



Panchayat Raj Institutions and Democratic Decentralization in India: A Constitutional and Functional Analysis

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DOI : <https://doi.org/10.5281/zenodo.18229840>

ARTICLE DETAILS

Research Paper

Accepted: 21-12-2025

Published: 10-01-2026

Keywords:

*Panchayat Raj Institutions,
Local Self-Governance,
Democratic
Decentralization, 73rd
Constitutional Amendment,
Gram Sabha*

ABSTRACT

The Panchayat Raj System represents the institutional foundation of local self-governance in rural India and constitutes the third tier of the country's democratic framework. Rooted in India's long-standing tradition of village self-rule and inspired by Mahatma Gandhi's vision of *Gram Swaraj*, Panchayat Raj aims to decentralize political power, promote participatory democracy, and ensure responsive and accountable governance at the grassroots level. This paper critically examines the evolution, constitutional framework, structure, and functioning of Panchayat Raj Institutions (PRIs), with particular emphasis on the transformative impact of the 73rd Constitutional Amendment Act, 1992. The study analyzes the three-tier structure of PRIs, the pivotal role of the Gram Sabha, and the significance of reservation provisions in enhancing the political participation of women and marginalized communities. It further evaluates the effectiveness of PRIs in planning and implementing rural development programs, improving service delivery, and deepening democratic participation. Special attention is given to the challenges confronting local self-governance, notably the persistent devolution deficit in terms of functions, funds, and functionaries, financial constraints, bureaucratic resistance, capacity limitations, and uneven performance



across states. Through comparative insights from selected state experiences, the paper highlights how political will and administrative commitment shape outcomes in decentralized governance. The study concludes that while Panchayat Raj has significantly democratized rural governance, its potential as a genuine institution of self-government remains constrained. Strengthening fiscal autonomy, empowering Gram Sabhas, ensuring effective devolution, and building institutional capacity are essential for realizing the constitutional vision of grassroots democracy.

1. Introduction: The Panchayat Raj System and Local Self-Governance in India

1.1 Background: The Imperative of Local Self-Governance

India, the world's largest democracy, operates on a complex federal structure comprising the Union, State, and Local levels. The concept of local self-governance is foundational to the nation's democratic ethos, serving as the third and most crucial tier of administration. It ensures that decision-making authority is not solely concentrated at the distant central and state capitals but is instead rooted in the community it serves. This proximity of power to the people is essential for ensuring governmental responsiveness, accountability, and the effective delivery of public services tailored to local needs.

The Panchayat Raj Institutions (PRIs) are the formal institutions of this rural local self-governance. They are not merely administrative units; they are designed to be schools of democracy, empowering citizens at the grassroots level to participate directly in their own development and political life. The success of India's democracy ultimately hinges on the vitality and effectiveness of these institutions, which bridge the gap between policy formulation at the top and execution on the ground.

1.2 Historical Context: Tracing the Roots of Village Self-Rule

The tradition of village self-governance in India is ancient, preceding even the major empires. Evidence from the Vedic and later periods, including the writings of Kautilya and the Chola inscriptions, indicates the existence of effective, autonomous village assemblies (often referred to as Sabhas or Panchayats) that managed local affairs, collected revenue, and dispensed justice. This system thrived on the principle of local autonomy and was considered the backbone of the Indian polity.



This decentralized structure was significantly disrupted during the medieval and British eras. While the British initially recognized the need for local bodies for administrative convenience, the modern concept of local self-governance truly began with Lord Ripon's Resolution of 1882, which is often called the "Magna Carta of Local Self-Government." Post-independence, the framers of the Constitution included the promotion of Village Panchayats as a Directive Principle of State Policy (Article 40), influenced strongly by Mahatma Gandhi's vision of 'Gram Swaraj' (village self-rule). However, the initial decades saw limited functional autonomy, leading to the creation of various committees (e.g., Balwant Rai Mehta, Ashok Mehta) to reform and revitalize the system, culminating in the landmark constitutional reform of 1992.

