.

However, there has been a lacuna regarding the transfer of subjects to panchayats and their implementation and the devolution of powers to local people. In this context the parallel structures to the PRIs should be studied.

1.2 The major concerns of this chapter are identifying certain parallel structures that have existed from before the 73rd Constitutional

¹ Ramachandran, V. (1995), *State Legislation on Panchayati Raj Consequent on the Constitution Act, 1992 Issues for Discussion*, Rajiv Gandhi Foundation, p. 6.

Amendment Act and those that have sprung up after, a study of their functions to identify the areas overlapped and the role of bureaucracy to look at how these bodies are strengthening or undermining PRIs.

2.0 Definition of Parallel Structure

An organisation is said to be “parallel organisation or structure”, if it works directly with the beneficiaries at the grass roots level, which is not accountable to a PRI and their functional domain overlaps and mostly bypasses the panchayats.² The term ‘parallel structure’ also refers to those bodies whose functional domain overlaps with that of the panchayats or which are presently functioning in such a way so as to hinder/ support the decision making powers/ effective functioning of the panchayats in areas which are constitutionally demarcated to panchayats, as per the eleventh schedule of 73rd Amendment Act.³

2.1 Types of Parallel Structures

Parallel structures to PRIs can be formed both by the Centre and by the State Ministries at the centre and the departments in the states. They are concerned with various rural development schemes and programmes such as agriculture, health, education etc. The Centre and the State Ministries are bringing up several programmes and schemes which form as parallel structures and are parastatal in nature.⁴ These parallel structures can also be classified into those created before the 73rd Constitutional Amendment Act and those created after the 73rd Amendment.

² Venkatesan, V. (2002), *Institutionalising Panchayati Raj in India*, Concept, New Delhi, p. 167.

³ Society for Participatory Research in Asia (PRIA), *Seminar On Parallel Bodies and Panchayati Raj Institutions: Experiences from the States*, 18 December 2001, New Delhi.

⁴ Mathew, George (2000), “Panchayati Raj in India: An Overview” in Mathew, George (ed.) (2000) *Panchayati Raj in the States and Union Territories of India 2000*, Institute of Social Sciences, New Delhi, p. 16.

2.2 Major Parallel Structures and their Functions

Some of the major parallel structures are as follows:

(a) District Rural Development Agency (DRDA)

These DRDAs were created with the idea of better co-ordination in planning and implementation of development programmes.⁵ They are created for rural development sponsored by the centre.⁶ The governing bodies of DRDA'S in most of the state are chaired by bureaucrats.⁷ These DRDAs have been merged into PRIs through 73rd Constitutional Amendment. However, they still exist parallel to the Zilla Parishad, thus retaining a separate identity. Several overlapping committees are also formed at the district levels which are comprised of members of both parliament and the state assemblies the proliferation of which are not desirable.⁸

It may be further said that if the new Panchayati Raj system is not working properly, it is because of the independent existence of DRDAs. Almost all the programmes except for Jawahar Rozgar Yojana sponsored and financed by the Central and State Governments are implemented through DRDA. This has resulted in diarchical situation.⁹ To remedy this situation, the Central Government has merged the DRDAs with PRIs. But most of the states have not implemented the recommendation. The reason may be the collusion between the bureaucracy and state level political leadership. It can be safely suggested that for the PRIs to succeed the parallel functioning of DRDAs should be curbed.

However, to avoid overlaps an attempt is being made to facilitate the involvement of the PRIs in the implementation of the centrally

⁵ Ibid, p. 16.

⁶ Mishra, S.N and Sweta Mishra (2002), *Decentralized Governance*, Shipra, New Delhi, p. 31.

⁷ Krishna, Sudhir (1994), "Restructuring the Institutional Arrangements to Strengthen the Panchayati Raj", in Mukherjee, Amitava (ed.) (1994), *Decentralization: Panchayats in the Nineties*, Vikas, New Delhi.

⁸ Singh, Hoshiar (1994), "Constitutional Base for Panchayati Raj in India: The 73rd Amendment Act", *Asian Survey*, Vol. xxxiv, No. 9 September 1994.

⁹ Mishra, S. N. and Sweta Mishra (2002), op. cit., p. 31.

sponsored schemes.¹⁰ The Planning Commission also brought out a report for the implementation of centrally sponsored schemes through PRIs where it gave several suggestions for involvement of PRIs. It felt that most of the centrally sponsored schemes comprise of the functions and responsibilities vested with the PRIs and therefore they should be given to them and help in making the PRIs functional bodies.

(b) Joint Forest Management Committee (JFMC)

The JFMC works under the Ministry of Environment and Forests, which are not accountable to the Gram Sabha of Gram Panchayat or the Panchayat Samiti.¹¹

A case study of Gujarat conducted by the Unnati Organisation for Development Education clearly describes the relation between JFM and panchayats in Gujarat.¹² The government resolution of 1992 kept a provision for the forming of committees comprising of village community members to implement the JFM programme. The village panchayat or a representative of the village panchayat can be the member of the committee or mandal. However, no single village panchayat is solely responsible for the JFM in any Schedule Five Area, as no village panchayat can undertake such activity due to lack of motivation from the forest authorities.

The functional arrangements made for the JFM committees/mandals directly affect and undermine the role of local self-governance units in tribal areas. In the forest management, JFM committee replaces the Gram Sabha in the decision making process and it has become more financially resourceful. Sometimes even the panchayat functions are controlled by the JFM Mandal. The bureaucracy is also

¹⁰ Planning Commission (2001), *Report of the Task Force on Panchayati Raj Institutions (PRIs)*, New Delhi, p. 21-93.

¹¹ Mathew, George (2000), *op.cit.*, p. 17.

¹² Unnati Organisation for Development Education (2001), *Joint Forest Management System and Panchayats in Gujarat: A Brief Note*, Gujarat.

favouring the JFM by prohibiting the villagers from cutting grass from forest.

(c) District Primary Education Programme (DPEP)

The 73rd Constitutional Amendment Act of 1992 enjoins the state governments to transfer education which includes both primary and secondary schools, technical training and vocational education, adult and non-formal education to the panchayats. The DPEP is a World Bank funded project. It aims at universalisation of primary education with emphasis on elimination of illiteracy in selected areas.¹³ A study conducted by National Council of Educational Research and Training revealed that there are no active interlinkages between DPEP and PRIs. Such programmes which are meant for the community should be linked up with PRIs to attain stability so that the programme itself does not cease functioning after the fund dries up.

(d) The MP Local Area Development scheme (MPLADS)

The MPLAD scheme was announced by the Prime Minister in both the houses of the parliament on 23rd December 1993.¹⁴ According to this scheme each Member of the Parliament (MP) had the freedom to suggest the district collector works to be done up to Rs. 1 crore per year (the value of which has been further enhanced) within his or her constituency. Twenty-three specific schemes related to rural development come under local area development scheme, which are also present among the 29 subjects of the Eleventh Schedule of the 73rd Constitutional Amendment Act. Such schemes work parallel to the PRIs since the same functions are assigned to them and they not only can distort the functioning of the panchayats, but also undermine the spirit of self-governance as mandated under the Article 243 (G) of the constitution.

Under this scheme, Rs. 2 crores per is available to each MP at present to spend on scheme of his or her choice and get them

¹³ Mathew, George (2000), op.cit., p. 17.

¹⁴ Ibid

implemented through the District Collector. The MPs are not a part of the executive and almost all items of works financed are essentially of a local nature. As Sivaramakrishnan argues, the whole arrangement is not legally tenable. Besides, the provision of funds to be spent at the discretion of the MPs and outside of the budgetary and financial procedures of the Central or the State Governments may be considered extra constitutional and amounts to diversion of public fund to private control. What in American Politics is referred to as “pork barrel” has thus been institutionalised in India.¹⁵ Unfortunately in most cases the selection and implementation of the schemes do not go through the local bodies. The various deficiencies and irregularities in the implementation of the MPLAD scheme has been brought to light and adversely commented upon in the 1998 report of the Comptroller and Auditor General of India. Instead of reforming and correcting it, the Local Area Development Scheme has been extended to members of State Assemblies as well in several states to the extent of Rs. 50 lakhs per member per year. The total amount available through this discretionary route is well over 2000 crores of rupees per year. The discretionary scheme is in glaring contrast to decentralisation and local autonomy.

Now, the elected representatives of local bodies have also started demanding that they too should be given somewhere around 25 to 50 thousand rupees so that they could take up projects of their choice in their respective wards/constituencies.¹⁶ This is undesirable because this is mostly driven by the fact of getting popularity among local people so as to muster support from local people to get elected again. In the local politics, MLAs are mostly looked up for contributing funds for different

¹⁵ Sivaramakrishnan, K. C. (2000), *Power to the People? The Politics and Progress of Decentralisation*, Konark, New Delhi, p. 198.

¹⁶ Rajiv Gandhi Foundation (1997), *Thematic Representation of the Debate in the national seminar on panchayats 22-23 December 1997, Devolution of power: constraints/ impediments 'Road blocks to the institution of self-governments, Task Force on Panchayati Raj*, New Delhi, p. 35.

projects. MLAs area development funds come to use at this time.¹⁷ In a way it is used to make themselves popular among local people.

Moreover, glaring loopholes have been found in the implementation of the centrally sponsored MPLAD scheme in certain states like Andhra Pradesh since their funds are sometimes either not utilized completely or else mis-utilised.¹⁸ George Mathews points out that the MPLADs is an assault on the letter and spirit of 73rd Constitutional Amendment Act. Transfer of funds to panchayats is more desirable. Even the recent report of the National Commission for the Review of Constitution stated that the MPLAD scheme is inconsistent with the spirit of the constitution and so should be discontinued immediately.¹⁹

(e) The Watershed Programme in Rajasthan

This is one such parallel structure where the agencies for the watershed department are forest department, soil conservation department, NGO and panchayat Samitis/Panchayats. Funds are allotted to DRDA to sanction watershed project looking to the three years past experiences of project Implementing Agency (PIA) and Watershed Development Team (WDT) attached to PIA.²⁰

It is developed
to Panchayat

Panchayats can become PIAs for Watershed Projects only on priority basis if they get the watershed development team for work in the field. Since the panchayat has no such facility at present, other parallel bodies are working in the watershed projects.

Besides, this project comes under the irrigation programme. Irrigation comes under the PRIs. Henceforth, the PIAs can be considered as parallel structures. The *Zilla Pramukh* has been appointed as the chairman of the DRDA and the collector acts as the Chief Executive

¹⁷ Ibid, p, 20.

¹⁸ *Panchayati Raj Update*, May 1998, Institute of social science, New Delhi.

¹⁹ Website www.lawmin.nic.in/ncrwc/finalreport/vich9.htm. Report of the Constitutional Review Committee, date of access 27/02/2003.

²⁰ Unnati Organisation for Development Education (2001), *Parallel Bodies Undermining the role of Role of Panchayats* (With Reference to Watershed Project in Rajasthan), Unnati, Rajasthan.

Officer (CEO) of DRDA. But both the financial and administrative functions and powers are vested in the hands of bureaucrats²¹ thus undermining the PRIs.

(f) Expert Committees in Kerala

In certain cases parallel structures have been created to make the PRIs more functional. Kerala is known for its innovative experiment 'peoples' planning for the 9th plan which is designed to transfer power to people thus enabling them to exercise it. While this move is desirable, the problem in it is the setting up of several parallel / extra constitutional committees or structures. They include Task Force, Block Level Expert Committees (BLEC), District Level Expert Committee (DLEC), State Level Expert Committees (SLEC) which are undermining the authority and performance of the panchayats. These committees were made for technical feasibility but, even after five years of planning process experience, the panchayat members do not show appreciable improvement in their capacity for development planning.²²

A study on this committee gave both positive and negative results where the negative ones outweighed the positive. These committees were criticized for being extra-constitutional, ineffective and a burden than help causing delay in the sanction of projects, due to the presence of incompetent people in the committees for political reasons.

Under the guise of technical feasibility the decision making power of the panchayats has been mortgaged to the parallel structures which follow a technocratic, bureaucratic approach. Without adequate field study and consultation with the members of the local bodies, they make they take decisions about the works to be done. Sometimes they make either drastic alteration or completely reject the decisions taken by the panchayat. Infact various, technical, personnel authorities have been kept

²¹ Rajiv Gandhi Foundation, (2000), *Panchayati Raj in India Status Report 1999*, p. 201, Task force on Panchayati Raj, New Delhi.

²² Sahayi, (2001), *Role and Performance of parallel committees-Kerala*, Draft Report of a Rapid Assessment Study by Sahayi, Kerala.

away by designating them as 'Implementing Officers' or 'Implementing Agencies'. It followed that the technical personnel have to work independently in the implementation of schemes. Hence the water-tight compartment system of departments continues to exist despite the reforms brought out through the revamped panchayati raj set-up.²³

So, the presence of the expert committees are to be prevented which can be done through gradual empowerment and training to panchayati raj members.

(g) Gram Vikas Samiti in Haryana

It's a parallel structure to PRIs created to promote people's participation and ensure efficiency in the development work of the village.²⁴ It has been formed by the Government of Haryana and is not a statutory body. Its major function is related to implementation and supervision of construction related work, which is legally entrusted to panchayats. It receives funds from the schemes of state fund which are usually devolved to Gram Panchayats. The only linkage between the Gram Vikas Samiti and the Gram Panchayat is the inclusion of four members from the Gram Panchayat. Even this could not be seen during the functioning of the Gram Vikas Samiti in Haryana. Functional linkages are totally absent. The functions devolved to Gram Vikas Samiti coincide with the functions that have been constitutionally entrusted to Gram Panchayat.

The supervision of functions related to construction work are entrusted to Gram Vikas Samitis which are also entrusted to the Gram Panchayats. Initially, the funds related to decentralised planning and Haryana Rural Development fund were given to Gram Panchayats but, with the introduction of Gram Vikas Samiti, the funds are transferred to them along with a fair amount of autonomy to utilise them in a more

²³ Sartry, K.R (2001), *Peoples Perception of Panchayati Raj in Kerala*, Research Report Series . 13, National Institute of Rural Development, Hyderabad, p. 13 .

²⁴ Participatory Research in Asia (2001), *Emergence of Parallel Bodies, Gram Vikas Samiti, A Draft Report*, PRIA, New Delhi.

useful manner. An important source of power is derived from the control and access to resources such as funds, However, in Haryana, the Gram Vikas Samiti has been usurping the latter depriving the PRIs. Thus the Gram Vikas Samiti's are over-riding the gram panchayats.

The GVS is the creation of a political party. Its sustainability depends on the victory of the party which has created it. It does not enjoy either the Constitutional Status or the approval of the State Legislature and so its sustenance is questionable.

(h) Vigilance Committee in Himachal Pradesh

It is formed for the purpose of social audit. It is a highly politicized committee, which considers itself a superior body. Most of the *Pradhans* felt that party politics would be directly involved in the formation of Vigilance Committee because those who lost PRIs election would be the members of the VC. They would try to put hurdles in the functioning of the Gram Panchayats. As most of the opposition members would do the social audit over the schemes and works costing upto Rs. 50.000/- being executed by the Gram Panchayat, they would try to be very rigid. This would not only delay the work of the Gram Panchayat due to interpersonal rivalry and party politics but also affects the functioning of Gram Panchayat.

Due to lack of technical competence, the members of vigilance committee are unable to work without delay. Also, the accountability of vigilance committee is under question. While vigilance is necessary on one hand, accountability is also necessary. This committee has been thus undermining the role of social audit of Gram Sabha.²⁵

²⁵ Participatory Research in Asia (2001), '*Study of Vigilance Committee as a Parallel Body undermining the role of Gram Panchayat- A study of Himachal Pradesh*', PRIA, New Delhi.

(i) The Water User Groups in Uttar Pradesh Sodic Land Reclamation Project (UPSLRP)

Water User Groups (WUG) have been entrusted with the responsibility of developing plans of the areas and placing them for approval before the Site Implementation Committee (SIC).²⁶ Nevertheless, according to the Uttar Pradesh Panchayati Raj Act, the formulation of plans related to development and management of irrigation in the panchayat and placing them before Gram Panchayat is the work of Water Management Committee of the panchayat. The SIC is the supreme body under the project which has been vested with various powers such as approving plans made by the WUGs. In addition, the SIC has also taken up the preparation and implementation of Site Implementation Plan. The SIC has been conceived as the forum for interaction of different actors of the project. However, the Planning and Development Committee, which is one of the six sub-committees of the Gram Panchayat is required to formulate development plans of the village in general and those related to agriculture development in particular. These plans then have to be placed before the Gram Panchayat for approval and consideration. The SIC has been entrusted similar functions which are to be performed by the Gram Panchayat.

Several works including the construction, maintenance and management of drains, deciding the rates of water charges, construction of infrastructure like roads etc. and maintenance of records etc. are being taken up by the WUGs. All these functions are to be performed by several committees present within PRIs, but in the present situation they are under the purview of the WUGs. Similarly, the construction, maintenance and management of link and main drain which fall under WUG are actually the responsibility of PRIs. Therefore, we can say that the WUGs are acting parallel to the PRIs in UP. Although, the *Gram Pradhan* seems

²⁶ Participatory Research in Asia (2001), *Parallel Bodies and Panchayati Raj Institutions Experiences from the States*, Paper presented in seminar on 18 December, 2001, PRIA, New Delhi.

to be the head of Panchayat, in practical aspects it is only for namesake and he is denied his rights regarding the management of these functions.

Apart from these there are some innovative experiments done in Madhya Pradesh and Andhra Pradesh. Madhya Pradesh has gone ahead by transferring nearly all the powers exercised by gram panchayat to periodic village mass meetings of gram sabhas and has gone from representative democracy at grass roots level to direct democracy²⁷. The Gram Sabha is assumed to ensure a vibrant democracy with great degree of community participation, control and transparency.

Some of the concerns that arise in such transfer of power to Gram Sabhas are about the sustainability of institutional mechanism of such structures. One possibility of this step is that power might get transferred to the powerful influential members.²⁸

Powers to another body from panchayats can further weaken the PRIs. James Manor stated that this experiment is audacious and may not work well since there are many areas in Madhya Pradesh where traditional hierarchies are still potent.²⁹ He states that this experiment is a leap into the unknown.

Similarly Andhra Pradesh had embarked on a programme called the 'Janmabhoomi' as a programme for good governance.³⁰ It has been started with the objective of taking Andhra Pradesh administration to the doorstep of the citizens, to identify his immediate needs and aspirations, for the execution of works intended for his benefit. The programme tends to mobilise people, the state administrative mechanism etc. and draws upon the existing state and central schemes as resources. All the issues related to the functioning of local institutions come under the purview of Janmabhoomi programme and function parallel to Gram Panchayats in the name of direct interface between people and administration. Due to this

²⁷ Mander, Harsh (1999), "Towards Direct Democracy Empowerment of Gram-Sabha", *Kurukshetra*, October 1999, pp. 2-13.

²⁸ PRIA (2001), op.cit.