1.3 The Need for Research: Significance of PRIs

The passage of the 73rd Constitutional Amendment Act in 1992 transformed PRIs from statutory bodies to constitutionally mandated democratic units, marking a paradigm shift in Indian governance. The significance of the Panchayat Raj Institutions today is immense: they are the primary vehicle for achieving genuine democratic decentralization and accelerating rural development.

This research is necessitated by the complex reality of the post-73rd Amendment era. While the Act has successfully brought millions of elected representatives, including a large number of women and marginalized people, into the political mainstream, critical gaps remain. Persistent issues related to inadequate financial resources, delayed devolution of powers, bureaucratic resistance, and lack of technical capacity hinder their potential. Therefore, a contemporary, in-depth study is crucial to assess the extent to which the constitutional vision of empowered, self-governing PRIs has translated into ground reality and to identify structural impediments that require urgent policy intervention.

1.4 Research Objectives

The principal goals of this research study on the Panchayat Raj System in India are:

- **Structural Analysis:** To analyze the formal three-tier structure of PRIs and the functioning of the Gram Sabha as the foundational democratic unit.
- **Effectiveness Assessment:** To assess the effectiveness of PRIs in carrying out the mandated functions outlined in the Eleventh Schedule, particularly in planning and implementing rural development schemes post-73rd Amendment.



- **Challenge Identification:** To critically identify and analyze the primary political, administrative, and financial challenges that restrict the complete operational autonomy of Gram Panchayats.
- **Policy Formulation:** To offer specific, evidence-based recommendations for institutional, financial, and administrative reforms necessary to strengthen the Panchayat Raj System.

1.5 Research Questions

This study will seek to answer the following specific research questions:

- **Effectiveness of the 73rd Amendment:** How effective has the 73rd Constitutional Amendment Act been in achieving genuine democratic decentralization, especially concerning the reservation mandates for women and marginalized groups?
- **Devolution Deficit:** To what extent have State Governments ensured the complete and effective transfer of the three Fs (Functions, Funds, and Functionaries) to the Panchayats, as envisaged by the Eleventh Schedule?
- **Financial Autonomy:** What are the major challenges facing the financial autonomy of Gram Panchayats, and how can the recommendations of the State Finance Commission (SFC) be better implemented to enhance their Own Source of Revenue (OSR)?
- **Impact on Service Delivery:** Has the establishment of PRIs demonstrably improved the quality and equity of public service delivery (e.g., water, sanitation, health) in rural areas?

1.6 Methodology

The research will primarily employ a doctrinal approach to systematically analyze the constitutional provisions, central and state legislation, and relevant committee reports pertaining to the Panchayat Raj System. This will be supplemented by a qualitative analysis utilizing secondary sources, including academic journals, government reports (e.g., reports from the Ministry of Panchayat Raj and Finance Commissions), case studies from high-performing and low-performing states, and comparative data on fiscal decentralization. This combined methodology will ensure a comprehensive review of the statutory framework and its practical implementation.



2. Conceptual and Constitutional Framework

2.1 Meaning and Philosophy of Panchayat Raj

The term Panchayat Raj literally translates to the "rule of the village council" and signifies a system of rural local self-governance in India. It is a political and administrative structure designed to decentralize power and establish democratic governance at the grassroots level. Unlike a purely administrative unit, a Panchayat is envisioned as an instrument of social and economic justice.

The underlying philosophy of Panchayat Raj is deeply rooted in the concept of 'Gram Swaraj' (Village Self-Rule), as advocated by Mahatma Gandhi. Gandhi believed that India could only achieve true independence when power was decentralized to the villages, enabling them to be self-sufficient and self-governing republics. He saw the village as the basic unit of participatory democracy, where every citizen could directly participate in political decision-making through the Gram Sabha (the village assembly). The philosophy is predicated on the following core principles:

- **Decentralization:** Shifting decision-making authority closer to the local community.
- **Participatory Democracy:** Ensuring the direct involvement of citizens in local planning and administration.
- **Accountability:** Making local government functionaries directly accountable to the electorate at the village level.
- **Local Development:** Empowering villagers to identify their own needs and manage resources for their socio-economic upliftment.

Panchayat Raj, therefore, is not just about development administration but about nurturing local political leadership and ensuring that the weakest and most marginalized voices are heard in the governance process.

2.2 Constitutional Provisions

Directive Principle of State Policy (Article 40)

Following India's independence, the Constitution did not initially grant constitutional status to village panchayats. Instead, the subject was included under Article 40 of Part IV (Directive Principles of State



Policy), which states: "The State shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government."

Being a Directive Principle, this article was non-justiciable (not legally enforceable), meaning state governments were not legally compelled to establish or adequately empower panchayats. This often led to irregular elections, arbitrary suspensions, and insufficient resource allocation, hindering the true spirit of local governance for the first four decades of the republic.

The 73rd Constitutional Amendment Act, 1992

The lack of uniform status and adequate funding led successive governments to recognize the need for a constitutional mandate. The Constitution (73rd Amendment) Act, 1992, stands as a landmark piece of legislation that institutionalized local self-governance. It came into force on April 24, 1993, which is now observed as National Panchayat Raj Day. The primary objectives of this Act were to:

- Provide constitutional status to the Panchayat Raj Institutions (PRIs).
- Establish a uniform three-tier structure across the country (except for states with a population of less than 20 lakhs).
- Ensure the regular conduct of elections every five years.
- Mandate the reservation of seats for Scheduled Castes, Scheduled Tribes, and women.
- Ensure the necessary flow of funds through the establishment of State Finance Commissions.

Part IX of the Constitution

The 73rd Amendment inserted a new Part IX, titled "The Panchayats," into the Constitution, spanning Articles 243 to 243-O. This Part laid down the mandatory and voluntary provisions for the establishment and functioning of PRIs. Key mandatory provisions include:

- Establishment of Gram Sabha: The village assembly consisting of all persons registered in the electoral rolls, forming the foundation of the system.
- Three-Tier Structure: Panchayats at the village, intermediate (block), and district levels.



- Reservations: Compulsory reservation of seats for SCs and STs in proportion to their population, and not less than one-third of the total seats (including those reserved for SC/ST women) for women.
- Fixed Tenure: A fixed term of five years, with re-election mandatory within six months if a Panchayat is dissolved prematurely.
- State Election Commission (SEC): Establishment of an SEC to conduct and supervise all Panchayat elections.
- State Finance Commission (SFC): Establishment of an SFC every five years to review the financial position of the Panchayats and recommend the distribution of funds between the state and the PRIs.

The Eleventh Schedule

To define the scope of functional responsibilities, the Act added the Eleventh Schedule to the Constitution. This Schedule enumerates 29 functional subjects that are intended to be devolved to the Panchayats. These subjects cover a wide range of development and welfare activities crucial for rural life. Key items include:

- Agriculture, including agricultural extension.
- Land improvement, implementation of land reforms.
- Minor irrigation, water management, and watershed development.
- Animal husbandry, dairying, and poultry.
- Fisheries.
- Minor forest produce.
- Social forestry and farm forestry.
- Drinking water.
- Rural housing and roads.
- Education, including primary and secondary schools.
- Health and sanitation, including hospitals and primary health centers.
- Poverty alleviation programs.
- Maintenance of community assets.



The effective transfer of these 29 subjects, along with the corresponding funds and functionaries (the three Fs), remains the major indicator of genuine decentralization across different states.

2.3 PESA Act, 1996

Recognizing the unique cultural heritage and traditional governance structures of the tribal populations, the constitutional provisions for Panchayats were initially not extended to the Fifth Scheduled Areas (areas with significant tribal populations).

The Panchayats Extension to Scheduled Areas (PESA) Act, 1996, was enacted to extend the provisions of Part IX to these Fifth Scheduled Areas, subject to certain modifications and exceptions. The PESA Act is significant as it provides special powers to the Gram Sabha in these areas to safeguard tribal rights and customs. Key provisions of PESA include:

- **Empowerment of Gram Sabha:** The Gram Sabha is mandated to safeguard and preserve the traditions, customs, cultural identity, and community resources of the tribal people.
- **Mandatory Consultation:** State legislation on Panchayats must be in conformity with the customary law, social and religious practices, and traditional management practices of community resources.
- **Control over Resources:** The Gram Sabha is given control over issues such as land acquisition, resettlement, minor water bodies, and the exploitation of minor forest produce.
- **Local Planning:** Planning and management of minor forest produce, minor minerals, and control over institutions and functionaries in social sectors are vested in the Gram Sabha or the Panchayats at the appropriate level.