²⁹ Manor, James (2001), "Madhya Pradesh Experiment with Direct Democracy", *Economic and Political Weekly*, March 3, 2001, pp. 715-903.

mechanism, the entire relevance of PRIs is undermined. PRIs are totally excluded in the exercise of 'Transparency and Accountability'.³¹

All the structures discussed till now give an idea of parallel structures, for what purpose they are formed and where they have overlapped with the PRIs. Most of these have been formed for bringing efficiency, technical expertise or benefits to people, but in due course they are dominating PRIs.

3.0 Internal and External Limitations

Till now certain parallel structures of PRIs are discussed and it is emphasized that PRIs should be given more powers. But there are certain external and internal limitations to PRIs which should be taken into account.

3.1 The internal limitations of PRIs are that they are mostly dominated by the powerful men within the village. Mostly those who have men, muscle and money come into power. Corruption, too, comes into PRIs when power is held by the corrupt. The dominant groups in the village generally dominate the panchayats thus curbing the rights of the people. Class and caste hierarchies tend to dominate the PRIs, which is a serious aberration in the working of the panchayats. In essence, a panchayat can function well only when people are enlightened, educated and aware of their rights. Fundamentally people should be made more politically aware.

3.2 Regarding the external limitations bureaucracy plays a major role. The effective functioning of panchayats depends on facilitative functional relationship in terms of co-ordination, co-operation between the elected and official functionaries. Further, it is a pre-requisite of democracy that administrative wing should function under deliberative wing, that is, bureaucracy should be answerable and accountable to the elected political

³⁰ Ranga Rao, S.P. (1998), "Janmabhoomi: A Programme for Good Governance", *Indian Journal of Public Administration*, Vol. XLIV(3), July-September 1998, pp. 576-583.

³¹ Anil, Vaddiraju (2001), "Panchayati Raj Institution and Janmabhoomi in Andhra Pradesh", *Participation and Governance*, Vol. 7, No. 21, July 2001, pp. 6-9.

leadership.³² But in most of the states bureaucracy was found to be in a prime position over the elected leadership. The State Acts itself have given ample scope for the state governments through bureaucracy to exercise control, supervision, powers of dissolutions and of annulling resolutions.

This was further facilitated through the setting up of parallel structures where the functional arena of the PRIs has been dominated by the bureaucracy, thus exercising much power even on the local issues. In most of the state the parallel structures are controlled by the bureaucrats. Even in DRDAs, bureaucrats dominate the decision-making power. Bureaucracy also seems to be sidelining the decisions of panchayats thus over-riding them. This is happening in some of the states like Andhra Pradesh, Orissa etc. Even in Madhya Pradesh where, the Government started direct democracy there's every possibility for the bureaucracy to operate since the programme itself has been initiated from above, that is by the chief minister for whom it is always easier to deal with bureaucrats rather than with the elected representatives.

To sum up, for the better functioning of PRIs, there should be a clear-cut demarcation of powers, functions, responsibilities between the presidents and executive officers of the Panchayats. Further functions should be allocated to the appropriate levels and not necessarily at the higher level; and the rise of parallel structures itself should be curbed.

Conclusion

For the success of the PRIs, a decentralised state is necessary since it can only provide such institutional safeguards against the cult of personality and charisma which is often practised by politicians. Participation cannot be imposed from above. So the direct involvement of people is always necessary.

³² Rajiv Gandhi Foundation (2000), *Panchayati Raj in India-Status Report 1999*, Task Force on Panchayati Raj, New Delhi, pp, 11.

But with the creation of parallel structures for implementation and monitoring of development programmes, the PRIs have been neglected. Most of the structures are created for the benefit of local people, to provide technical input, expertise and to ensure efficiency. They are created to make people participate in the works done for their benefit, to remove corruption, convergence of programmes and other such issues. However, in due course experiences showed that they often deviated from what they promised thus neglecting the people's mandate.

It can also be seen that the state governments have often taken steps for the functioning of such parallel structures. In the attempt to provide benefits of developmental works to local people, they have created parallel structures instead of strengthening the constitutionally mandated structures. Politicians have been using such structures to enhance their personality and showing the people a wrong vision of giving them more powers.

The experiences from some of the states have shown that the will of the ruling government and especially that of the chief minister is reflected in state politics. The elected bodies are often superseded and kept under the administrators. In most cases, these bureaucrats are given the charge of administration of the PRIs. This arrangement has been existing since years. Functions and powers, particularly decision making power, instead of being given to the people is vested in the bureaucrats. Besides, even when several of the powers and functions are devolved to the panchayats through the 73rd Constitutional Amendment Act, they are not ready to forgo their power and often tend to hold something back for parallel implementation.³³ Even the State Governments prefer the implementation of programmes to be handled by the bureaucrats since, it is easier to tackle the bureaucrats rather than the elected leaders.

³³ Sundaram K.V. (1997), "District Planning Committee: Its Implications", *Journal of Rural Development* 16(4), pp, 588-599 cited in Venkatesan, V. (2002), *Institutionalising Panchayati Raj in India*, Concept, New Delhi.

One criticism levelled by Mohanty and Bidyut is that PRIs are essentially viewed as implementing agencies for development activities and that they are not given the status of effective decentralized political institution.³⁴ Instead of giving away the powers, functions and the decision making power to the people, they are vested with the bureaucrats. In reality, there is no real involvement of people and mostly the decisions are taken by the authorities without considering the peoples decision. It is also seen that mostly such parallel structures are brought forth by the Chief Ministers in power who generally do it for garnering votes. In such cases the sustainability of such structures is also in question since they are not legally ensured and could be brought down with the change of Government. The presence of parallel structures has been undermining the PRIs since not only the powers, but also the functions and finances as being transferred to the parallel structures.

This chapter has mainly concentrated on those parallel structures that are created by the state governments. However, apart from the parallel structures that are created by the state governments, that is the party in power, there are other structure that are created by the Central Government which also act parallel to the PRIs. These structures comprise of the Central Ministries which implement the Centrally Sponsored Schemes (CSSs).

The report of the Planning Commission observed that the State Government as well as Central Ministries have not taken any concrete steps to integrate PRIs in their strategy of planning and implementation of CSSs under their purview.³⁵ They continue to be implemented departmentally with the sole exception of Jawahar Rozgar Yojana (JRY) / Jawahar Gram Samridhi Yojana (JGSY) which is implemented through the PRIs. In respect of CSSs implemented by the Central Ministries apart from the Ministry of Rural Development, the involvement of PRIs is either non-existent or minimal. A review of implementation of CSSs of

³⁴ Mohanty and Bidyut (1995), "Panchayati Raj 73rd Constitutional Amendment and Women", *Economic and Political Weekly*, December 30, 1995.

³⁵ India, Government of (2001), *Report of the Task Force on Panchayati Raj Institution*, Planning Commission, New Delhi, pp. 21-93.

Department of Health and Family Welfare, Department of Education, Ministry of Environment and Forests show that several parallel delivery systems like District Health and Family Welfare Society, Village Education Committees (VECs), Mahila Sangh, Lok Jhumbish Parishads, Joint Forest Management (JFM) Committees etc. have emerged. There is no structure put in place to involve PRIs in the implementation of schemes undertaken by the set up created by different Ministries.

Consequently, while a great deal of blame is to be thrust on the State Governments for not devolving powers, the Central Ministries are also joining the same class. Presently, there is a need for the transfer of all projects and programmes, the subjects of which stand transferred to PRIs in the 73rd Constitutional Amendment Act. As pointed out by Nirmal Mukarji, "The Centre should divest itself of many of its powers in favour of States. The demand for this should be articulated powerfully and taken forward by the States. This should not be difficult in an era of coalition government at the Centre".³⁶

Therefore, for a genuine decentralization through PRIs, emphasis must be laid on the breaking of vested interests and mustering of political will. The higher levels of Government should let off control over the panchayats and let the local self governing units make their own decision on the issues affecting their every day lives. Instead of creating parallel structures, the government should devolve adequate functions, functionaries and finances to enable local self governing units to function as autonomous and self-governing institutions and strengthen the Gram Sabha through training as there is no greater fora for social audit than the Gram Sabha. In this arena voluntary sector institutions can be brought in. Collaboration between the voluntary sector institutions and PRIs is desirable since the previous can help the PRIs by providing training and making people aware of their rights and in mobilising their support for developmental work.

³⁶ Mukarji, Nirmal (1994), "Self Government and its Instrumentalities", Occasional Paper No.6, Renewing Local-Self Government in Rural India, Ministry of Rural Development, New Delhi.

CHAPTER 3

PANCHAYATI RAJ INSTITUTIONS AND PARALLEL STRUCTURES: A STUDY OF ANDHRA PRADESH AND MADHYA PRADESH

1.0 Introduction

Andhra Pradesh and Madhya Pradesh are among the first few states which have ratified the 73rd Constitutional Amendment Act and enacted their respective Panchayati Raj Acts incorporating the relevant provisions of the 73rd constitutional Amendment Act. Andhra Pradesh introduced the Andhra Pradesh Panchayati Raj Act in 1994 repealing the Andhra Pradesh Gram Panchayat Act of 1964 and the Andhra Pradesh Mandal Parishads, Zilla Parishads and the Zilla Abhivruddhi Sameeksha Mandals Act of 1986.¹ Madhya Pradesh also brought in the Madhya Pradesh Panchayati Raj Adhiniyam Act replacing its previous Act of 1990. However, Madhya Pradesh already amended its Act eight times between 1994 and 1998.² Both the states have respected the Constitution Amendment Act and amended their Acts without delay. Both the states have even conducted elections soon after the amendment. The history of both the states is diverse in several ways, but there are a few similarities in the way they are governed which needs to be studied.

Both the states have implemented several schemes and other programmes which run parallel to the PRIs. These parallel structures are mostly created at the village level and are linked to the upper levels in the system of governance. There seems to be a centralisation of powers at the district level. These bodies are created by the ruling government and they seem to hinder the role of panchayats to a great deal in both the states. Bureaucracy also interferes to a great deal in the working of these

¹ Siva Subrahmanyam, K. (1999), *Functional and Financial Devolution on PRIs: A study in Andhra Pradesh*, A Report for State Finance Commission Cell, National Institute of Rural Development, Hyderabad, pp. 17-94.

² Buch Nirmala (2000), "Madhya Pradesh", in Mathew George (ed) (2000), *Status of Panchayati Raj in the States and Union Territories of India 2000*, Concept, New Delhi, pp.166-179.

structures. The existence of both diverse and similar attributes regarding the decentralisation in these States makes it an interesting study. To look into the various aspects we need to start with the assessing of the structure of panchayati raj in both the states.

2.0 Structure of Panchayati Raj in Andhra Pradesh under the Act of 1994

Andhra Pradesh Panchayati Raj Act (Act No.13 of 1994) enacted in March 1994 is a single comprehensive Act covering all the three tiers of Panchayati Raj in the States. It has a Gram Panchayat at the Village level, Mandal Parishad at the intermediate level and Zilla Parishad at the district level.

2.1 Panchayati Raj and Rural Development Department

Regarding the structure, Panchayati Raj in Andhra Pradesh has a composite Panchayati Raj and Rural Development Department headed by a senior IAS Officer in the cadre of Principal Secretary to the State Government at the state level, working under the Cabinet Ministers for Panchayati Raj and Rural Development. This is further divided into Panchayati Raj, Rural Development and Panchayati Raj Engineering. The first two divisions are headed by the senior level bureaucrats while the last by an Engineer-in-Chief at the state level, along with a Commissioner who acts as the Head of Department of the first two divisions.

The Panchayati Raj Engineering Department (which is heavily staffed) looks after the technical aspects of the Schemes to be executed by the regular Panchayati Raj Department of the State Government. It also looks at those works which are to be executed by the PRIs. This Engineering Department has technical machinery which works from the state to the village level.

2.2 Panchayati Raj at the District Level

There are 22 Zilla Parishads in the State at the district level. The political head of the state is indirectly elected by the directly elected members (one for each Mandal) of the Zilla Parishad. The Chief

Executive Officer (CEO) of the Zilla Parishad is assisted by a Deputy CEO, Accounts Officer, Education Officer, Executive Engineers (one for each Revenue Division) and other technical and administrative staff.

Besides the Zilla Parishad's constitution of elected members, there is a provision for constitution of seven standing committees at the Zilla Parishad level, dealing with subjects like planning and finance, rural development, agriculture, education and medical services, womens' welfare, social welfare and works covering communications, rural water supply, power and irrigation. Standing Committee has the chairman of Zilla Parishad as ex-officio member. The vice chairperson is also an ex-officio member. Other members are those nominated by him the chairman following the prescribed rules in this regard.

The more important functions of the Zilla Parishad are examining and approving the budgets of the Mandal Parishads in the district, distributing funds allotted by the government to the mandals in the district, coordinating and consolidating the plans of mandals and preparing a district plan, execution of plans and schemes, supervising the activities of mandals and establishing and maintaining secondary, vocational and industrial schools.

The DRDA is however independent of the Zilla Parishad at the district level. In contrast to Andhra Pradesh, the Zilla Parishad in Madhya Pradesh controls and supervises the administration of the DRDA and all the functions and schemes assigned to DRDA by the State government are to be implemented under the supervision of the Zilla Panchayats. The District Panchayat Officer who has his hierarchical officials down the line at the Revenue Division, erstwhile Block and notified Gram Panchayat level is a state government official who works under the administrative control of the District Collector, and is thus not directly accountable to Zilla Parishad. Unlike Madhya Pradesh, no District Planning Committee (DPC) is yet constituted in the state at the district level and the District Collector continues to play a major role. The Chairman of District cooperative Marketing Society, Zilla

Granthalaya Samastha, District Cooperative Bank, District Collector and the Presidents of all Mandal Parishads in the districts are permanent invitees to the meetings of Zilla Parishads.

2.3 Panchayati Raj at the Intermediate Level

At the intermediate level, there are 1093 Mandal Parishads in the State. The Chief Executive of the Mandal Parishad is the Mandal Parishad Development Officer (MPDO) who is usually assisted by one Mandal Engineering Officer, one Mandal Education Officer, one or two other Extension Officers, three to five Village Development Officers (Gram Sevaks) and a limited number of secretarial and menial staff.

Every Mandal Parishad exercises powers and functions such as:³ (1) agriculture (including agricultural extension), (2) land improvement, implementation of land reforms, (3) land consolidation and soil conservation, (4) minor irrigation, (5) water management and watershed development, (6) animal husbandry, (7) dairying, (7) poultry, (8) fisheries, (9) social forestry and farm forestry, (10) minor farm produce, (11) small scale industries, including food processing industries, (12) khadi, village and cottage industries, (13) rural housing, (14) drinking water, (15) fuel and fodder, (16) roads, culverts, bridges, ferries, waterways, and other means of communication, (17) rural electrification, including distribution of electricity, non-conventional sources of energy, (18) poverty alleviation programmes, (18) education including primary and secondary schools, (19) technical training and vocational training, (20) adult and non-formal education, (21) markets and fairs, (22) health and family welfare, (23) public distribution system etc.

In particular, the Mandal Parishad shall exercise the powers and perform the functions in the field of all activities connected with the community development programmes, agriculture, animal husbandry, fisheries, health and rural sanitation.

³ Bajpai, Ashok and M.S. Verma (1995), *Panchayati Raj in India A New Thrust Volume II*, Sahitya Prakashan, Delhi, pp. 234 – 254.

The grants given by the state and the central governments under various schemes, share in land cess and other taxes, contributions given by gram panchayats, remunerative enterprises and per capita annual government grant are the important sources of a mandal parishad's revenue.

2.4 Panchayati Raj at Village Level

There are altogether 21,950 Gram Panchayats in the state at present. There shall be a *Sarpanch* (elected President) for every Gram Panchayat who shall be elected by the persons whose names appear in the electoral roll for Gram Panchayat, from amongst them. There is a full time Executive Officer for each notified Gram Panchayat. However, the non-notified Gram Panchayats have a junior clerk-cum-bill collector.

For every Gram Panchayat, there shall be a Committee known as 'Beneficiary Committee' for execution of the works of the Gram Panchayat. Functional Committees for agriculture, public health and sanitation, and communication other purposes are also to be established.

2.6 Gram Sabha

Under the 1994 act there shall be a Gram Sabha at the village level comprising all the voters. It must meet atleast twice a year under the chairmanship of the sarpanch. The Gram Sabha considers all matters relating to the annual statement of accounts of gram panchayat, its report on administration, developmental programmes of the village, new schemes and tax proposals.

The Structure of the Panchayati Raj Institutions after the 73rd Amendment in Andhra Pradesh has been shown in Chart 1.

Chart-1
STRUCTURE OF PANCHAYATI RAJ INSTITUTIONS IN
ANDHRA PRADESH

Level 3	<p>Zilla (District) Parishad (ZP) – Total 22 ZPs Chair Person Vice Chair Person Elected Members</p> <p>No. of erstwhile Blocks-330 Average Rural Population of District in Andhra Pradesh- 2210040</p>
Level 2	<p>Mandal Parishad (MP)- Total No. of MPs 1093 President Vice President</p> <p>Elected Members Total No. of Mandals-1093 Average Population of a Mandal Parishad:44814 per District</p>
Level 1	<p>Gram (Village) Panchayat - Total No. 49015 Sarpanch Up-Sarpanch</p> <p>Elected Members: 5 to 21 Total No. Gram Panchayats: 21950 (Notified: 1332; Non-Notified: 26018)</p>
Base	<p style="text-align: center;">Gram Sabha</p> <p>Assembly of all Adults (Above 18 years) in a Village Panchayat</p> <p>Meets twice an year under the chairmanship of the Sarpanch</p>

Source: Panchayati Raj Department, Government of India.

[Taken from State Finance Commission Cell (1999), 'Functional and Financial Devolution on PRIs: A Study in Andhra Pradesh, National Institute of Rural Development, Hyderabad.]

3.0 Structure of Panchayati Raj Institutions in Madhya Pradesh after 73rd Constitutional Amendment:

The Madhya Pradesh Panchayat Adhiniyam 1993 (the Madhya Pradesh Panchayati Raj Act, 1993) was passed by the state assembly repealing the Panchayat Act of 1990. The 1993 Act was amended eight times from 1994 to 1999. As per the Constitutional requirement, the state has a three tier structure for the rural local government similar to Andhra Pradesh along with a Gram Sabha, a Village Assembly of all voters (18 and above age group).⁴

3.1 Panchayati Raj at the District Level

There are 61 Zilla Panchayats (ZP) in the state at the district level. The political heads of a ZP is the President and the Vice President. They are elected from amongst the directly elected members of the ZP. There are 992 elected members to the 61 ZP in Madhya Pradesh. There are on an average 21 elected members in a Zilla Parishad. Seats are reserved for Scheduled Castes (SCs) and Scheduled Tribes (STs) and women as required.

The Zilla Parishad in Madhya Pradesh also consists of (a) Chairman of District Cooperative Bank and District Cooperative and Development Bank, (b) all members of Lok Sabha representing parliamentary constituencies which wholly or partly form part of a district, (c) all members of Rajya Sabha and Lok Sabha returned from the state of Madhya Pradesh belonging to that Gram Panchayat and (d) all members of the State Legislative Assembly returned from the district. For better administration, the government by a notification divides a district into such number of constituencies that each constituency shall have a population of 50,000.