PESA is thus an affirmative step towards self-rule for tribal communities, recognizing their autonomy and right to manage their natural resources in accordance with their traditions.

3. Structure, Composition, and Functions of the Three-Tier System

The 73rd Constitutional Amendment Act of 1992 mandated a uniform, constitutionally enshrined three-tier structure of the Panchayat Raj Institutions (PRIs) across all states in India with a population exceeding 20 lakhs. This structure is designed to facilitate planning and development from the grassroots level upwards, ensuring a continuum of governance from the village to the district.



The Three-Tier Structure

| Tier | Level | Composition & Head | Key Functions |

|---|---|---|---|

| I | Village Level | Gram Panchayat (Headed by Sarpanch/Pradhan); Members directly elected. | Sanitation, water supply, public works (roads, lighting), poverty alleviation scheme implementation, minor public works. |

| II | Intermediate/Block Level | Panchayat Samiti (Block Panchayat/Mandal Parishad); Head elected indirectly. | Coordination of Gram Panchayats, implementation of state and central development programs (e.g., Community Development blocks), supervisory role over the village level. |

| III | District Level | Zilla Parishad (District Council); Head elected indirectly. | District-level planning and integrated development, resource allocation, monitoring and evaluation of programs across the district, advisory role to lower tiers, and liaison with the state government. |

Tier I: The Gram Panchayat (Village Level)

The Gram Panchayat is the executive body at the base level, serving a single village or a group of small contiguous villages. Its members are directly elected by the people of the village(s) registered in the electoral roll. The head, known variously as the Sarpanch or Pradhan, is either directly or indirectly elected, depending on state legislation. Its core functions are highly localized, focusing on essential public services: providing and maintaining safe drinking water, street lighting, local sanitation, constructing and maintaining village roads, and implementing government welfare schemes related to poverty alleviation and social security.

Tier II: The Panchayat Samiti (Intermediate/Block Level)

The Panchayat Samiti, or Block Panchayat, acts as the link between the Gram Panchayats and the Zilla Parishad. It operates at the block level. Its composition is usually indirect, often including the Sarpanches of the Gram Panchayats within the block, the local Member of the Legislative Assembly (MLA), and other elected members. The head is typically elected indirectly from among the members. Its primary role is to coordinate the development plans of all Gram Panchayats within its jurisdiction and to oversee the block-level execution of state and centrally-sponsored development schemes.



Tier III: The Zilla Parishad (District Level)

The Zilla Parishad is the apex body of the Panchayat Raj system at the district level. Its membership includes the heads of the Panchayat Samitis, Members of Parliament (MPs) and MLAs from the district, and other elected members. The chairperson is usually elected indirectly. The Zilla Parishad is responsible for district-level planning, often preparing the overall development plan for the district (through the District Planning Committee). It monitors the utilization of funds and the performance of the lower two tiers, playing a crucial advisory and supervisory role.

3.1 Gram Sabha: The Foundation of Local Democracy

While the three tiers constitute the elected structure, the most fundamental and vital institution is the Gram Sabha. The Gram Sabha is not an elected body but a permanent, deliberative assembly composed of all persons whose names are included in the electoral rolls for the village at the Panchayat level. It is the only institution where direct democracy is practiced at the grassroots level.

The Gram Sabha is mandated to meet regularly (at least twice a year) and serves as the ultimate constitutional source of authority for the Gram Panchayat. Its functions are crucial for ensuring transparency and accountability:

- **Oversight and Accountability:** It reviews the annual budget, accounts, and audit reports of the Gram Panchayat.
- **Planning:** It discusses and approves local development schemes and identifies beneficiaries for poverty alleviation programs.
- **Social Audit:** It serves as the primary mechanism for social audit, holding the elected Gram Panchayat members and functionaries accountable for their performance and decisions.

The active functioning of the Gram Sabha is essential for realizing the democratic potential of the Panchayat Raj system.