3.1 Panchayati Raj at the Intermediate (Block Level):

At the intermediate level, there are 459 Janpad Panchayats in the state. The Janpad Panchayat is headed by an Adhyaksha and an Up-Adhyaksha. It comprises of members elected from the block level constituencies elected for a period of five years. Members of the State

⁴ Madhya Pradesh, Government of (1993), Madhya Pradesh Panchayat Adhiniyam, 1993.

Legislative Assembly and Members of Parliament (MPs) whose constituencies wholly or partly fall within the block are also eligible to attend the meetings of the Janpad Panchayat.

These blocks are divided into such number of constituencies that each constituency has a population of five thousand and every constituency is a single member constituency. Every Janpad Panchayat and every Zilla Panchayat shall, from amongst its members, constitute the following committees: (a) General Administration Committee, (b) Agriculture Committee, (c) Education Committee (d) Communication and Works Committee and (e) Cooperation and Industries Committee.

3.2 Panchayati Raj at the Village Level

There are altogether 31126 Gram Panchayats at the village level in Madhya Pradesh. The Gram Panchayat is constituted through democratic elections for a cluster of villages for a period of five years. It consists of directly elected *Panches* (elected members) and co-opted members, a *Sarpanch* and an *Up-Sarpanch*. For the election of *Panches* the Gram Panchayat is divided into *Chaupals* (ward constituencies).

The *Gram Panches* constitute standing committees not exceeding three for the discharge of their functions and duties to exercise powers that may be assigned to them by the Gram Panchayat. The committee shall be under the general control of Gram Panchayat. The State Government appoints a secretary to a Panchayat for keeping and maintaining the records of a Gram Panchayat.

3.3. Gram Sabha:

The Gram Sabha which is an assembly of all persons above the age of 18, is a non-executive body. In Madhya Pradesh, a Gram Panchayat has 2-3 revenue villages (cluster of homesteads in a locality) and there is a Gram Sabha for each revenue village. There are 76000 revenue villages of which 71000 are inhabited. The Secretary of the Gram Panchayat convenes the meetings of the Gram Sabha. One-tenth of the total number of members of the Gram Sabha is fixed as the quorum for the meetings. The meetings are presided over either by the *Sarpanch* or the *Up-Sarpanch* (elected vice-president) of Gram Panchayat.

Chart No.2

**STRUCTURE OF PANCHAYATI RAJ INSTITUTIONS IN
MADHYA PRADESH**

Level 3	<p>Zilla (District) Panchayat (ZP)- Total 61 ZPs Adhyaksha (President) Up-Adhyaksha (Vice-President) Elected Members Average nos.17 Total ZPs- 992 Average Population of a District in Madhya Pradesh range from 10,00,000 to 20,00,000</p>
Level 2	<p>Janpad (Block) Panchayat (JP)- Total 459 JPs Adhyaksha (President) Up- Adhyaksha (Vice President) Elected Members Average nos. 16 Total JPs-9095 Average Population of a JP 1-2 Lakhs A Janpad Panchayat has on an average/approximately 80 Gram Panchayats</p>
Level 1	<p>Gram (Village)Panchayat- Total 31126 GPs Sarpanch (President) Up- Sarpanch (Vice Pesident) Elected Members Average no. of members 10-15 Total Gram Panchayats- 44276 Average Population of a Gram Panchayat 1000-5000 A Gram Panchayat has on average 2-3 revenue villages</p>
Base	<p>Gram Sabha Assembly of all adults (above 18 years) in a Village Panchayat Now Gram Sabhas are held in each Revenue Village Madhya Pradesh has 76000 revenue villages of which 71000 are inhabited</p>

Source: Mathew, Anand (2000), *Rural Decentralisation in India*, A World Bank Project, p.109.

4.0 Devolution of Powers and Functions to PRIs in Andhra Pradesh and Madhya Pradesh

Before studying the parallel structures to the PRIs in both the states, a study of the powers and functions of the PRIs at the three different levels namely, the district, the intermediate and village levels is important and necessary. Both AP and MP have amended their Acts soon as the 73rd Constitutional Amendment is passed. But these amendments have not been carried out properly. In AP, it has been seen that a mere repetition was made of all the provisions that existed in the earlier Act with minor changes. A comparison of the powers and functions devolved in 1986 and through 1994 Act gives us this account. In MP, all the powers and functions devolved to PRIs through 11th Schedule of 1994 Act have been merely reproduced as Scheduled IV in the MP Panchayat Adhiniyam of 1994. So this had to be amended eight times between 1994 and 1999.

4.1 At the District Level:

In Andhra Pradesh, the Zilla Parishad are entrusted with powers:⁵

(a) to examine and approve the budgets of Mandal Parishads in the district, (b) distribute funds allotted by the Central and State Government, (c) co-ordinate and consolidate the plans prepared in respect of Mandals, (d) secure the execution of plans, projects and schemes etc., (e) supervise the activities of the Mandal, (f) exercise powers and functions of the District Board like levying of taxes, (g) performs functions related to any development programme and maintenance of services of the district as the government may confer or entrust to it, (h) advising the government on allocation and co-ordination of works between the three tiers, (i) advise the government on matters concerning the implementation of any statutory or executive order referred by the government to the Zilla Parishad, (j) collect such data as it deems necessary and publish statistics or other information

⁵ Ashok Bajpai and M.S.Verma (1995), *Panchayati Raj in India A New Thrust Volume II*, Sahitya Prakashan, Delhi, pp. 1-22.

relating to the activities of the local authorities, (k) accepting trusts related exclusively to the furtherance of any purpose for which its funds may be applied, (l) establishment of vocational and industrial schools and borrow money for carrying out the purposes of this Act with prior approval of the government.

In AP, the ZPs consist powers more of an advisory kind and of approving of budgets. The Chairman of the Zilla Parishad shall exercise the control over the Chief Executive Officer for the implementation of resolutions of the Zilla Parishad or any other standing committee.

In Madhya Pradesh, the powers and functions of the Zilla Parishad constitute:⁶ (a) controlling, co-ordinating and guiding the Janpad Panchayat and its plans, (b) co-ordinating the demands for grants for special purpose received from the Janpad Panchayats and forward them to the State Government, (c) advise the State Government in developmental activities, social forestry, family welfare, welfare of the disabled, destitute, women, children and sports, (d) the Zilla Parishad shall control and supervise the administration of District Rural Development agency in accordance with the instructions issued by the State Government.

Thus in Madhya Pradesh too the powers and functions given to the Zilla Parishads are mostly advisory in nature.

Though the Zilla Parishad in Andhra Pradesh is given a number of functions, it is not given any taxation powers and its resources mostly comprise of funds of institutional schemes and programmes, and prescribed share of taxes and fees. In Madhya Pradesh, the Zilla Panchayats are entrusted with a long list of 102 functions but, are not given any powers to decide on what is to be taken up and implemented. All functions and powers given to the PRIs are such that they have to follow the State Government. They are not given any real powers through which they can function independently.

⁶ Ibid.

4.2 At the Intermediate Level

At the intermediate level, the Mandal Parishad in Andhra Pradesh exercises the powers and performs all the functions related or connected with the community development programmes, agriculture, animal husbandry and fisheries and health and rural sanitation, electricity, education, land development along with welfare schemes.

The Mandal Parishad may acquire revenue through the contributions from the funds of the Gram Panchayat in the mandal. Every Mandal Parishad with prior sanction of Government may levy duty in the form of surcharge on any tax imposed by the Gram Panchayat or on land cess within its jurisdiction. Apart from these, the Mandal Parishads get grants from remunerative enterprises and per capita annual government grant.

The Mandal Parishad Development Officer officiates as the Chief Executive Officer of the Mandal Parishad. He shall be responsible for implementing the resolutions of the Mandal Parishad and shall exercise such powers of supervision over the Gram Panchayats in the Mandal as may be prescribed. The staff borne on the establishment of the Mandal Parishad and the staff working in the institutions and schemes transferred by the government or Head of Department of the Government to the Mandal Parishad shall be under the administrative control and supervision of the Mandal Parishad Development Officer. All the staff employed by the Mandal Parishad, institutions and the Mandal Parishad Development Officer are subordinate to the Mandal Parishad.

In Madhya Pradesh, at the intermediate level there is the Janpad Panchayat. It shall be the duty of a Janpad Panchayat to make reasonable provisions in the block for following activities: integrated rural development, agriculture and allied programmes, health and sanitation, adult education, communication and public works, welfare of disabled and other weaker sections; provisions of emergency relief in cases of distress; arrangements in connection with local pilgrimage; management

of public ferries, markets, melas and exhibitions and other functions with the approval of the State Government or Zilla Parishad.

The Janpad Panchayat also controls and supervises the administration of the Community Development Block or Tribal Development Block and the functions and schemes assigned to such blocks by the State Government will be supervised by the Janpad Panchayats.

4.3 At the Village Level

At the village level, Andhra Pradesh has a Gram Panchayat which is headed by the *Sarpanch*. The Gram Panchayat has to perform functions related to construction, maintenance of buildings, roads, bridges, culverts etc., vested in the Gram Panchayat; lighting of public roads and places; functions related to sanitation and construction of latrines etc; prevention of epidemics; construction and maintenance and repairing of water works, ponds etc; registration of births and deaths; establishment and maintenance of cattle ponds; and all other matters expressly obligatory under the Act.

At the village level, the *Sarpanch* exercises control over the village executive officer and he is held responsible for implementation of the decisions of the Gram Sabha. The Commissioner of the Panchayati Raj exercises control over the government. The executive officer for panchayat is appointed by him. Gram Panchayats derive funds through taxation and government grants.

In Madhya Pradesh, the Gram Panchayats are given the powers related to sanitation, construction, maintenance and cleaning of public streets, latrines, drains, tanks, wells and other public places; construction, repair and maintenance of water works; construction and maintenance of village roads, bridges, bunds etc.; lighting of public places; filling of disused wells and ditches; maintenance of property of Gram Panchayat, maintenance of records of birth and deaths; welfare programmes etc.

Apart from these, the Gram Panchayat also carries out the directions and orders issued by the Government. Funds and finances are provided through grants in aid as well as through the taxation powers to the Gram Panchayats. The Gram Sabha of Madhya Pradesh has also been given major powers like the 'right to recall,' which gave the Gram Sabha power to dismiss the Gram Panchayat chairman (*Sarpanch*) in the event of wrong doing.

It can be stated that the powers, functions as well as the financial resources of PRIs in both the states are similar. The powers and functions are devolved to the three tiers of the PRIs in both the states so as to comply with the Constitutional Amendment. However, while devolving functions, the states have not provided them with adequate resources and devolution was also not made to a complete extent.

Andhra Pradesh

In Andhra Pradesh, the State Government has assigned a total of 151 functional responsibilities to the PRIs, of which 135 responsibilities pertain to the 24 subjects included in the Eleventh Schedule of the Indian Constitution. The responsibilities of fisheries, minor forest produce, small scale industries, food processing, technical training vocational education and family welfare remained the subjects where no responsibility has been transferred.

Studies on Andhra Pradesh Panchayati raj have noted that all the listed functional responsibilities have not been transferred to PRIs in reality. The State Government has divested the PRIs of their legitimate roles and responsibility in respect of primary education , minor irrigation, primary health care etc., by constituting parallel structure structures such as self-help groups, Village Education Committees, Water Users' Associations, *Vana Samrakshana Samitis* etc. It has been

observed that the mechanism of collector and the DRDAs, has usurped the autonomy of PRIs in Andhra Pradesh.⁷

Regardless of their laudable aim at stake-holder participation, in development process, these parallel structures have greatly undermined the efficacy of the democratically elected local government in the rural areas. These new experiments have been conceived to reach the stakeholders directly, but in the process they tend to ignore the imperative of institution building in the rural sector of the state.⁸

The functions and responsibilities which legitimately belong to the domain of the local government have thus been partly withdrawn from its purview. Had these resources been transferred to the Panchayati Raj Institutions that would have resulted in greater peoples' participation in real sense, better accountability, effective control over the schemes and funds and sustainable participative development.⁹

Madhya Pradesh:

Madhya Pradesh has taken a different way in relation to Andhra Pradesh. An amendment was made in 1996 according to which powers and authority are to be devolved to the PRIs at the appropriate level so as to enable them to function as institutions of self government. However, the law spelling out the powers of such institutions was not made. This makes the amendment stagnant without any prospects of operationalisation. Similar to Andhra Pradesh, the power to make plans and implementation of schemes for economic development and social justice, have been subjected to the executive orders. An exercise was started to delegate the responsibilities to the PRIs by the Executive Order in May 1994, when the elections were being completed. This exercise referred to the State Government's resolve to make the

⁷ Sarumathy, M. (1998), "Andhra Pradesh", in Choudhury, R.C., S.P. Jain (ed.) (1998), *Patterns of Decentralised Governance in Rural India*, Vol. I, National Institute of Rural Development, Hyderabad, p, 51.

⁸ Siva Subrahmanyam, K. (1999), *Functional and Financial Devolution on PRIs: A study in Andhra Pradesh*, State Finance Commission Cell, National Institute of Rural Development, Hyderabad, p.6.

⁹ Ibid., p. 6.

panchayats the real centres of power. It also gave a list of 23 departments and their activities and responsibilities and programmes which have to be transferred to the panchayats. It gave a number of responsibilities to the three tiers, with 305 functions for Gram Panchayats, 99 for Janpad Panchayats and 102 for Zilla Panchayats. However, the list appended to the executive order was a mixture of programmes, activities and targets with the panchayats involvement ranging from implementation, maintenance, supervision, control, promotion, co-operation, inspection and compliance of government orders, monitoring and reporting.¹⁰

The power for identifying works to be done which are most needed in the particular area is not given to the PRIs, thus leaving them as agencies of implementation of works decided by the authorities of the State Government. Further, the State Government has given specific powers to the panchayats for the appointment of *Shiksha Karmi* (Education Worker) on a fixed pay of Rs. 500 to 1000. This transfer of power is seen just as an expenditure saving device. The school management and the rural health centres were transferred to panchayats with the creation of a new post of Chief Medical Officer (CMO) to look after health programmes under the Zilla Panchayat. However, in actual practice the CMO remains governmental official directly answerable to his superiors in the department.

Thus, in both the states, though powers and functions have been devolved to a large extent to the PRIs, there has been no devolution in reality.¹¹ The actual control is being exercised by bureaucracy with the direct involvement of the State Government. The State bureaucracy seems to control these PRIs in several ways. They are controlling them through the exercise of powers through parallel structures most prominent in Andhra Pradesh which are created by the State

¹⁰ Buch Nirmala (2000), "Madhya Pradesh" in George Mathew (ed) (2000), *Status of Panchayati Raj in the States and Union Territories of India 2000*, Concept, New Delhi, pp.166-179.

¹¹ For a view on decentralisation in both the states, see annexure D.

Governments and other line departments which have already been existing or inadvertently, through the district planning committees, with 'in charge' ministers as chairpersons and collectors as the secretaries, and through programmes like Gram Swaraj as in Madhya Pradesh which have been started with the intention of devolving more powers to the panchayats.

5.0 Panchayati Raj Institutions and Parallel Structures

A detailed study of the parallel structures in Andhra Pradesh and Madhya Pradesh is made and the working of these parallel structures and their effects is given here. This study also looks at the functioning of bureaucracy through these structures and their effects on the PRIs.

5.1 Andhra Pradesh:

The recent assessment of decentralisation in Andhra Pradesh shows that several parallel structures to PRIs have come up usurping the powers of PRIs and thus acting hostile to them. The creation and implementation of Janmabhoomi and other such programmes and the non-involvement of the PRIs has become a debated topic in Andhra Pradesh.

Essentially, now there are two schools of thought prevalent today that put forward arguments for and against panchayats and parallel bodies.¹² Those on the side of Panchayats would argue that benefits from user committees managed natural resource projects such as forests, watershed management etc., are not sustainable in the long run. After the source of fund dries up, committees are disbanded or abandoned and the livelihood base of the poor remains improved only marginally. Those who argue for stake holders' approach managing the programmes directly by Community Beneficiary Organisations (CBOs) feel that multiplicity of committees is a means of getting more benefits from the Government. This would be perceived by the villagers as an opportunity

¹² Gopinath Reddy (2003), "Status of Decentralised Local Bodies-Post 73rd Amendment Scenario", *Economic and Political Weekly*, March 22-29, 2003, pp.1284 - 1292.

to ensure the development of their villages. The latter are favoured more by the bureaucracy since it will be able to have a greater say in the implementation of programmes through these committees.

In the recent years, the government of Andhra Pradesh has been establishing and nourishing different 'parallel structures' among which Janmabhoomi has been an important one along with other parallel bodies like water user groups, joint forest management committees, self help groups, Parent Teachers' Associations etc.¹³

Janmabhoomi, Purpose and Functions:

Janmabhoomi (JB) was launched by the Government of Andhra Pradesh on January 1997 as a 'people centred development process' aimed at establishing an ideal society. It embodies and cherishes the principles of peoples' participation, equality, transparency and accountability leading to sustained economic development and excellence in all walks of life. The aim is to achieve social mobilisation for rural development with emphasis on providing quality life to every man, woman and child in the state.¹⁴ The Andhra Pradesh government before launching the of Janmabhoomi initiated a programme called *Prajala Vaddaku Palana* (PVP) which means 'Government at your doorstep' in 1995 and '*Shramadanam*' which stands for voluntary contribution of labour. Janmabhoomi has been a programme that emerged due to the rolling of these programmes into a single one. It basically meant, 'people centred participatory development process'.¹⁵

However, Janmabhoomi is being seen as bypassing the elected rural local bodies namely, the Gram Panchayats, Mandal Parishads and Zilla Parishads. The various schemes and programmes which the

¹³ George Mathew (2001), "Panchayats Powerless in AP", *The Hindu*, 17 April 2001 and Vaddiraju Anil, (2001), "Panchayati Raj and Janmabhoomi in Andhra Pradesh", *Participation and Governance*, Vol. 7, No. 21, July 21, 2001.

¹⁴ Anil, Vaddiraju (2001), "Panchayati Raj and Janmabhoomi in Andhra Pradesh", *Participation and Governance*, Vol. 7. No.21, July 2001, pp. 6-9 and Gopinath Reddy, M. (2003), "Status of Decentralised Local Bodies: Post 73rd Amendment Scenario" *Economic and Political Weekly*, March 22-29, 2003, pp. 1284 – 1292.

¹⁵ World Bank (2000), *Overview of Rural Decentralisation in India: Approaches to Rural Decentralisation in Seven States*, Vol. II, World Bank, p. 29.

government under the Telugu Desam Party had been undertaking through this programme, has proved not to be much different from those implemented through the schemes and projects of the Central and State Governments as well as of the Ministry of Rural Development.¹⁶ Janmabhoomi has been perceived to be using the Village Gram Sabhas as means of organising and identifying beneficiaries thus leading to confusion. Finally, there has been a strong presence of bureaucracy, contrary to as stated in the guidelines of Janmabhoomi Programme. Bureaucracy has been playing a major role in running the programme and handling its finances thus leading to the undermining of PRIs.

To look into these aspects, the functions and structure of the programme of Janmabhoomi should be studied.