3.2 Reservation Provisions: Promoting Inclusive Governance

A revolutionary feature of the 73rd Amendment Act is the mandatory provision for reservations, transforming the social base of political power in rural India. The reservations are guaranteed for:



- **Scheduled Castes (SCs) and Scheduled Tribes (STs):** Seats are reserved for SCs and STs in proportion to their population in the Panchayat area at all three tiers (Gram Panchayat, Panchayat Samiti, and Zilla Parishad).
- **Women:** The Act mandates that not less than one-third (33.3%) of the total number of seats in all tiers, including those reserved for SC and ST women, must be reserved for women. Furthermore, one-third of the offices of the Chairpersons at each level are also reserved for women.

This provision has led to the election of over 1.4 million women to Panchayats across the country, fundamentally changing the political landscape by ensuring the inclusion of historically marginalized voices in local governance. The reservation system aims to empower these groups, address social inequalities, and ensure that local development plans are sensitive to the needs of the entire community.

4. Analysis of Effectiveness and Impact

The implementation of the Panchayat Raj System, following the 73rd Constitutional Amendment Act, has instigated a significant, yet complex, transformation in India's rural governance. This section analyzes the effectiveness and measurable impact of the PRIs across three critical dimensions: democratic participation, development outcomes, and financial autonomy.

4.1 Democratic Deepening: Expanding the Base of Participation

The most immediate and perhaps profound impact of the 73rd Amendment has been the democratic deepening at the grassroots level. The mandated reservation provisions for Scheduled Castes (SCs), Scheduled Tribes (STs), and, critically, for women have fundamentally altered the social composition of political leadership in rural India.

- **Inclusion of Marginalized Groups:** The proportional reservation for SCs and STs has ensured their representation, allowing these historically marginalized communities to have a direct stake in decision-making and resource allocation.
- **Empowerment of Women:** The reservation of over one-third of seats and Chairperson posts for women has resulted in the election of over 1.4 million women representatives. This unprecedented inclusion has not only provided women with political experience but has also, in many instances, led to shifts in local priorities, focusing more on issues like drinking water, sanitation, health, and primary education. Women often demonstrate lower levels of corruption



and greater sensitivity to social sector needs, marking a tangible positive change in democratic quality.

The mandatory, regular conduct of elections has also reinvigorated democratic processes, fostering political awareness and higher participation rates in rural areas.

4.2 Development and Service Delivery: Assessing Outcomes

PRIs are intended to be the primary engine for rural development, integrating local planning with the implementation of government schemes.

Infrastructure and Social Sector: Panchayats have demonstrated varying degrees of success in improving local infrastructure. In states where devolution is robust (e.g., Kerala), PRIs play a crucial role in planning budgets and executing projects related to local roads, minor irrigation works, and school infrastructure. However, in many states, their role remains restricted largely to maintaining existing assets.

Poverty Alleviation Program Implementation: PRIs are critical to the effective implementation of flagship programs like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The Gram Panchayat's role in planning work, identifying beneficiaries through the Gram Sabha, and ensuring timely wage payments is essential. While this has empowered Panchayats, challenges persist concerning bureaucratic oversight, delays in fund transfers, and corruption in execution.

Health and Education: PRIs influence service delivery by providing oversight to primary health centers and primary schools. Their involvement helps ensure teacher and doctor accountability, and they often play a key role in public awareness campaigns for health and literacy.

Overall, the impact is state-specific, heavily depending on the degree of functional devolution achieved by the respective state governments.

4.3 Financial Devolution: Analyzing Autonomy

Financial autonomy is the most significant hurdle facing PRIs. The 73rd Amendment sought to address this through the State Finance Commission (SFC).

- **Role of State Finance Commission (SFC):** The SFC is mandated every five years to review the financial position of the Panchayats and recommend the principles governing the distribution of



net tax proceeds between the state and the Panchayats, and the determination of taxes, duties, tolls, and fees that may be assigned to the Panchayats.