Functions of Janmabhoomi:

Janmabhoomi programme is based on the principles of peoples' participation, transparency, accountability and sustainability. To achieve participation of the masses, it has mobilised masses in Gram Panchayats/Villages to take into account their needs to make efforts to fulfil them. Self-help has been a major principle behind this and so *Shramadanam* (Voluntary Labour) has been introduced.

This programme tries to draw up interaction between the government officials, political executives, line departments and the local people. It also makes possible, the direct accountability of the administration to the people by bringing transparency in the government and in its process of administration.

Apart from the people, the government has tried to mobilise different sections of the society (college students, teachers, National Cadet Corps (NCC) cadets, National Service Scheme (NSS) volunteers etc.) to reach out to rural areas and contribute to the process of rural development under the aegis of the Janmabhoomi Programme.

¹⁶ Haragopal, G. and Sudarshanam, G. (2000), "Andhra Pradesh", in Mathew George (ed.) (2000), *Status of Panchayati Raj in the States and Union Territories of India 2000*, Concept, New Delhi, pp. 1-58.

Structure of Janmabhoomi Programme:

The Janmabhoomi Programme operates through a structure which comprises of 28,245 villages in the states which are further divided into 67,505 'Habitations'. A 'Habitation' is made the basic unit of the programme. This programme is run by 1,100 nodal officers in 1125 mandals in 23 districts; thereby, operating at the mandal (block) level. 1,249 supervisory teams supervise the nodal officers.

Janmabhoomi works through quarterly rounds with fixed schedules which are attended by various department officials and peoples' representatives. The report of the action taken is submitted each time for record.

Institutional Support for Janmabhoomi:

The institutional arrangements for Janmabhoomi are made by the Gram Sabha consisting of all adult voting population in a habitation, which is supposed to be the 'Habitational Level Committee' (HLC) or 'People's Council' consisting of group leaders of the self-help groups, members from Non Governmental Organisations (NGOs), representatives from weaker sections and women. The *Sarpanch* is supposed to be the Chairperson of this Committee. A nodal team headed by a nodal officer is to operate at the mandal level, while the District Collector heads the District Level Committees. The State Level Committees are headed by the Chief Minister and 'Janmabhoomi Volunteers' team' and 'Social Animators' are supposed to support the HLC in implementing Janmabhoomi at the HLC level. The District Development Review Committee (DDRC) reviews the Janmabhoomi programme, the State Council of Ministers will review and monitor the implementation of core area activities under it, whereas the state level monitoring cell at the Planning Department assists the Ministers.

Funds and Functionaries:

As stated above, Janmabhoomi is based on peoples participation, transparency, accountability and sustainability which are the very same principles on which local self governance is based, with the absence of

the democratic ingredient of elections present in PRIs. To assess how Janmabhoomi functions, we have to look into the aspects of its funds and functionaries.

The core area of Janmabhoomi is community works emphasising on providing basic minimum services to the people.¹⁷ To achieve this, peoples contribution is necessary. To encourage such an activity, the Government provides a grant of 70% for every project/programme undertaken by the people who would contribute 30% (for SC/ST it is 15%) either in cash or kind. There is a separate Janmabhoomi revolving fund which was earlier called as *Shramdan* fund. Some of the funds allotted to various programmes like DPEP are also considered as the Governments contribution. The funds of PRI tiers are also channelled through Janmabhoomi programme, as the proposals of community works received as a part of Janmabhoomi are placed before the tiers of PRIs by the Nodal Officer.

The Janmabhoomi fund at the district level is operated by the District Collector and the accounts are maintained by the Chief Planning Officer. The funds released by the local bodies as matching grants are treated as the Government's share. The schemes like Employment Assistance Scheme, Rural Water Supply and Rural Road Maintenance, schemes funded by Tenth Finance Commission, education, and even Jawahar Grameen Swarojgar Yojana (JGSY) are noted down as schemes of Janmabhoomi.

The principal development agency at the district level, the District Development Review Committee, chaired by cabinet minister oversees the development programmes in the district with District Rural Development Agency as planning body. Further, funding to Janmabhoomi to an extent takes place through the pooling of resources from different departments which is again managed by District

¹⁷ Prasad, R.R., S.V. Rangacharyulu, B. Chakravarty and Y. Gangi Reddy (1998), *Janmabhoomi: An Innovative Approach to Participatory Development in Andhra Pradesh*, National Institute of Rural Development, Hyderabad, pp. 1-45.

Collector. The District Collector can approve projects upto RS. 5,000,000.

Mechanisms of Janmabhoomi:

The Janmabhoomi functions through its committees which are set up for different purposes by different departments. One of the main components through which the principles of Janmabhoomi is sought to be achieved is by creating user groups by organising the community around specific interests such as women thrift and credit groups, youth groups, Vana (forest) Samarakshana Samiti, Water Users' Associations, Watershed Development Committees, Village Education Committees. These Committees are targeted towards reaching the goal of ensuing equity and equality, thus cutting across different class, caste and religious barriers as claimed in the guideline for Janmabhoomi Programme.

The Janmabhoomi programme rounds are conducted once every quarter in a year. It is a week long campaign held during the first week of the month, the details of the programme is communicated to all concerned by the Department of Planning. A team comprising of all mandal level functionaries, a District or Divisional Officer from the area are involved in conducting this programme, along with the district level Chief Planning Officer who assists the Collector. The rounds emphasise on covering a mandal with 18 to 20 Gram Panchayats, roughly 25-30 villages and these rounds are referred as Gram Sabhas.

The Janmabhoomi also emphasises on the promotion of grassroots peoples' institutions. The Government of Andhra Pradesh has laid special emphasis on the theme of women's empowerment as one of the main agenda to tackle rural poverty and to deal with socio-economic issues. Self-help groups were considered to be a way to achieve this. In addition to this, the Development of Women and Children in Rural Areas (DWACRA) groups, started in 1982-83, as thrift and credit groups of 10-15 women members, had been rejuvenated. Funds and matching grants were made. Various capacity building exercises, training

programmes, assisting women through special programmes in marketing their products (DWACRA Bazaars at the district are envisaged).

The intention of the state government is stated to be to encourage at least one Self-Help Group (SHG) in a habitation which are supported by DRDA. However, the services of the staff of DWACRA, Panchayati Raj and a few other departments are also enlisted.

The members of SHGs/DWACRA groups with a good minimum of one year's experience are brought under the umbrella of the Mutually Aided Co-operative Society (MACS), thus encouraging the co-operative movement. A SHG with a saving of Rs. 25,000 which is a revolving fund of MACS and charged an interest of Rs. 2. The amount with MACS is also more than with individual SHGs, enabling them to avail better loans from banks. The Collector has to co-ordinate the SHGs.

Self-help Groups:

With the presence of self-help groups, Andhra Pradesh has become unique among Indian States in having atleast seven to ten such community based organisations. These groups cover atleast seven to ten activities like education, water use, thrift, watershed, youth development etc., in every village. In a district there are approximately 20,000 to 25,000 such groups. Two of these groups are statutory while the rest are community based organisations.¹⁸ These groups are a great mobilising force for taking up community based work. These groups also interface with a large number of elected and government institutions at the grassroots particularly the PRIs. These groups are said to be enhancing the work of PRIs if cooperated and coordinated with PRIs.

The State Government argues that these community based organisations and self-help groups will eventually form the technical wings of the Village Panchayats and Panchayats will get strengthened in

¹⁸ Bandhyopadhyay, D., B.N. Yugandhar, and Amitav Mukherjee (2002), "Convergence of Programmes by Empowering SHGs and PRIs", *Economic and Political Weekly*, June 29, 2002, pp. 2556 to 2561.

course of time.¹⁹ Even the former Chief Minister Chandrababu Naidu who initiated the programme said that a decision on co-option of representatives of self-help groups to Gram Panchayats for bringing out better convergence would be taken.²⁰

In the absence of such cooperation, these groups are at competing and conflicting position. Especially, the PRIs feel much threatened due to the role of self help groups which do much work related to PRIs. And this situation is further enhanced by the insufficient delegation of powers and functions to the PRIs.

The PRIs are constitutionally mandated institutions of governance and their responsibility is to fulfil the needs of the community. Even the self-help groups are also aimed at this. Therefore, cooperation between the PRIs and SHGs is more important and is needed for the development of the villages rather than enmity. Moreover, cooption is called for in such cases, so as the SHGs act as pressure lobbies which can make the PRIs work sincerely thus enhancing transparency, accountability and responsibility instead of acting as regular elected bureaucracy. Further, cooption develops a positive environment for the development of people. The establishment of a functional relationship between the Gram Panchayat and Self-Help Groups can act as an effective agency of implementing and monitoring of relevant schemes and programmes.

However, in Andhra Pradesh, these groups i.e., the self-help groups and the revived DWACRA groups etc., were started by the then Chief Minister in power Chandra Babu Naidu of Telugu Desam Party. The party has brought out several such schemes and organisations under the aegis of the Janmabhoomi, aimed at the development of people. Its critical drawback is that the coordination of these groups is done by the collector. Field experiences of World Bank give an account that these

¹⁹ Rao, Bhaskara, G. (2000), *Strengthening of Panchayats : Beyond Contractors Role*. A Note on Andhra Pradesh Experience in Proceedings and Compilation of Papers of the Workshop on Role of PRIs in Natural Resource Management organised by Society for Promotion of Watershed Development, New Delhi.

²⁰ *Panchayati Raj Update*, January 2001, New Delhi.

groups had initially started off well but, in the course of time, they also started lagging.

Further, this has resulted in the negligence of PRIs in total. The PRIs have been reduced to be just as observers without being involved in it at any stage. Line departments have become active in such conditions. All these functioning groups have been started by the ruling State Government and they have no institutional credibility and so their existence in future is doubtful. These groups have been started to mobilise people at grassroots whereby the party can muster votes through it. In this scenario, the PRIs have been completely forgotten.

Micro Planning:

Micro Planning is another programme undertaken under the purview of the Janmabhoomi. The Government proposes to plan for each of the habitation by involving students and universities in identifying the infrastructural facility/lack of it. This would be placed before the Gram Sabha, where it would be prioritised and sent for approval to the Gram Panchayat and to the other two tiers. The coordination work would be done by District Development and Review Committee (DDRC)/District Planning Committee (DPC). The state visionaries recognise the importance of training Gram Panchayat members to take up this task of aiding planning from below. And in any state, Gram Panchayat forms the important tier of the three tiers of the PRIs. It forms the platform to implement schemes/programmes and is visible. And so, the Janmabhoomi Programme has mainly targeted the rural areas.

Stake Holders Committees:

Apart from the above mentioned, the Janmabhoomi also started many stake holder groups. These Committees are found to be started

only after 1995 Panchayat elections and are considered as ways of promoting peoples' institutions at the grassroots.²¹

The most predominant committee found in Andhra Pradesh is the Village Education Committee (VEC) started in 1998, as a result of Andhra Pradesh Education Community Participation Act. This led to the formation of VEC in every school wherein all the parents of the children in a school are made the members and a Chairperson and three others (one woman and SC/ST) are elected among themselves. The Committee meets and looks into the various aspect of school education like improvement of infrastructure, standard of teaching, ensuring 100 percent enrolment etc.

The funds for the construction of school buildings, purchase of teaching and learning material are released to the School Education Committees. For a group of VECs, a Panchayat Education Committee is formed in which the *Sarpanch* is represented. The Mandal Education Committee at the block level headed by the Mandal Parishad and Zilla Education Committees at the district level. There are sixteen Zilla Education Committees which are not very active. The World Bank report states that these three committees are assigned only the task of monitoring.

Besides these, the Andhra Pradesh Government has also designed schemes such as '*Mabadi* (our school), '*Chaduvukundaam*' (Back to School), and '*Akshara Sankranti*' to improve access to education of children, women and disadvantaged communities in tiny habitations.²² It is seen that Janmabhoomi Programme has fixed targets for enrolment under various literacy programmes. However, studies reveal that fixing of targets in the absence of requisite facilities is leading to fictitious enrolment which in turn is causing high dropout rates.²³ So this type of

²¹ World Bank (2000), *Overview of Rural Decentralisation in India: Approaches to Rural Decentralisation in Seven States*, Volume II, World Bank, pp.45.

²² Ratna Reddy, V. and R. Nageswara Rao, (2003) "Primary Education: Progress and Constrains", *Economic and Political Weekly* 22-29 March 2003, pp.1242-1251.

²³ *Ibid.*, pp. 1242-1251.

programme has not been successful in Andhra Pradesh unlike Madhya Pradesh which achieved good results in education.

Another such state initiative is the Health Committees formed at the village, mandal and district level. These committees function as advisory bodies and they encourage community participation in the functioning of health institutions. An advisory committee for Health Sub-Centre (Primary Health) is formed which is headed either by the *Sarpanch* or the President of a Self Health Groups, and the representatives of SHGs, Anganwadi workers, chairperson of VEC are members. The Mandal Praja Parishad acts as the head of Primary Health Centre and involves Zilla Parishad Territorial Constituency (ZPTC). These community centres and hospitals at the district level involve the PRIs at the intermediate and district levels and are headed by a MLA. Recently, in the reforms that were taking place under Naidu's Government, the basic thrust was on enhancing the role of private sector by contracting out services to private sectors which can lead to a nexus between the hospital authorities and the contractors, ultimately leading to the siphoning of public funds.²⁴

Janmabhoomi Committee:

Another committee which is formed at the village level is the Habitation Committee also known as Janmabhoomi Committee. This is headed by the *Sarpanch* who acts as the Chairperson of the committee. It consists of members of the Mandal Parishad Territorial Constituency (MPTC), SHG leader and Chief Minister's Employment for Youth (CMEY) leader, President of different stake holder committees, NGO representatives etc. Members of the Gram Panchayat are also co-opted. The functions of the committee include mobilising contributions in cash and kind, creating awareness among people about different governmental programmes, selection of beneficiaries for various schemes etc.

²⁴ Narayana, K.V, "Changing Health Care Systems", *Economic and Political Weekly*, March 22-29, 2003, pp.1230-1241.

However, at the ground level, there is an entirely different picture. The Janmabhoomi is said to envisage the participation of the *Sarpanch* and Ward member, in whose habitation Janmabhoomi is carried out but, in reality their participation is seen to be just nominal. The entire programme of making the agenda, fixing about the works to be done, choosing of beneficiaries etc. is carried on by the officials, the political executive and the bureaucracy.

Talking about the involvement of *Sarpanches*, Mr. Tirupati Reddy, Sarpanch of Maheshwaram village said, "The Sarpanch sits in the Janmabhoomi Gram Sabha (or habitation sabha) like a doll and the entire show is run by the nodal officer".²⁵ The opposition has also flayed the State Government for curbing the powers of the panchayats. It accused the Government of not only taking away the power of the panchayats to draw cheques, but also vesting the District Collectors and other officials with most other executive powers, bypassing the elected representatives of PRIs.²⁶

The structure and functioning of the Janmabhoomi itself highlights that the Gram Sabhas are effectively controlled by the bureaucratic nodal agency as the local parties are identified and fixed by them; NGOs through concerned self-help groups influence the functioning of Janmabhoomi and the participation of *Sarpanch* and ward member is nominal leading to the circumscribing of PRIs.²⁷

Janmabhoomi has been declared by the State Government as standing for decentralisation, participatory development and a minimal state with little interference from state bureaucratic and political structures. However, the programme itself involves interface between the local bureaucrats, political functionaries and people at the village. The Gram Sabha will hold the meetings making public officials

²⁵ Anil Kumar, Vaddiraju (2001), "Panchayati Raj Institutions and Janmabhoomi in Andhra Pradesh", *Participation and Governance*, Vol. 7, No.21 July 2001, pp. 6-9.

²⁶ *Panchayati Raj Update*, June 1999, p.1.

²⁷ Anil Kumar, Vaddiraju (2001), *opcit.*, pp. 6-9.

answerable for the works to be done, while the Chief Minister, the party MLAs and the ministers were to oversee the programme.²⁸

Similar to the District Governments in Madhya Pradesh, the Janmabhoomi programme remained a party programme without the active participation of the opposition.²⁹ Further, there is no direct budgetary allocation to Janmabhoomi. The funds that are allocated by the Centre for rural development under Jawahar Rojgar Yojana and others are said to have been divested to Janmabhoomi programme. Information regarding the funding of the programme has been kept confidential.³⁰ The diversification of the funds is attributed to the fact that many of the centrally funded rural development programmes have become inactive during this period.

In Andhra Pradesh, World Bank has been a major funding agency during the regime of Naidu and its loan amounts are spent through Janmabhoomi and other related programmes rather than through the local PRIs, as it permitted the State Government to entrust work to stake holder groups and other beneficiaries.³¹ This has been so while some pro-panchayat activists and *Sarpanches* are demanding the passing of the grants received from the World Bank to the local bodies for implementing panchayat works.

Thus in Andhra Pradesh, the parallel structure like Janmabhoomi have been working along side the PRIs reducing them to mere spectators in the works rather than involving them. Further, bureaucratisation has leapt into the entire structure thus reducing the powers of PRIs.

Hanumantha Rao and Mahendra Dev commented that, though the State Government has passed the Andhra Pradesh Panchayati Raj Act 1994, keeping in view the main objectives of 73rd Amendment, the actual performance in terms of genuine decentralisation to local bodies is

²⁸ Government of Andhra Pradesh (1997), *Janmabhoomi: Operational Guidelines*.

²⁹ Krishna Reddy, G. (2002), "New Populism and Liberalisation: Regime Shift under Chandrababu Naidu in AP", *Economic and Political Weekly*, March 2, 2002, pp. 871-883.

³⁰ Ibid and Anil Kumar, Vaddiraju (2001), op. cit., pp. 6-9.

³¹ *The Hindu*, June 27, 1998.

far from satisfactory.³² In the functional domain, the present status of PRIs in Andhra Pradesh shows that it transferred functions in respect of sixteen subjects of which five subjects with funds and only two subjects with functionaries are transferred to the local bodies.

A majority of line departments have not been brought under the control of PRIs. Only the relatively less important functions have been transferred to the PRIs. The District Rural Development Agency which commands sizeable resources, functions independently of the PRIs. The diversion of funds of PRIs, for special programmes to be implemented by functionaries of other government departments, is undermining the PRIs. The Government's claim of integrating the Community Beneficiary Organisations has not yet been translated into reality.

There are certain structural aspects also which impede the Panchayati Raj system in the state. The state government, the Commissioner and the Collector have been given powers under various sections to control PRIs at the three levels. Hanumantha Rao and Mahendra Dev conclude that Andhra Pradesh needs to make significant progress towards financially and administratively strengthening these institutions and making them self-sufficient.

Not only just the Janmabhoomi, Andhra Pradesh has implemented many schemes from the period 1995 to 2000. Prior to the setting of the Janmabhoomi programme, the former Chief Minister of Andhra Pradesh has brought out a document named Vision 2020 which articulates the economic, political and social development of the state. The vision aims at making Andhra Pradesh the foremost state in the country in terms of growth, equity and quality of life. This, the Government claims will achieve through the participation of people in the development of the state.³³ The vision looks forth for a *Swarna Andhra Pradesh* 'Golden

³² Hanumantha Rao, C.H and S. Mahendra Dev (2003), "Economic Reforms and Challenges Ahead: An Overview", *Economic and Political Weekly*, March 22-29, 2003, pp.1130-1141.

³³ www.aponline.gov.in/quick%20links/vision2020/01.pdf Andhra Pradesh Vision 2020, date of access, 20, December 2003.

Andhra Pradesh'. The agenda includes eradication of poverty, taking care of the needy, enabling people to learn, earn and lead healthy and productive lives, promote small families, provide opportunities to children to tap their full potential, empower and support women and girls to fulfil their roles as equal partners with men. Other issues on the agenda are the creation of resources needed, enabling farmers, entrepreneurs and professionals to make their sectors flourish, embrace innovation, safeguarding environment and to make government simple, transparent, accountable and responsive to ensure strong voice and role in governance for the people.

To achieve these goals, especially at the village level, the state government started several community based organisations (CBOs) which includes water user associations, watershed development committees, joint forest management committees, education committees, DWCRA groups, Chief Minister's Empowerment of Youth ³⁴Programme and village level committees for Janmabhoomi work have been formed.

These committees are considered working parallel to the PRIs since their functions comprise of those that are covered by the PRIs and so the presence of these parallel structures is seen as encroaching on the powers and functions of PRIs. The Water User Association which has been made mandatory for the management of irrigation has been seen as an encroachment in the arena of PRIs. PRIs are given powers on the irrigation facilities of the village.

It becomes clear that by starting these associations the powers of the PRIs are taken away. The groups get huge amounts of loan from World Bank and other international agencies. However, their sustainability is in danger once the fund dries up. Therefore, instead of keeping up as parallel structures to PRIs, the merger of parallel structures into the PRIs is more beneficial to ensure sustainability.

³⁴ Ratna,Reddy, V. (2003), "Irrigation: Development and Reforms", *Economic and Political Weekly*, March 22-29, 2003, pp. 1179-1189.

So instead of diverting funds to such bodies and keeping them as parallel structures, it is better to merge them into PRIs. Further PRIs are meant to stay forever since they are mandatory bodies. All the parallel structures are not harmful. Some of them work efficiently, but keeping such bodies outside the law does not distribute their benefits to everyone and moreover they do not endure. Therefore creation of beneficiary bodies should be done within the purview of PRIs and outside the influence of the bureaucracy so as to make the voices of people heard.

5.2 Madhya Pradesh

In contrast to Andhra Pradesh, Madhya Pradesh has always been portrayed as a 'pioneer' in the field of Panchayati Raj.³⁵ Since 1994, the Government of Madhya Pradesh has been implementing a series of reforms. Along with the reforms, the State Government has become much experimentative as well. First of all, it has amended its Act to constitute the District Planning Committees through the Madhya Pradesh Zilla Yojana Samiti Adhiniyam, 1995.³⁶ This law provided for District Planning Committees (DPC) consisting of 15 members in eight districts, 20 members in 29 districts and 25 members in eight districts. All the members of these committees are to be elected from the elected members of the Zilla Panchayats and municipal committees in the district. This establishment of the District Planning Committee in Madhya Pradesh is in contrast to Andhra Pradesh, where it has not been formed at all. The DPC is a constitutional body and its function is limited to co-ordination of district planning for economic development and social justice. Madhya Pradesh state government has used the DPCs for the setting up of district governments.

³⁵ Behar, Amitabh and Kumar, Yogesh. (2002), *Process of Decentralisation in Madhya Pradesh: Panchayati Raj to Gram Swaraj (1995 to 2000)*, Background Paper submitted to ODI Livelihood Options Project, Overseas Development Institute: London, p.18.

³⁶ Buch, Nirmala (2000), "Madhya Pradesh", in George Mathew (ed.) (2000), *Status of Panchayati Raj in the States and Union Territories of India 2000*, Institute of Social Sciences, New Delhi, pp.165-179.

District Governments:

Like Andhra Pradesh Madhya Pradesh has been an enterprising state which came up with innovative acts regarding governance at the local level. Madhya Pradesh has gone ahead with an experiment of District Government.³⁷ The District Government was visualised to resolve the crisis emerging from the limitations of existing decentralisation processes and to consolidate and evolve honest, effective and comprehensive system of decentralised governance.³⁸

Amitabh Behar opines that the District Government is a radical structural transformation of the system of governance.³⁹ In this system the government has become two tier, one at the state capital and the other at the district level which is called as the District Government. The state government has delegated important powers and authority to the District Government. These powers are other than those that have been delegated to panchayats and urban local bodies. The District Government has been entrusted with the responsibilities of all district level departmental plans and evaluation of activities and programmes, their supervision, monitoring and follow up.

For the functioning of the District Government, an institutional agency was needed. Therefore, the DPC has been identified as the one which could provide it. The DPC has been identified as a democratic and representative institution. The committee will be constituted from among the elected representatives of Zilla Panchayats and urban local bodies. The other members of the committee are the President of Zilla Parishad, the Collector, a minister of Madhya Pradesh Government, MPs and MLAs representing wholly or partially in the district. For the proper functioning of the DPCs, guiding principles have also been issued by the state government.⁴⁰ Clarifying his position and stating the objectives of

³⁷ *Panchayati Raj Update*, October 1999.

³⁸ Behar Amitabh, "District Governments in Madhya Pradesh: Innovative Initiatives for Decentralisation of Governance", *Indian Journal of Public Administration*, Vol. 46(4) October – December 2000, pp. 675 to 681.

³⁹ Op. cit.

⁴⁰ There shall be at least one meeting of this committee in a month. The meeting will be presided over by the Minister-in-charge of the district (who is the member of a

the district governments, the former Chief Minister of Madhya Pradesh Digvijay Singh said, "I would like to clarify that the powers given to DPCs are those powers, which have not been entrusted to PRIs or urban local bodies. These powers till now are exercised by the secretariat, directorate or divisional officers. In spite of the decentralisation, due to the powers at the state government or the department heads level, complexity continues in the process of governance. Several issues continue to be pending with the officials outside the district which is an unnecessary waste of time and energy. The objective of the DG is to delegate and transfer maximum powers of the state government or the departmental heads and divisional officers to the district level, so that the citizens get appropriate and complete benefit of decentralised government".⁴¹

However, the very fact that the minister is made the chairperson of the DPC makes it a parallel structure to the PRIs. In Madhya Pradesh, the DPC has been misused by the state. Though the state government stated that the district governments will only perform in those areas not covered by the PRIs and the urban local bodies, trespassing of powers and functions might take place, resulting in conflict. Amitabh Behar gives the example of such a situation. According to the Mayor of Bhopal, the Minister-in-charge of Bhopal district, Mr. Arif Aqueel made "unwarranted intrusion" in the affairs of Bhopal Municipal Corporation.⁴² The Mayor lodged a written complaint against the "unwarranted intrusion" with the Chief Minister.⁴³

The criticism levelled against the DG is that it is undemocratic to appoint a Minister-in-charge of the district from outside the district as he does not represent the district. The counter argument for this is that the minister is in-charge of a department in the entire state. Minocha

⁴¹ Chief Minister's address on the formation of District Government, April 1, 1999. cited in Behar, Amitabh (2000), "District Governments in Madhya Pradesh: Innovative Initiatives for Decentralisation of Governance", *Indian Journal of Public Administration*, Vol. 46(4) October – December 2000, pp. 675 to 681.

⁴² Ibid., pp. 675 to 681.

⁴³ *National Mail*, Bhopal, May 28, 1999.

criticises this experiment as a laudable objective with inappropriate mechanism.⁴⁴ The district government in itself is not a constitutionally mandatory body, but the DPC through which it functions is a mandatory body. As Minocha outlines, plan formulation is a technical exercise and cannot be done by DPC, which mostly consists of non-technical persons. Further, the state government has used the DPC as a vehicle to introduce the district governments.

However, though the programme is said not to be trespassing the powers and functions of PRIs, some incidents have occurred where they have trespassed. Field studies conducted by the World Bank state that the elected members of the three tiers are unhappy with the DPC, because the Panchayati Raj lost all meaning since it started to work.⁴⁵ The elected members notice the collectors and ministers colluding to take all decisions arbitrarily. Ministers as head of the DPC do what they like irrespective of the wishes of local bodies. They pay no heed to decisions from below, thus bypassing the PRIs. In addition to this the new system is creating some amount of confusion as well.

The creation of district governments is much of an experimentation which has been interpreted in several ways by critiques and has got a mixed response from the politicians and bureaucrats. The system though is said to be not interfering with PRIs, though it has placed many powers in the hands of bureaucrats and politicians. As in Andhra Pradesh, the former ruling party in Madhya Pradesh has used this as a political gimmick to gain popularity and means to attain votes in the elections. However with the change of government, the District Governments have been nullified.

Apart from the district governments, Madhya Pradesh also has brought in the Education Guarantee Scheme as well as the Gram Swaraj which act parallel to the PRIs to some extent.

⁴⁴ Minocha, A.C. (1999), "District Government in Madhya Pradesh: Laudable Objective", Inappropriate Mechanism", *Economic and Political Weekly*, July 3 1999, pp. 1754-1755.

⁴⁵ World Bank (2000), *opcit.*, pp. 147-148.

Education Guarantee Scheme:

Under the Education Guarantee Scheme (EGS), a “demand driven” programme is generally taken up. This programme allows parents to make demands for locally based primary education to the Gram Panchayat. The Gram Panchayat can formulate such demands for educational facilities on its own. The demand is then presented by the Gram Panchayat leader to an EGS committee established at the district level with the Zilla Panchayat.⁴⁶ The committee also consists of the Zilla Parishad President, the Collector and the head of the Education Department. According to the scheme, if the demand for a primary school comes from an area with at least forty children and where there is no educational facility within one kilometre, the scheme says that EGS has to provide for the appointment of a teacher and supply basic infrastructure for teaching within three months. The recruitment of the teacher should be made from within the Gram Panchayat that made the demand, and preference should be given to women.

Sten Widmalm conducted a study to assess the achievements of the EGS in Madhya Pradesh. The study showed positive results regarding the education level in the state.⁴⁷ The reasons he stated for the success of the scheme has been the responsibility placed with the Gram Panchayat in the recruitment of the teachers. Using the Gram Panchayats to channel demands, recruiting teachers in the villages for training as *Guruji*s (teachers) and using the local decision making bodies to help in determining who should become the *Guruji* are the reasons why EGS is working.⁴⁸

This type of recruitment helped in checking the absenteeism of teachers. This also removed the incentive of bribery i.e., paying a price for an attractive transfer. Further, it is noticed that the politicians from

⁴⁶ Sten Widmalm, (2001), “Decentralisation and Development: The Effects of Devolution of Power on Education in India”, *Madhya Pradesh Journal of Social Sciences*, Vol. 6, No. 2, 2001, pp. 28-56.

⁴⁷ Ibid.

⁴⁸ Ibid.

the Gram Panchayat level to the Zilla Panchayat level are closer to the public in high performing areas which is very significant in the field of working of the PRIs. This scheme provided by the State Government however proved to be a successful decentralisation reform since it has been able to deliver education on a large scale to groups that have virtually no other opportunity of obtaining schooling at all. This has been proved by results of other studies as well.

Thus in Madhya Pradesh the EGS has been successful. According to the 73rd Amendment, both primary and secondary education comes under the PRIs. Thus, the present EGS forms a parallel structure to the PRIs in Madhya Pradesh, being brought about by the state government, but it has worked taking the decisions of the local bodies into account. Thus, this programme is a contrast to all the schemes and parallel structures in Andhra Pradesh. However, this system also has certain limitations and certain impediments which does not allow it to function properly. Caste has been a major factor which inhibits children from all the sections to benefit from it. This can only be controlled through the PRIs since the representation of the lower castes is at least mandatory.

Gram Swaraj:

Gram Swaraj is another unique programme which has been started by the former Chief Minister, Digvijay Singh of the Congress Government. The Gram Swaraj also called as Direct Democracy aims at empowering the Gram Sabha to take all the important decisions relating to the village.

Some of the salient features of the Gram Swaraj are:⁴⁹

(1) the introduction of Gram Swaraj with an objective to move from *raj niti* to *lok niti*, (2) under the dispensation direct democracy will be established in the villages and the real powers being transferred to people thus developing the village as a social unit ensuring equal emphasis on rights and duties, (3) provisions for political, economic and

⁴⁹ www.mpinfo.org, date of access: 27 February 2003 and Panchayati Raj Update, Institute of Social Sciences 2001.

social autonomy to the villages have been made for making them self-reliant and it also made provisions for intervention by the state through people's representatives in the interest of deprived section if need arises, (4) temporary committees will be appointed by the Gram Sabha for the execution of temporary works and (5) Standing Committees shall be appointed for the implementation of the tasks of continuous temperament.

The Gram Swaraj aims at starting of the process of bottom up planning. On the basis of village plans, there shall be arrangements to prepare block level, district level and state level plans.

With this, the government has nearly transferred all of the powers previously exercised by the Gram Panchayats to periodic village mass meetings. Thus the Madhya Pradesh Panchayat Raj (Sanshodhan) Adhiniyam, 2001 Act transformed a representative democracy to direct democracy at the grassroots level. This Act seems to provide the much needed opportunity for the local people to be an integral part of planning and development process of the village. However, the experience and operationalisation of Gram Swaraj seems to have serious implications on the methods of governance at the grassroots level.

Gram Swaraj is based on the premise that in a village people can assemble and sit collectively and discuss their needs. Therefore, the representatives for representing their needs and aspirations are not needed.⁵⁰

To facilitate the devolution of more powers to the gram sabhas under the new structure, standing committees are constituted. The Committees under the Gram Swaraj are (1) Gram Vikas Samiti (Village Development Committee), (2) Sarvajanik Sampada Samiti (Common Resources Committee), (3) Krishi Samiti (Agriculture Committee), (4) Swasthya Samiti (Health Committee), (5) Gram Raksha Samiti (Village

⁵⁰ Behar, Amitabh and Yogesh Kumar (2002), *Process of Decentralisation in Madhya Pradesh: Panchayati Raj to Gram Swaraj (1995-2000)*. Background report submitted to ODI Livelihood Options Project. Overseas Development Institute, London, p. 64.

Protection Committee), (6) Adhosanchara Samiti (Infrastructure Committee), (7) Shiksha Samiti (Education Committee) (8) Samajik Nyay Samiti (Social Justice Committee).

Adhoc committees may also be constituted for time-bound work, which cease to function after the completion of work and submission of evaluation report. Every Committee is responsible and accountable to the gram sabha and shall work under its control and supervision.

Gram Swaraj has been constituted through an amendment in the State Act regarding Panchayati Raj. The creation of this is a novel experiment to improve the condition of panchayats. It has given more powers to the people through the creation of committees. However, these committees have been existing even before, under the three tier system and the government could have used them to devolve more functions, thereby restricting the creation of new parallel committees under the system. Another concern is about the possibility of the slip of power to the powerful and influential people.

According to Behar and Kumar, those who framed the Gram Swaraj were well aware of its weaknesses also.⁵¹ They took into consideration the caste differences and provided mechanisms for safeguards. The Act specifies that the State Government may add or withdraw functions and duties entrusted to the gram sabhas when the state government undertakes execution of any of the functions to the gram sabhas. This was taken to safeguard the interests of the society as a whole and the inequalities in the village. This has also aimed to cut down the *Sarpanch Raj* as stated by the former chief minister Digvijay Singh.

⁵¹ Ibid, p, 64.

Safeguards taken in the functioning of Gram Swaraj:

The government has taken provisions for safeguarding the interests of the people in the functioning of Gram Swaraj. They are as follows: (1) the quorum of the Gram Sabha should not be less than one-fifth of the total number of members of the Gram Sabha. Of these, not less than one-third should be women, and the SCs and STs shall be represented in proportion to their population on gram sabha, (2) According to the new Act, Gram Sabha is not empowered to take decisions in any circumstances if the meetings lack quorum, (3) It is hoped that the Gram Sabha will take most of the decisions unanimously and in the case of difference of opinion, the matter should be decided through a secret vote, (4) The representation of women and marginalised communities in the standing and adhoc committees is ensured by reserving a minimum number of seats for them in these committees, (5) The act includes a provision of appeal to a three member committee constituting Sub Division Officer, Janpad Panchayat Adhyaksh and a member of Janpad Panchayat of that area against the Gram Sabha's decision.

The main aim of constituting the Gram Swaraj was to develop the village as a politically, socially, economically autonomous unit through Gram Sabha so that the dependence on the government will be reduced and panchayats will be able to function with more credibility and transparency.

However, critiques like James Manor call such a transfer of power, 'a leap into the unknown'.⁵² He opined that the state government has become unhappy with the Gram Panchayats since they tend to be dominated by the Sarpanches and their associates. The government cannot abolish the village panchayats as it wishes, because the Indian Constitution requires them and the development fund will flow directly

⁵² Manor James (2001), "Madhya Pradesh Experiments with Direct Democracy", *Economic and Political Weekly*, March 3, 2001, pp, 715-716.

to them. The new law, according to Manor, violates at least the spirit of the 73rd Constitutional Amendment.

The Gram Swaraj has been formed through an amendment in the Madhya Pradesh Panchayati Raj Act and so it cannot be fully framed as a parallel structure to PRIs but, the functions entrusted to the standing committees are already present in the 11th schedule of the 73rd amendment act which should be distributed among the three tiers. The basic objective of Gram Swaraj was to empower rural people through it and to develop a structure for optimum utilisation of local resources for all round development of villagers.⁵³ It is also created for political gains.

Funds and Functionaries:

Funds can be obtained only through the Gram Panchayats. The sums received by the Gram Panchayats are to be allotted to the Gram Sabha according to the norms fixed by the state government. In the present system there is the danger of one village cornering the funds unlike in the previous one, where dependent villages have access to funds. This is so because the distribution of funds was based on norms followed to distribute funds to the three tiers. The Panchayat Kosh is said to exist previously but, a new Gram Kosh is constituted consisting four parts, (i) *Anna Kosh (Grain Account)*, (ii) *Shram Kosh (Labour Account)*, (iii) *Vaastu Kosh (Material Account)*, (iv) *Nagad Kosh (Cash Account)*, (Article 7 (J) (1) of Panchayat and Gram Swaraj Act). These heads collect food, voluntary labour, donations in kind, and cash collected through taxes imposed by gram sabha and funds flowing from the Panchayat Kosh. The Gram Swaraj is to manage its finances through the resources generated by the Gram Kosh and the Gram Panchayat. However, it would need an attempt by the state government to make Gram Swaraj function effectively.

The objective with which the Gram Swaraj was created was to transfer power to people and to take forward the process of democratic

⁵³ www.todayindia.com, date of access: 27 February 2003.

decentralisation. It has been described as an attempt to reduce groupism and animosity due to Panchayat elections.

However, the Gram Swaraj has been criticised on several aspects. As Behar and Kumar stated, “Panchayat purists believe that Gram Swaraj is an attempt to dilute and disempower the PRIs for political reasons, as the political class became increasingly apprehensive of growing assertion of the Sarpanches”.⁵⁴ Some political analysts believe that it is a move to pacify the agitated and perturbed MLAs, whose support is essential for the Chief Minister’s survival. The working of the Gram Swaraj might make the Gram Panchayats irrelevant. So, steps are being evolved to accommodate the elected members of the Gram Panchayats since they are a constitutional requirement.

Another criticism of Gram Swaraj is that the Gram Sabhas lack the capacity to perform as units of self governance. But, its supporters say that the new system will take decisions affecting the lives of the people and so there will be more involvement and participation from the people. The new system will ensure more regular meetings and good performance.

However, at the level of operationalisation, the experiences observed are:⁵⁵

Sarpanches formed networks/collectives to file writ petitions against the decision of the government, citing that the Gram Swaraj is violating the spirit of 73rd Constitutional Amendment. They collected resources to go up to the High Court. The collective strength was also utilised to pressurise Panchayat members into not forming committees.

Energy was invested to ensure that the person representing the interests of the *Sarpanch* was elected as Treasurer. Efforts were made to

⁵⁴ Behar, Amitabh and, Yogesh Kumar (2002), *Process of Decentralisation in Madhya Pradesh: Panchayati Raj to Gram Swaraj (1995-2000)*, Background report submitted to ODI Livelihood Options Project. Overseas Development Institute, London, p. 67.

⁵⁵ Ibid, p, 69.

ensure that committees under the Gram Swaraj are not made to make a strong case in opposition to them.

Influential people have tried to grab the position of the Treasurer, as it is essential for withdrawal of funds from the Panchayat account.

Sarpanches have made an effort to formulate committees in such a manner that people of their choice manage Gram Sabha meetings. The quorum is rarely fulfilled. Signatures on Gram Sabha attendance are not obtained from those present, but by circulating the register.

The fund flow mechanisms to transfer resources received in Gram Panchayat account were not clearly spelt out. Therefore, Gram Sabhas with their autonomous status to take decisions for their own development were unable to function due to lack of resources.

There are certain positive aspects of the Gram Swaraj as well since it has reduced the time period between the meetings and it made the process transparent and accountable and it provides representation to all sections of the society. These aspects are grossly in contradiction with the system in Andhra Pradesh, where there is neither transparency nor accountability.

Behar and Kumar brought out three sets of issues that are hampering the development of an effective Panchayat system in Madhya Pradesh.⁵⁶ First is, resistance and non-cooperation from bureaucracy and the existing institutions of governance, inadequate financial devolution, the framing of rules contradicting the spirit of Panchayats, red-tapism and corruption. The second set are resistance from the political class, and the socio-economic political elites of rural Madhya Pradesh which view Panchayats as serious threat to their interests and hegemony. The third set of factors are lack of capacities at the grassroots, lack of information among common people about Panchayati Raj and lack of political education among ordinary people whose political role is critical for effective functioning of Panchayats.

⁵⁶ Ibid, p, 72.

The working of the District Governments and the Gram Swaraj in Madhya Pradesh influenced the PRIs in different ways. District Governments are fully laden with bureaucracy which overrides all the powers of the three tiers of PRIs. It has been formed to enhance decentralisation as stated by the State Government but started working as a parallel institution to the PRIs thus usurping the powers of people. Gram Swaraj on the other hand is created through an amendment in the Panchayati Raj Act of Madhya Pradesh, but there are several drawbacks in it also. However, though the Primary and Secondary education comes under the purview of the PRIs, the Education Guarantee Scheme started by the State Government should be applauded since it has brought about remarkable results.

6.0 Role of Bureaucracy

One of the main aspects of the study of the two states is the role of bureaucracy. Bureaucracy is seen to become more dominant in both the states with the functioning of the parallel structure. Both the states claimed that through the programmes initiated by the State Governments, they will be reducing the influence of the bureaucracy and increase the participation of people. However, both the states deviated from this and the system merely gave away more powers to the bureaucracy. In both the states powers concerning the transfer and promotion of relevant officials and finances are in the hands of the bureaucracy.

In both the states, the new parallel structures that have been created, have a top down mechanism where the important decisions are to be taken at the higher levels by the bureaucrats. It is observed that at the district level, the non-elected District Collectors and the Zilla Parishad CEOs in both states play a larger role in the assessment of subordinate performance and in the approval of local developmental activities. At the sub-district level, decisions regarding staffing and spending are largely under the bureaucracy attached to line departments.

The Janmabhoomi, in Andhra Pradesh shows at its functional level, a high level bureaucratic involvement. After the identification of different works at the village level, funds are allocated through a nodal agency consisting of the collector of the districts, Mandal Revenue Officer (MRO), Mandal Development Officer (MDO), Revenue Divisional Officer (RDO), Village Development Officer (VDO), Mandal Agricultural Officers and other public functionaries like MLA, MPTC etc. The involvement of all these functionaries in the Janmabhoomi Programme, shows the very bureaucratic nature of it. The World Bank has given loans up to Rs. 50,084 crores which have not been given to PRIs at all. The bureaucratic nodal agency is authorised to disburse funds. Thus through this programme, funds are controlled by the authorities in the bureaucracy. This shows that the Janmabhoomi Programme itself is channelled through bureaucracy with a bureaucratic approach in every step. The bureaucrats were visit places and meet people wherever the programme takes place.

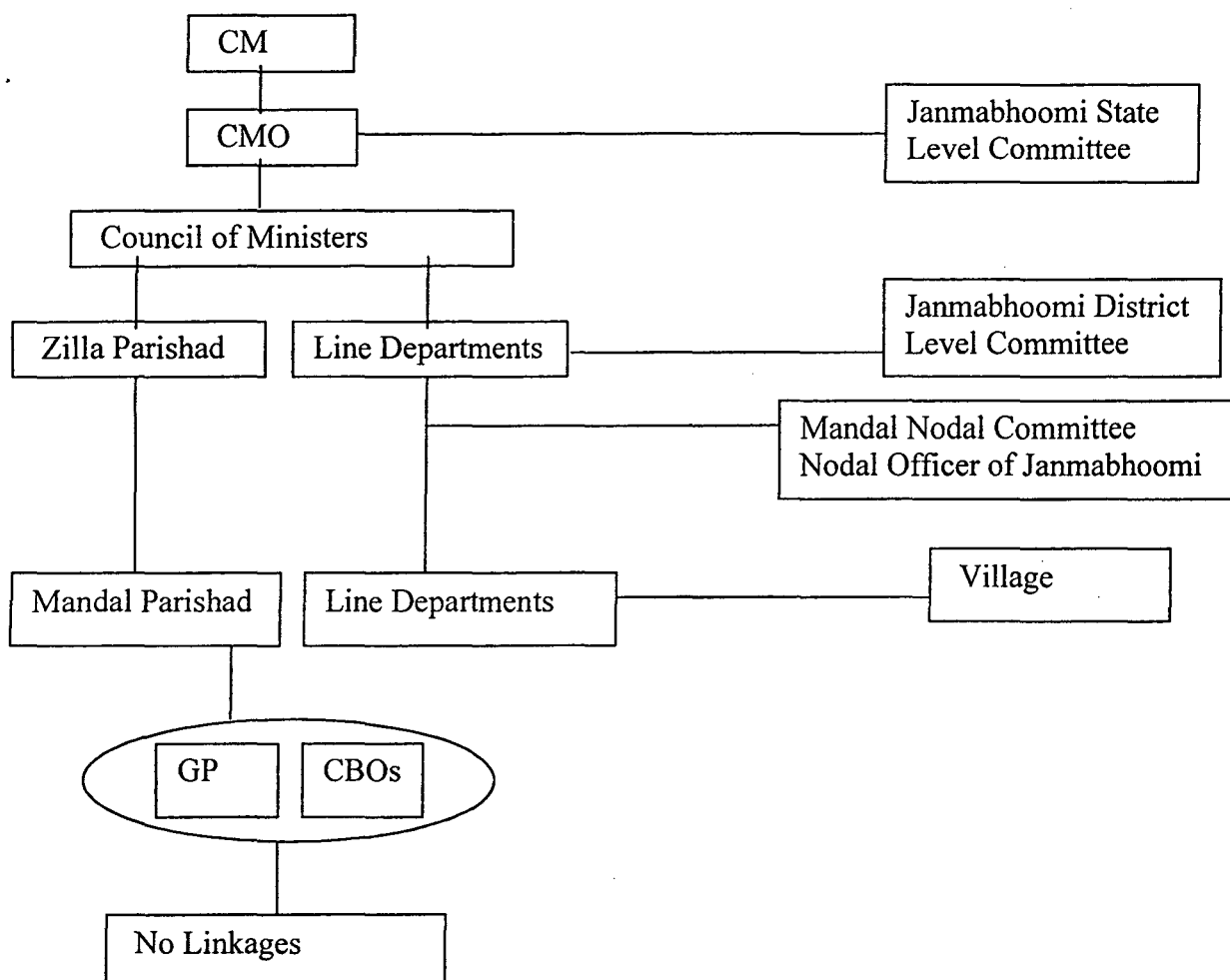
Thus Janmabhoomi reflects the top down approach with centralising tendencies in its structure and functioning. The Chief Minister's office at the apex constituting the state level committee, the collector at the district level committee, MRO at the Mandal level and habitation level officer at the habitation level committee., together form a pyramid like structure as shown below.⁵⁷

The structure of the Janmabhoomi itself shows the influx of bureaucracy to a large extent. Further, its existence itself is parallel to the PRIs since it has been usurping both its powers as well as its functions. The involvement of PRIs is only nominal and corruption is also prevalent. This has been reported especially regarding the works given to contractors who manipulate with the local functionaries. It is found that most of the contracts are being taken by the Telugu Desam Party cadres being in the ruling party.⁵⁸

⁵⁷ Krishna Reddy, G. (2002), "New Populism and Liberalisation: Regime Shift under Chandrababu Naidu in AP", *Economic and Political Weekly*, March 2,2002, pp. 871 to 883.

⁵⁸ *Vaaritha*, December 30, 1998.

Figure 1: Responsibilities in Janmabhoomi Structure in Andhra Pradesh



Source: Krishna Reddy, G. (2002), "New Populism and Liberalisation: Regime Shift under Chandrababu Naidu in AP", *Economic and Political Weekly*, March 2, 2002. Pp: 871 to 883.

While this is so in Andhra Pradesh, in Madhya Pradesh the relevant powers governing the allocation of resources of the state are under the influence of the DPC which has got enhanced powers due to the District Governments. The main difference between both the state comes at the village level. In Andhra Pradesh, the involvement of people is limited only to the Janmabhoomi rounds, while in Madhya Pradesh, the amendment in Panchayat Act gave away some powers to the people. Apart from this the decision making bodies in Madhya Pradesh, the

DPCs, are governed by a system influenced by bureaucracy, though the purpose with which these are brought in, is completely negated and decisions are often taken at the higher levels rather than at the grassroots level. In some cases, they even bypass the decisions of the PRIs.

However, in the case of the EGS, there is a limited amount of bureaucratic influence. Caste factor exists in the selection of teachers. Nevertheless, the system proved to be successful since many children are able to get access to education through this scheme.

Even the Gram Sabhas conducted through Gram Swaraj, tried to involve people of the place limiting the bureaucracy. However, bureaucracy made its way into this system also. It has been identified that at certain places, villagers are not consulted before taking major decisions regarding the village. For example, in one of the villages, the forest officials seeded the village pond with fish just before the pond was about to dry. The officials had not consulted the villagers. They shifted the fish to another pond which also dried up. When the villagers were interviewed, they said that they would have told the forest authorities about the pond that it dries up every year, if they asked. Here the villagers were not consulted and they were made to pay for the whole operation from the Vana Samiti funds. Even in financial matters the villagers are made ignorant of how money is spent. Villagers said that only the *sachiv* or the secretary knows how the money is spent.⁵⁹

In this way the bureaucracy has been maintaining its influence in the decision making. Both in Andhra Pradesh and Madhya Pradesh, parallel structures to PRIs are created claiming that they are more effective than the PRIs and there will be less bureaucratisation leading to simplification of the procedures. However, these claims prove to be hollow since a study of these parallel structures is leading to the fact

⁵⁹ *Indian Express*, 'For Van Samitis Sonia's MP Promises ring hollow', 16 April 2003.

that even these are laden with bureaucracy. Moreover, through these institutions bureaucracy has gained leverage in decision making.

Conclusion

In conclusion we can say that both Andhra Pradesh and Madhya Pradesh have created parallel structures for the PRIs bringing in several developmental schemes under them. This has led to the neglecting of PRIs which are the constitutionally mandated representative bodies of people. The parallel structures are given more powers and finances as well and they are created by the ruling party in the government. These are mostly created for gaining popularity among people. These structures are started with the intention of reducing the interference of bureaucracy and for the implementation of developmental works in the villages quickly.

However, in both the states, it could be seen that bureaucracy has been exercising its influence through the parallel structures. Infact, it is more evident in Andhra Pradesh rather than in Madhya Pradesh. Moreover, it has been alleged that in Andhra Pradesh, the Chief Minister has been illegally diverting the funds of the PRIs in the state. In Madhya Pradesh, the frequent visits by the former Chief Minister to the Gram Sabha under the Gram Swaraj had led to the diverting of the attention of all the officials towards it, neglecting the Gram Panchayats. The District Governments are criticised overall for its bureaucratic attitude and the misuse of District Planning Committee.

It could be said that the presence of parallel structures have their use in the process of governance, but they should not lead to the negligence of the representative local bodies i.e., the PRIs, since they are constitutionally mandated and is furnished with several safeguards allowing the representation of the weaker sections as well. The drawback of the parallel structure is that they are mainly created to gain support for the ruling party at the grassroots and their existence depends on the party which comes into power. They may become defunct once the government changes.

Even the Panchayati Raj has been laden with several problems at the ground level, but these could be amended constitutionally. PRIs should be given more powers with the provision of safeguards and make people empowered to establish a vibrant democratic set up. Even after the 73rd constitutional amendment, the states have not devolved all the given subjects to the PRIs. In such situation, taking away the minimum powers and transferring them to other parallel structures will only further weaken the PRIs. Therefore, what is needed is a careful examination of the gaps in the existing system and formulation of practical solutions within the framework of PRIs and outside the influence of bureaucracy.

SUMMARY AND CONCLUSION

The foundations of Panchayati Raj Institutions are based on the concept of peoples' participation in community development. Self-governing institutions at the local level are necessary for the growth of the nation as well as for effective people's participation in order to make them an integral and indispensable part of the democratic process. However, despite efforts to make the Panchayati Raj Institutions more vibrant in the previous decades since its inception, they more or less remained the same. In fact, there was little enthusiasm regarding the participation of people. Therefore, in order to revive the PRIs several committees like the Balwant Rai Committee, Asoka Mehta Committee, the G.V.K. Rao Committee and L.M. Singhvi Committee were appointed to study the Panchayati Raj Institutions (PRIs) and create more vibrant forms of PRIs. However, all these efforts did not make much difference to the PRIs in general. It had been suffering from a number of shortcomings.

The main reasons for this are firstly, the present concept does not consider panchayati raj bodies as agencies that can play an important role in the overall development of rural development, that is, not as planning and implementing agencies for various rural programmes; secondly, there was no clarity about the relationship between PR bodies and the development administration, because the former had no separate cadre of administration; thirdly, there was no systematic method to involve weaker sections of the society; and finally no clear trend was emerging on the decentralisation of power.¹

In many cases, the panchayats are considered as instruments of development and not as regulatory agencies of district administration. Regulatory functions were retained by the state governments, with the Collector acting as the agent of development of the government in the district. There was meagre flow of finances to PRIs and in most of the

¹ Singh, Hoshiar (1994), "Institutional Base for Panchayati Raj in India: The 73rd Amendment Act", *Asian Survey*, Vol. XXXIV, No. 9, September 1994, pp. 818-827.

states, panchayats were arbitrarily kept suspended or dissolved. All such factors lead to the non-functional and ineffective functioning of PRIs.

Previously, the PRIs have been neglected and as James Manor points, were engulfed in a myriad of government guidelines enveloped by rules, regulations, control and red tapism.² Most of the programmes and decisions regarding the development of the community were taken by those who are least effected and who are not aware of the local problems to a complete extent. There was bureaucratisation mingled with politics which has further limited the participation of people in the local self government.

In this situation the 73rd Amendment Act was introduced. S.P. Jain states that this has provided a fresh breeze in continuing with the concept of “ Democratic Decentralisation”.³ The 73rd Amendment Act gave a fresh lease of life to the PRIs. It marks a major step forward in the history of local governance in India. The Amendment made the PRIs constitutionally mandated bodies. This has given people a participatory role in governance and also widened the powers and functions which come under the purview of the PRIs by adding the Eleventh Schedule to it.

The first chapter gives a detailed account of the status of Panchayati Raj and its working since the 73rd Amendment Act throughout the decade. It discusses various issues related to the governance at the local level bodies starting from the issue of provision of reservation in the Panchayati Raj Institutions at the three levels or tiers to women as well as *dalits*. It has been seen that to an extent reservations helped *dalits* since it atleast brought them on to the political platform. However, lack of education, training and financial power has denied them real powers. In most of the states it has been

² Manor, James. (1993), “Panchayati Raj and Early Warning of Disasters”, *Economic and Political Weekly*, Vol. 28, No.21, May 22, 1993, pp. 1019-1020.

³ Jain, S.P. (1999), ‘Role of Panchayati Raj Institutions in Mobilizing Peoples’ Participation in Rural Development Programmes’, in Ghosh Ratna and Alok Kumar Pramanik, (1999), ‘Panchayat System in India: Historical, Constitutional and Financial Analysis’, Kanishka, New Delhi, p. 48.

seen that a *dalit* is being elected only since it is mandatory and most of the times he/she is made to act at the behest of the dominating caste people. In some places, if they refused to abide by the decision of the latter, they are called back through a motion of no confidence. However, on the whole reservation to *dalits* has brought in quantitative representation.

In the initial stages of starting reservations for women, that is, in 1995, the result was not encouraging. Only a meagre percent of women contested against the reserved seats for the first time. However, by 2004, the participation of women has gradually increased and there are cases of outstanding women who did community developmental work to a remarkable extent.

The chapter also makes a point on the powers and functions devolved to PRIs. The study of powers and functions of PRIs in different states, reveals that in most of the states, all the powers and functions divested to PRIs through the Eleventh Schedule, are merely replicated in the states without looking into the aspect of the division of these to all the three tiers on a practical basis. It could also be seen that the powers and functions at the three tiers are overlapping. A clearcut demarcation of responsibilities exists at the three tiers regarding the general administrative functions while the development and social functions are made clear.

Apart from this, a number of functions are taken up by different parallel structures in the states instead of the PRIs. Further, in some states, funds of the PRIs are being diverted to such parallel structures. Another set of parallel structures comprise the centrally sponsored schemes that have been existing in the states even before the 73rd Amendment. The study also shows that the bureaucracy has been dominating the arena of local self development through such bodies.

The chapter also gives an account of the recommendations of the State Finance Commissions (SFCs) in different states. According to the reports, the status of the SFCs varies across the states. The 73rd

amendment has made it mandatory for the states to constitute a SFC, but they have been set up. The recommendations made by the SFC are also not totally accepted by most of the states. The Eleventh Finance commission report stated that the operationalisation pace of the empowerment of local bodies by the Central and State Governments has been rather slow. In addition, the 73rd Amendment has not significantly altered the functional domain of the panchayats at various tiers. A common suggestion made by SFCs in most of the states is the development of a database and strengthening of the arrangements for development of accounts and audit.

It also looks into the aspect of sectoral decentralisation. The study reveals that most of the states did not make a sector wise decentralisation thus restricting the powers and functions of the PRIs. Majority of the functions related to development of panchayats are still under the line departments. The role of PRIs has been kept low. Bureaucracy dominates these line departments. The 73rd Amendment seems to provide many powers and functions to PRIs in theory, but in practice, it is not so. In most of the states, the reports of the State Finance Commissions gave an account of the taxes to be collected and grants to be given to PRIs. They did not specify the amounts to be allocated to different sectors. The recommendations regarding allocation of funds are required.

The chapter 1 also looks into the Scheduled Areas where the 73rd Amendment is not applicable. These are the Fifth and the Sixth Scheduled Areas. The areas under the Fifth Schedule are administered through the 'Tribes Advisory Councils' while the areas which comprise the tribal dominated states coming under the sixth schedule are administered by the establishment of an 'Autonomous District Council'. The 73rd Amendment is considered to be a necessary condition for the healthy growth of decentralised governance. However, the conditions in most of the tribal areas are different and so the amendment could not be

applied in its original form. Therefore, amendments were made so that it could be extended to the tribal dominated areas.

The study on the implementation of the amendment in the Fifth Scheduled Areas shows that in most of the states the provisions of the Act have been implemented half-heartedly. In the case of Fifth Scheduled Areas, the rule making power of the District Council is of limited operational value, as laws promulgated by the Council until approved by the Governor can have no value.

In the case of the Sixth Schedule Areas, the District Councils are constituted in accordance with the provisions conferred, legislative, executive and financial powers. In these areas, traditional institutions play an important role in administration. A serious set back is that women are not accommodated. It requires necessary steps to overcome this impediment. The chapter concludes that the Extension Act has made the much needed provisions for the governance of tribal areas. Though the legislation was made in states, unfortunately, it is not brought into practice. The states have not made the provisions mandatory. Apart from this, the state should ensure to furnish the mandatory provisions and all the three tiers should be endowed with financial and administrative functions and be provided with necessary resources.

Regarding bureaucracy, as Chandrashekar puts it, 'The effective functioning of panchayats depend on facilitative functional relationship in terms of co-ordination , cooperation between the elected and official functionaries'.⁴ For the panchayats to work efficiently, the role of bureaucracy is as much needed as its limited interference. Further, the bureaucracy must be made answerable to the political leadership. Most of the State Panchayati Raj Acts confer powers on the bureaucracy or the government leaving little room for the panchayats to work independently. The cooperation of the educated bureaucracy is of much help to the panchayats, but in general the former can only be associated

⁴ Rajiv Gandhi Foundation (2000), *Panchayati Raj in India : Status Report*, Task Force on Panchayati Raj, New Delhi, p.11.

with influencing the decisions at the grassroots. The educated bureaucracy is in general associated with power. In most of the panchayats in the states, there is an imminent invasion on powers of the local bodies. The people have to shuttle around the bureaucratic circles to get the work done regarding their villages. Most often there is unnecessary delay in the works due to the interference of the bureaucracy. However, there are positive results as well due to the presence of bureaucracy in some states. Therefore, encouragement is needed from the bureaucracy for better functioning of panchayats. There should be co-operation rather than interference. The decision making should be given to local people while the bureaucracy helps the local self governments in implementation.

The chapter brings to notice the presence of the parallel structures in some of the states created by the state government. These parallel structures keep more powers with them. They also tend to create a mass base for the party through the propagation of popular schemes and other mass delivering programmes.

The assessment of PRIs since 73rd Amendment Act draws the conclusions that the 73rd Amendment has provided the necessary conditions for the PRIs to work as independent self-governing bodies. It has helped panchayats to challenge the traditionally entrenched power structures like casteism, feudalism, patriarchy etc. Women's leadership has been developed and they have become assertive of their position. To deal with finances, the states have constituted the State Finance Commissions. Corruption has been curbed to some extent since the implementation of the Act. Thus the PRIs show some positive aspects since the inception of the 73rd Amendment Act. People started to assert their rights. However, they still have to tread a long way to achieve the goal of self-government through decentralisation. The state governments must try to delegate more powers to the PRIs.

The second chapter shows a number of parallel structures that have mushroomed in the recent years. They have mostly come up in this

decade. Not only there are the newly formed parallel structures, but also there are those parallel structures that have existed from before the coming of the 73rd Amendment Act. All these structures have always affected the functioning of PRIs. It concerns the study of the functions of the parallel structures and to identify the areas overlapped and the role of bureaucracy to study whether these bodies are strengthening or undermining the PRIs.

Chapter 2 gives an introduction about parallel structures and studies them in various states. It gives the definition of parallel organisation or structure. An organisation or system can be called parallel to the PRI if it works directly with the beneficiaries at the grassroots level, which is not accountable to the PRI and its functional level often overlaps and mostly bypasses the panchayats.⁵ The term parallel structure also refers to those bodies whose functional domain overlaps with that of the panchayats or which are presently functioning in such a way so as to hinder/support the decision making powers and effective functioning of the panchayats in areas which are constitutionally demarcated to panchayats, as per the Eleventh Schedule of the 73rd Amendment Act.⁶

The second chapter lays out various types of parallel structures. These can be either created by the states or by the Centre. The departments which are concerned with the various developmental schemes and programmes such as agriculture, health, education etc are also bringing up several programmes and schemes which form parallel structures and are parastatal in nature.⁷

It gives an account of the parallel structures that are created before the 73rd Amendment Act and those which came after the amendment. These parallel structures comprise of the District Rural Development Agencies (DRDA), the Joint Forest Management

⁵ Venkatesan, V. (2002), *Institutionalising Panchayati Raj in India*, Concept, New Delhi, p. 167.

⁶ Mathew, Dinoo (2001), "Parallel Bodies and Panchayati Raj Institutions", *Participation and Governance*, Vol.7, No. 21, July 2001, pp. 3-5.

⁷ *Ibid.*, pp. 3-5.

Committees (JFMC), District Primary Education Programme (DPEP), the Member of Parliament Local Area Development Scheme (MPLADS), the Watershed programme found in Rajasthan, Expert Committees found in Kerala, Gram Vikas Samiti in Kerala, Vigilance Committee in Himachal Pradesh, the Water User Groups in Uttar Pradesh, the District Governments and the direct democracy, that is, through Gram Swaraj in Madhya Pradesh and the Janmabhoomi Programme in Andhra Pradesh.

In all these states parallel structures are created by the State Governments in the pretext of either providing good governance as in Janmabhoomi in Andhra Pradesh or else making people more participative in the local beneficiary programmes started by the government.⁸ Some agencies like the DRDA have been created by the Centre for creating better co-ordination in planning and implementation of developmental programmes and the 73rd Amendment Act requires their merger into panchayats which has not taken place. The DPEP is created and funded by the World Bank. These programmes should be associated with the PRIs so that even if the fund ceases, it might continue working. However, neither DRDAs are merged with PRIs nor the DPEP has got any linkages with the PRIs. The Member of Local Area Development Scheme (MPLADS) was introduced which allows MPs to suggest the District Collector works to be done upto Rs.1 crore per year which has been later raised to Rs.2 crores per year. The Watershed Programme in Rajasthan is another parallel structure where functions are allotted to DRDA to sanction watershed project looking into three years past experiences of Project Implementing Agency (PIA) and Watershed Development Team (WDT) attached to PIA. Panchayats can become PIA for Watershed Projects only on priority basis if they get the watershed development team to work in the field. Since the PRIs have no such facility, only the parallel structures are at work in these areas.

⁸ Ranga Rao, S.P. (1998), 'Janmabhoomi: A Programme for Good Governance', *Indian Journal of Public Administration*, XLIV(3), July-September 1998, pp. 577-583.

This chapter points out that most of the parallel structures have either no links with the PRIs or have very weak links where the PRIs act as implementing agencies rather than decision making bodies. These parallel structures mostly work at the grassroots which means the decisions taken by them directly affect the lives of people. Most of the works taken up by these bodies are development related works and they are most often covered under the 73rd Amendment Act, thus working parallel to the PRIs. In such cases, the decisions of the local people who will bear the benefits or the effect of certain programmes is necessary. However in general, neither the views nor the decisions of people are taken. Most of these bodies have a bureaucratic structure. These parallel structures are also controlled by either bureaucrats or the powerful politicians thus giving no role to the local people in their governance. On the contrary, the Panchayati Raj is a mandatory body and participation of people becomes a necessity in it.

The parallel structures also claim to be improvising the PRIs and trying to make them more functional, whereas, the study of these structures in several states shows that the existence of parallel structures is making the PRIs weaker bodies. Another point which needs to be emphasised is that the present Panchayati Raj system is much influenced by bureaucracy and these parallel structures claim to be minimising the role of bureaucracy through them. However, field reports only show that there is hardly any minimising of the bureaucratic interference. Instead, they have been increasing the influence of bureaucrats. In states like Andhra Pradesh, Rajasthan, Madhya Pradesh etc., these parallel structures have only been vesting more and more powers to the bureaucracy.

The chapter 2 thus gives an idea about parallel structure and the role of bureaucracy. It not only highlights about the benefits and evils of establishing the parallel structures, but also gives about the malfunctioning of present system of local self governance. The present system of local governance is laden with the influences of powerful

politicians, the landlords, casteist elites and the bureaucrats. Due to the influence of these sections on the PRIs, they have not been able to function independently. Apart from this, lack of education and training of the elected leader has been a great impediment in the proper functioning of PRIs. Women and other marginalised sections were always affected in the system, but the provision of reservation has atleast made them participative in the governance to some extent. Thus we come to the conclusion that the 73rd amendment brought some impetus to PRIs. In the future we should try to develop the PRIs so that they become autonomous bodies of governance. Real democracy begins at the grassroots level. Therefore, instead of creating parallel structures to the PRIs, it is better to develop the PRIs which are constitutionally mandated bodies. These parallel structures are not mandatory bodies and they might cease to exist once the government that created them changes which will stop the flow of benefits unlike in the system of PRIs. It emphasises on the necessity of creating awareness of rights among people.

Chapter 3 makes comparative study of the PRIs and parallel structures in Andhra Pradesh and Madhya Pradesh. This chapter gives a brief outlay of the structure of PRIs in both the states. In the functioning of PRIs, both the states are said to be relatively quick in taking up decentralisation as well as pursuing and adopting the changes made by the 73rd Constitutional Amendment. The two states passed their Amendment Act imbibing the required changes made by the Constitutional Amendment. Both, the states have the prescribed three tier system of decentralised local governance. And they also consist of the Gram Sabha as the base at the village level.

The chapter describes the working of PRIs in Andhra Pradesh and Madhya Pradesh. It also gives an account of the loopholes prevalent in the system in both the states. Andhra Pradesh has not been given many powers as required at the district level. It shows the presence of the District Rural Developmental Agencies which work independently of the

Zilla Parishad at the district level. In Madhya Pradesh, the Zilla Parishad controls the DRDAs. Both the bodies are stated to be highly bureaucratic.

At the intermediate level, in Andhra Pradesh, the Mandal Parishad exercises the powers and performs the functions in the field of all activities connected with the community development programmes, agriculture, animal husbandry, fisheries, health and rural sanitation. Similarly, in Madhya Pradesh, the Janpad Panchayat controls and supervises the administration of the Community Development Block or Tribal Development Block and the functions and schemes assigned to such blocks by the State Government will be supervised by the Janpad Panchayats.

At the village level, Andhra Pradesh and Madhya Pradesh have a Gram Panchayat which is headed by the *Sarpanch*. The Gram Panchayats are entrusted with functions relating to construction, maintenance of buildings, roads, bridges, culverts, sanitation, construction, maintenance and cleaning of public streets, latrines, drains, tanks, wells and other public places, construction, repair and maintenance of water works etc.

The powers and functions as well as the financial resources in both the states are similar. The powers and functions are devolved to the three tiers of the PRIs in both the states to comply with the Constitutional Amendment. However, while devolving functions the states have not provided them with sufficient resources and devolution was also not done to a complete extent.

In Andhra Pradesh, the State Government has assigned a total of 151 functional responsibilities on the PRIs of which 135 responsibilities pertain to the 24 subjects included in the Eleventh Schedule of the Indian Constitution. However, studies on Andhra Pradesh Panchayati Raj have noted that all the listed functional responsibilities have not been transferred in reality. In Madhya Pradesh, the State Government resolved to make the panchayats the real centres of power and gave a list

of 23 departments and their activities and responsibilities and programmes which have to be transferred to the panchayats. It gave a number of responsibilities to the three tiers, with 305 functions for Gram Panchayats, 99 for Janpad Panchayats and 102 for Zilla Panchayats. However, it is found that even in Madhya Pradesh all the powers and functions have not been transferred to PRIs in reality. The powers to identify the works needed to be done are not given to PRIs in both the states.

Chapter 3 gives an account of the parallel structures created in both the states of Andhra Pradesh and Madhya Pradesh. The point emphasised in this chapter is the role, bureaucracy has been exercising through the functioning of parallel structures to the PRIs. In Andhra Pradesh, the State Government has been establishing and nourishing different 'parallel structures' among which Janmabhoomi has been an important one along with other parallel bodies like Water User Groups, Joint Forest Management Committees, Self Help Groups, Parent Teachers' Associations etc.⁹ Similar to Andhra Pradesh, Madhya Pradesh also got some parallel structures like the District Government, Village Education Committees and the Gram Swaraj brought out through an amendment of the State Act on Panchayati Raj in Madhya Pradesh.

The Janmabhoomi is brought by the State Government to bring governance to the doorstep. It emphasised on participatory governance. The principal development agency for the Janmabhoomi at the district level is the District Development Review Committee chaired by cabinet minister who oversees the development programmes in the district with District Rural Development Agency as planning body.

In Madhya Pradesh, the District Government (DG) was visualised to resolve the crisis emerging from the limitations of existing decentralisation processes and to consolidate and evolve honest,

⁹ Mathew, George (2001), 'Panchayats Powerless in AP', The Hindu 17 April 2001 and Anil, Vaddiraju (2001), "Panchayati Raj and Janmabhoomi in Andhra Pradesh", *Participation and Governance*, Vol. 7, No. 21, July 21, 2001, pp. 6-9.

effective and comprehensive system of decentralised governance.¹⁰ It has been contemplated that that the DGs would minimise the bureaucratic hassles which one has to undergo to get the works done.

As Amitabh Behar puts it, the District Government is a radical structural transformation of the system of governance.¹¹ In this new system, the Government of Madhya Pradesh adopted, the government has two tiers, one at the state capital and the other at the district level which is called as the District Government. The state government has delegated important powers and authority to the District Governments. Further, for the working of these District Governments, the District Planning Committee (DPC) has been strengthened so that they could supervise the works implemented through the District Governments. Such high level participation of the DPCs in local self governance is a threat to the PRIs.

The chapter, further studies various stake holder committees, self-help groups and beneficiary committees established under the Janmabhoomi in Andhra Pradesh as well as the two other important structures in Madhya Pradesh, the Village Education Committee and the Gram Swaraj which is created through an amendment in the Panchayati Raj Act of Madhya Pradesh. These parallel structures created in Andhra Pradesh seem to have more negative effects on the local bodies. These structures as stated earlier are created to benefit the people at the grassroots as well as to attain popularity among the people. Most of these are only temporarily existing bodies since once the party in power ceases to be the ruling party, these groups might also be dismantled. Further, the structure of Janmabhoomi itself shows an influx of bureaucracy. This is the fact as against the propaganda of reducing bureaucratic influences. In the case of Andhra Pradesh, the Janmabhoomi

¹⁰ Behar, Amitabh, "District Governments in Madhya Pradesh: Innovative Initiatives for Decentralisation of Governance", *Indian Journal of Public Administration*, vol. 46 (4) October – December 2000, pp.675-681.

¹¹ *Ibid.*, pp. 675-681.

programme is accused of using up the funds meant for PRIs and other developmental works granted by the Central Government.

The presence of parallel structures present in Madhya Pradesh is slightly different from Andhra Pradesh. The Education Guarantee Scheme which can also be called as parallel structure is perhaps somewhat different from the other parallel structures existing in the two states. The Education Guarantee Scheme (EGS) is a “demand driven” programme. This programme allows parents to make demands for locally based primary education to the Gram Panchayat. The Gram Panchayat can formulate such demands for educational facilities on its own. The demand is then presented by the Gram Panchayat leader to an EGS committee established at the district level with the Zilla Panchayat.¹² This facilitates the setting up of a school where there is no school within the vicinity of one kilometre.

The provision of education both primary and secondary comes under the purview of the PRIs as stipulated by the 73rd Amendment Act. So, the EGS scheme thus forms a parallel structure. However, this scheme though is a parallel structure has been highly successful in Madhya Pradesh. The scheme has been able to provide access to education to several children especially, tribal children and those living in remote areas. This scheme has won laurels as well as the first Commonwealth International Innovation Award for Public Service of CAPAM in 1998.¹³

Thus EGS has become an exception among the existing parallel structures. Though it is a parallel structure, it has been provided education to many children through its easily reach or access system towards education. The system made the partnering of the state government, local government (panchayat) and the community. Thus this system could be completely differentiated from the one present in

¹² Sten Widmalm, (2001), “Decentralisation and Development: The Effects of Devolution of Power on Education in India”, *Madhya Pradesh Journal of Social Sciences*, Vol.6, No. 2, 2001, pp. 28-56.

¹³ <http://www.fundaschool.org/html/whatsit.html> ‘Fund a School’. Date of access: 19/6/2004.

Andhra Pradesh. However caste factor seems to play its role here which can only be controlled through the PRIs since the representation of the lower castes is at least mandatory.

The third important body present in Madhya Pradesh, which the chapter gives in detail, is the Gram Swaraj. The Gram Swaraj also called as Direct Democracy aims at empowering the gram sabha to take all the important decisions relating to the village. The main features of the Gram Swaraj are the introduction of Gram Swaraj with an objective to move from raj niti to lok niti, establishment of direct democracy at the village level, transferring of the real powers to people thus developing the village as a social unit ensuring equal emphasis on rights and duties, providing the provisions of political, economic and social autonomy to the villages for making them self-reliant and provisions for intervention by the state through people's representatives in the interest of deprived section if need arises.¹⁴

The government has nearly transferred all the powers previously exercised by the Gram Panchayats to periodic village mass meetings. Thus this Act transformed a representative democracy to direct democracy at the grassroots level. Gram Swaraj is based on the premise that in a village people can assemble and sit collectively and discuss their needs. As a result, the representatives for representing their needs and aspirations will not be needed.¹⁵

The main aim of constituting the Gram Swaraj was to develop the village as a politically, socially, economically autonomous unit through Gram Sabha so that the dependence on the government will be reduced and panchayats will be able to function with more credibility and transparency.

The Gram Swaraj has been formed through an amendment, in the Madhya Pradesh Panchayati Raj Act and so it cannot be fully framed as

¹⁴ www.mpinfo.org, date of access: 27 February 2003 and *Panchayati Raj Update* (2001), January, 2001, Institute of Social Sciences, New Delhi.

¹⁵ Behar, Amitabh and Yogesh Kumar (2002), *Process of Decentralisation in Madhya Pradesh: Panchayati Raj to Gram Swaraj (1995-2000)*, background report submitted to ODI Livelihood Options Project. Overseas Development Institute, London, p. 64.

a parallel structure to PRIs but, the functions entrusted to the standing committees are already present in the 11th schedule of the 73rd amendment act which should be distributed among the three tiers. The basic objective of Gram Swaraj was to empower rural people through it and to develop a structure for optimum utilisation of local resources for all round development of villagers.¹⁶ But, it is also created for political gains and for gaining popularity.

Thus chapter 3 throws light on the various parallel structures present in both Andhra Pradesh and Madhya Pradesh. The study basically derives two points. Firstly, these parallel structures are mostly created for political gains. They aim at dissipating popular schemes and benefits and try to garner votes in the elections. Secondly, these parallel structures are mostly infused with bureaucrats. The state governments create these parallel structures to gain access and control the rural population. Through the creation of these parallel structures power is kept concentrated at the state level itself and is exercised through the bureaucracy. As Dinoo Mathew states, the state governments are trying to bring bureaucracy and officialdom back into the local governance mechanism through the parallel structures.¹⁷ Through the formation of such non-elected member structures, the government is reducing the status of the local bodies.

On the one hand there are demands from the local bodies for the devolution of more powers and functions as well as finances to the elected local bodies, while on the other hand the state governments are creating and promoting parallel structures which have been usurping whatever little powers the PRIs have.

The decentralisation of power is supposed to bring autonomy and self-sufficiency at the local level. This cannot be achieved through the parallel structures. The protection given to women and other marginalised sections in the PRI system is absent in the parallel

¹⁶ www.todayindia.com, date of access: 27 February 2003.

¹⁷ Mathew, Dinoo (2001), op. cit., pp. 3-5.

structures. So their voices go unheard. Further, the co-option of some of the members of the panchayats is done in the parallel structures but, the cases studied show that the voice of the co-opted members of PRIs is generally unheard and their opinions are not considered in taking decisions and planning of works. There has been reluctance on the part of state governments to part with their powers on PRIs.

In addition, schemes such as MPLADS should be scrapped as suggested by the Constitutional Review Committee. The PRIs should be granted untied funds from the centre so that they could plan for their villages. The government should try to keep up to the basic premise on which PRIs work. They should be given more autonomy instead of taking away their powers.

There are many loopholes in the present system made worse because of corruption. However, this cannot be solved just through creating a new set of structures. What is required is a critical study of the present system and its drawbacks so as to bring out more reliable methods of governance at the Panchayat level. Amendments should be made to clear the ambiguous laws of PRIs and other necessary steps should be taken. People are needed to be made aware of their rights and training should be given to those elected at the Gram Panchayat level. The State Government should try to promote education, both for children and adults so as to create awareness among them. Such steps are to be taken up instead of creating new parallel structures.

The study shows that the state governments are much powerful and the ruling government is the one much involved in introducing such policies and programmes. Therefore, the state governments must utilise their powers to strengthen the PRIs and to make them autonomous and self sufficient reducing the bureaucratic interferences. As the Prime Minister Manmohan Singh said, "The Chief Ministers should become the

champions of decentralisation in their states and should review the areas where panchayats have been bypassed and take corrective measures”.¹⁸

Panchayati Raj is the medium through which development could be brought in rural India. Panchayati Raj can take the villages to self sufficiency and bring about a better life for the people living in rural areas. It could as well create millions of opportunities for the masses and make their environment worth living and make the dream of complete *purna swaraj* or complete democracy come true.

¹⁸ ‘Are States making best use of funds for rural schemes?’, *The Hindu*, June 30, 2004. Delhi.

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Annexure A
Areas Overlapped by the Parallel Bodies and their Relationship with PRIs:

	State	Parallel Body	Areas of overlap/substitution	Institutional linkage with PRI
1.	Uttar Pradesh	Water User Groups (WUG)/site Implementation committee(SIC)	Formulating developing and approving plans of the area covered by the WUG Selection of beneficiaries (farmers) Construction, maintenance and management of link and main drains Policy decisions like decisions on rates of water charges.	Village Pradhan may be the ex-officio chairperson of the SIC.
2.	Haryana	Gram Vikas Samiti	Supervision of construction of work out of the funds released by HRDF Board, decentralized planning or any other state government scheme	The samiti consists of 4 members of gram panchayat Chairperson - Sarpanch Elected members – one panch each from SC community, BC community and a woman panch.
3.	Kerala	Expert Committee	Preparation if panchayat development plans	Technical advisory body to the panchayats regarding the plans prepared by the panchayat.
4.	Andhra Pradesh	Janmabhoomi	Planning and implementation of development programmes at the local level	Sarpanch and the concerned ward member finds representation in the Habitation Level Committee of Janmabhoomi.
5.	Gujarat	Joint Forest Management	Cultivation, collection and sale of minor forest produce Conservation and maintenance of common property resources	A representative of the village panchayat will serve as one of the members of the mandal or committee Village panchayat itself may become a mandal or committee for the purpose of JFM.
6.	Rajasthan	Watershed	Minor Irrigation	Panchayats can become Project Implementing Agency (PIA) for watershed projects on priority basis.
7.	Himachal Pradesh	Vigilance Committee	Supervision of gram panchayat works/schemes costing upto Rs.50,000/-	Supervisory body within gram panchayat of the works, schemes and other activities of Gram Panchayat.

Source: Participatory Research in Asia (2001), Parallel Bodies and Panchayati Raj, PRIA, New Delhi

Annexure B
Status of State Finance Commissions in Various States (As on October 1, 2003)

Sl No.	States/ Union Territories Commission submitted on	First State Finance Commission		Second State Finance Commission	
		constitute on	Report submitted on	Constituted on	Report
1.	Andhra Pradesh	June 22,1994	May 31, 1997	December8, 1999	August 19, 2002
2.	Arunachal Pradesh	Not Constituted	-	-	-
3.	Assam	June 23, 1995	February 29, 1996	Constituted	NA
4.	Bihar	April 23, 1994	Not Submitted	Constituted	NA
5.	Chattisgarh	Not Constituted	-	-	-
6.	Goa	April 22, 1994	June 5, 1999	NA	NA
7.	Gujarat	September 15,1994	October 13, 1998	Not Constituted	NA
8.	Hayana	May 31,1994	March 31,1997	September 6, 2000	NA
9.	Himachal Pradesh	April 23,1994	November 30,1996	May 25,1998	NA
10.	Jammu & Kashmir	April 24,2001	Not Submitted		
11.	Jharkhand	Not Constituted			
12.	Karnataka	June 10,1994	January 1,1996	June 23,1999	NA
13.	Kerala	April 23,1994	February 29,1996	June 23,1999	June 2002
14.	Madhya Pradesh	June 17,1994	June 20,1996	June 17,1999	Submitted
15.	Maharashtra	April 23,1994	January 31,1997	June 22,1999	Submitted
16.	Manipur	April 24,1994	December 20,1996	Constituted	Not Submitted
17.	Meghalaya	Not Applicable			
18.	Mizoram	Not Applicable			
19.	Nagaland	Not Applicable			
20.	Orissa	November 21,1996	December 30, 1998	Constituted	Not Submitted
21.	Punjab	April 22,1994	December 31,1995	Sept.21,2000	February,2002
22.	Rajasthan	April 23,1994	December 30,1995	May 7,1999	Aug.29,2001.
23.	Sikkim	July 22,1998	August 16,1999	NA	NA
24.	Tamil Nadu	April 23,1994	November 26,1996	December 1,2000	Submitted
25.	Tripura	October 22,1994	January 12,1996	October 29,1999	NA
26.	Uttar Pradesh	October 22,1994	December 31,1996	February 25,2000	Submitted
27.	Uttaranchal	Constituted	Submitted		
28.	West Bengal	May 30,1994	November 27,1995	June 2000	Submitted
29.	Pondicherry	March 12,1997	March 2000		
30.	Chandigarh	April 1995	December 31,1995	January 9,2001	Submitted
31.	Delhi	April 1995	December 31,1995	January 9,2001	Submitted
32.	A&N Islands	September 8,1995	August 28,1998	NA	NA
33.	D&N Haveli	September 8,1995	August 28,1998	NA	NA
34.	Daman & Diu	September 8,1995	August 28,1998	NA	NA
35.	Lakshadweep	September 8,1995	August 28,1998	NA	NA

Note: NA-Information not yet available.

Source: Nagarpalika Update, Volume 1, No.5, September-October 2003, Institute of Social Sciences.

Annexure C
State-wise yearly Allocation of Grant to Panchayats (Rs. 1600 crore) as recommended by Eleventh Finance Commission

Sl No	Name of the State	share of States (%)	Estimated Expenditure	
			Creation of database	Maintenance of accounts of panchayats
1	Andhra Pradesh	9.503	1826.70	915.08
2	Arunachal Pradesh	0.348	167.70	83.60
3	Assam	2.918	216.50	107.64
4	Bihar	9.813	1034.00	516.28
5	Goa	0.116	15.16	7.52
6	Gujarat	4.351	1096.86	549.24
7	Haryana	1.839	485.41	242.76
8	Himachal Pradesh	0.821	239.79	119.76
9	Jammu and Kashmir	0.930	214.03	107.32
10	Karnataka	4.926	468.66	233.92
11	Kerala	4.120	92.22	45.68
12	Madhya Pradesh	8.943	2523.18	1263.40
13	Maharashtra	8.209	2230.34	1117.20
14	Manipur	0.235	175.82	87.76
15	Mehalaya	0.320	449.28	225.16
16	Mizoram	0.098	58.39	28.92
17	Nagaland	0.161	95.73	48.00
18	Orissa	4.320	446.64	222.76
19	Punjab	1.933	937.00	469.16
20	Rajasthan	6.137	754.08	376.84
21	Sikkim	0.066	13.00	6.36
22	Tamil Nadu	5.826	1037.51	519.12
23	Tripura	0.356	80.33	40.12
24	Uttar Pradesh	16.489	4754.96	2380.96
25	West Bengal	7.222	292.92	146.16
TOTAL		100.000	19706.28	9860.72

Source: Report of the Eleventh Finance Commission (for 2000-2005), Govt. of India 2000.

Annexure D
Decentralisation in Andhra Pradesh and Madhya Pradesh

Table 1: District level : District Planning Committees and District Rural Development Agencies

Level	Dimension	Andhra Pradesh	Madhya Pradesh
DPC/ DDRC	Political	AP is yet to constitute DPC. District Development and Review Committee packed with MPs and MLAs, chaired by a state cabinet minister who oversees development programmes in the district exists. PRI role in DDRC is limited to ZP chairperson being the vice-chairperson of the DDRC.. DRDA acts as the planning arm for the DDRC. All major allocations of the state resources are decided at the state level and department-wise while DDRC co-ordinates spending and review at the district level. The <i>Janmabhoomi</i> (JB) fund allows the pooling of departmental resources for management by DC, initiates activities where demand and contribution comes from the GP and distributes National Social Assistance Programme benefits.	DPCs were formed in 1999, with the intention of expediting district-level allocations. Having a minister as chair of the DPC is intended to achieve this aim. In practice, ministers, MPs and MLAs have 'completely usurped the powers of the ZP,' and completely undermined beneficiary selection of the GP, JP and ZP' (World Bank 2000, P: 49).
DDRC	Administrative	The District Collector is the member convenor of the DDRC, with the Chief Planning Officer and the District Panchayat Officer reporting to him and not the CEO-ZP.	Collector can sanction projects up to Rs. 50 lakhs, and maintains control over transfer and promotion of class 3 and 4 officers. Collectors' powers have increased vis-à-vis the PRIs.
	Fiscal	The District Collector approves projects up to Rs 5,00,000, while the DDRC is empowered to approve projects up to Rs 5,000,000.	Collectors' powers increased vis-à-vis the PRIs.
	Account	Citizens do not have any more authority than before 1994. Transparency is not mandated and thus accountability is poor.	Citizens have no greater authority than before 1999.

Table 2: District Level: Zilla Parishads

Level	Dimension	Andhra Pradesh	Madhya Pradesh
ZP	Political	Members representing each mandal are directly elected. There are 22 ZPs in AP. ZP president is elected by members. There are reservations for ZPPs. MLAs, MPs and the state appointed ZP CEO are among ex-officio members of ZPs, but have no voting power. In practice, MPs and MLAs exercise considerable power over ZPs. DDRCs and District Collector are pivotal.	MLAs and MPs are ex-officio members, but have no voting power. In practice, MLA and MP presence 'overwhelms' local bodies. In theory, ZP has power to prioritise and select beneficiaries. In practice, DPCs exercise all authority.
	Admin.	The state government has devolved only 13 of the 29 functions and functionaries that have been brought under the PRIs. Postings, promotions and staffing of PR Department are meant to reside with the ZP. In practice, the collector and the line departments exercise bureaucratic line of control. ZPs also approve MP budgets, distribute State and Centre funds, prepare district budgets, maintain secondary, vocational and industrial institutions.	ZP has no formal role in hiring, promotion and transfer.
	Fiscal.	ZPs are supposed to have clear discretion over funds transferred from the State and Centre. In practice, 'funds are tied' and 'scheme bound' (World Bank(2000) Vol I P:46. In only five of the 29 functions, funds have been devolved to the ZP. The Act provides no taxation to the ZPs.	ZP is entirely dependent on tied funds. In theory, ZP is meant to advise the State on development plans of GPs. In practice, ZP advises the DPC.
	Account.	Limited measures. Members are elected; the CEO is accountable to the ZP chairman. Lines of control divided between line departments, DRDA and local bodies, thereby reducing accountability. In practice, all authority comes from 'above'.	Although ZP president and members are accountable to constituencies through elections, such processes have little direct impact on the DPC.
	Committees.	Seven standing committees-covering Planning and Finance, Rural Development, Agriculture, Education and Medical Services, Women's Welfare, Social Welfare and Works-with scope limited to area wise prioritisation as standing committees work based line departments budgets and plans.	Five Standing committees-General Administration, Agriculture, Education, Communication and Work; and co-operation and Industries Committee. Zilla Panchayats can constitute other standing committees for matters not specified above.

Table :3 Sub-district level Mandal, Taluka and Janpad Parishads

Level	Dimension	Andhra Pradesh	Madhya Pradesh
MP/JP	Political	Mandal Parishad members from revenue mandals directly elected by 3-5000 population constituencies. MP members directly elect MP president and vice-president. DC, MPs and MLAs are non-voting members.	Janpad Parishads co-ordinate the plans of GPs, and then submit to ZP. They are not given any decision making powers.
	Admin.	In theory, the Mandal Development Officer is to work under the control of the Mandal Praja Parishad and is to be directly answerable to the Mandal Parishad Executive Officer. In practice, MDO executes DRDA programmes and is directly answerable to the collector. MP has limited powers of appointment.	Amendments to the 1993 MP Panchayati Raj Adhiniyam in 2001 give Janpad officials powers to appeal for Gram Sabha members. In theory, JPs have power to transfer class 3 and 4 officers. In practice, the Minister and the DPC usurp these power.
	Fiscal.	With prior approval from ZPs, MPs are allowed to levy financial contributions from GPs in the mandal. In theory, funds from state and centrally sponsored schemes are released directly to the MP. In practice, funds are tied and follow the prescribed guidelines.	No tax base. Totally dependent on funds. DPC exercises considerable influence.
	Account.	To the District Collector and ZP, not the GPs.	JPs can supervise key officials, esp. teachers although they lack the power to transfer.
	Committee	No standing committees on the MPs.	Five standing committees covering general administration, education, agriculture, communication and water.

Table:4 Village Level: Gram Panchayats and Gram Sabhas

Level	Dimension	Andhra Pradesh	Madhya Pradesh
GP/GS	Political	In theory, Sarpanch and members are elected to a five year term on a non-party basis. In practice, all representatives have party political affiliations. The sarpanch and all ward members are directly elected. Ward member indirectly elect the Upasarpanch.	Sarpanch and members are elected to a five year term; Sarpanch has the authority over the GP. Amendments to the 1993 MP Panchayati Raj Adhiniyam in 2001 gives the Gram Sabha powers to appoint user committees (see below). These multiple user committees provide low motive for action. Sarpanch chairs the Gram Sabha and Panchayat secretary is a member.
	Admin.	Sarpanch is superior to Village Extension Officer and Village Development Officer, and chairs the GP. The Collector controls the GPs; the state appoints and promotes all extension officers. The non-elected position of village secretary was created in January 2002.	GP implements development works under 3 lakhs. Panchayat secretary works for GP. GS retains powers of appointment of user committees.
	Fiscal.	GPs have some taxation powers (over fishing rights to tanks, house taxes, village produce, stamp duties, advertisements) and funds that directly come from Centre and State. In practice, funds are tied to specific programme guidelines and taxes difficult to collect.	Minimal powers of taxation, but largely unexercised. Largely dependent on taxes from State and Centre.
	Gram Sabha	The GS is expected to meet twice annually to consider GP accounts, proposals relating to new and existing taxation, and selection of schemes, beneficiaries and location of development activities in the Gram Panchayat area. The Sarpanch chairs meetings. The Act does not specify quorum.	Amendments to the 1993 MP Panchayati Raj Adhiniyam in 2001 requires a GS quorum of at least one-fifth of eligible voters, one-third of whom must be women, SCs and STs. GS has powers to appoint standing and adhoc committees. The quorum must not be less than one-fifth of the entire GS. In reality quorum conditions are not adhered to as meetings prove difficult to organize. Quorum is made up by collecting signatures later.
	Account	Although the Gram Sabha is meant to ensure accountability of the GP, meetings occur only during periods (e.g. Janmabhoomi) when benefits are being allocated and use of line department budgets mediated. Instead of devolution, the JB seeks to make the line departments accountable to the GS, but this is not seen in reality as the GS is not empowered or in a position to ask the right questions. Sarpanches can be removed on the grounds of non-performance or misconduct, but only by the Collector. Members can be removed for missing three subsequent GP meetings.	Amendments to the 1993 MP Panchayati Raj Adhiniyam in 2001 gives villagers the ability to appeal to a three member committee at the Janpad level. Citizens charter put up by GP in village, but largely unreal.
	committees	Four functional committees-supervision of health and sanitation, agriculture, women and child welfare, and SC, ST and BC welfare. Amended to bring the Village Water and Sanitation Committee, but operated only in the Sector Reform districts. Self-help groups are recipient of fund flows from State and Central government programmes allowing broad beneficiary targeting. Perceived to be route for benefit distribution of political parties and TDP government schemes.	Amendments to the 1993 MP Panchayati Raj Adhiniyam in 2001 create eight standing committees, as well as additional ad hoc committees, governing matters related to education, forests, watersheds etc.

Sources: Johnson Craig (2003), 'Decentralisation in India: Poverty, Politics and Panchayati Raj', Background Report, Livelihood Options Study, Working Paper 199, Overseas Development Institute.