- **Dependency on Grants:** Despite the SFC mechanism, PRIs remain heavily reliant on tied grants from the Central and State Governments, rather than untied funds generated through tax sharing. This dependency limits their flexibility in local planning and resource allocation.
- **Own Source of Revenue (OSR):** The capacity of PRIs to generate their Own Source of Revenue (e.g., property tax, professional tax, market fees) is generally low due to poor assessment mechanisms, weak collection enforcement, and reluctance to impose taxes locally. This lack of fiscal space severely constrains their ability to function as genuine institutions of self-government, undermining the very concept of Gram Swaraj. Financial weakness thus represents the most substantial devolution deficit currently hindering the PRIs.

5. Challenges and Issues

Despite the constitutional mandate provided by the 73rd Amendment, the Panchayat Raj System faces several critical challenges that impede its full potential as a self-governing and effective third tier of democracy. These shortcomings relate primarily to resources, autonomy, capacity, and participation.

5.1 Financial Constraints: The Lack of Fiscal Freedom

The most crippling constraint for PRIs is their financial weakness and near-total dependency on external sources.

Reliance on Grants: Panchayats are overwhelmingly reliant on tied grants from the Central and State Governments, often designated for specific schemes. This limits their flexibility to address unique local needs and prioritize development based on their own plans. Tied grants essentially turn PRIs into implementation agencies for higher levels of government, rather than autonomous planning bodies.

Inadequate Own Source of Revenue (OSR): The power to levy and collect taxes, duties, and fees (OSR) is either limited by state laws or poorly utilized. Collection mechanisms for local taxes (like property tax or market fees) are often inefficient due to lack of political will, poor record-keeping, and the reluctance of local representatives to impose taxes on their electorate. Consequently, the share of OSR in the total revenue of Panchayats remains minuscule, severely undermining the principle of fiscal decentralization.



5.2 Devolution Deficit: The Three Fs Problem

The Devolution Deficit represents the gap between the constitutional provisions and the actual transfer of powers. This deficit is often summarized as the failure to transfer the three Fs: Functions, Funds, and Functionaries. [Image illustrating the 3 Fs in Panchayat Raj (Functions, Funds, Functionaries) and the gap in devolution]

Functions (29 Subjects): While the Eleventh Schedule lists 29 subjects, many state governments have not devolved these subjects completely or effectively. Functions often remain with the state bureaucracy, or the transfer is only partial or conditional.

Funds: Despite the recommendations of the State Finance Commissions (SFCs) and Central Finance Commissions (CFCs), the actual transfer of untied funds and the sharing of state tax revenues with PRIs often lag, leading to persistent financial scarcity.

Functionaries: Key administrative and technical staff required to execute the devolved functions (like engineering, agricultural, and health staff) are often not brought under the administrative control of the PRIs, leading to a lack of accountability to the local body.

5.3 Political and Bureaucratic Interference

The autonomy of PRIs is frequently compromised by interference from higher political and administrative echelons.

State Control: State-level politicians and MLAs often view Panchayats as rivals for power and funds, leading to reluctance in granting genuine autonomy. The power to supersede or dissolve Panchayats, though regulated, can be misused.

Bureaucratic Resistance: The state bureaucracy, particularly officials at the district and block levels, often resist the transfer of administrative control and power to the elected representatives of the Panchayats, seeing them as undermining their authority. This friction leads to delays, poor coordination, and a lack of respect for local democratic decisions.

Elite Capture: At the local level, despite reservations, there are instances of 'elite capture' where traditional dominant castes or wealthy families continue to wield undue influence over the elected representatives, often reducing the effectiveness of leaders from marginalized communities.



5.4 Capacity Issues

A systemic challenge is the general lack of capacity among the elected representatives and the administrative apparatus of the PRIs.

Lack of Training: Many elected representatives, especially first-time women and SC/ST members, lack adequate training in financial management, scheme implementation, local planning, and the legal framework, hindering their ability to perform complex duties effectively.

Inadequate Infrastructure: Panchayats often suffer from a severe shortage of basic office infrastructure, connectivity (digital tools), and technical support staff necessary for modern governance, planning, and accounting.

5.5 Role of the Gram Sabha

The Gram Sabha, intended as the pivot of transparency and participatory democracy, often functions weakly.

Poor Participation: Attendance at Gram Sabha meetings is frequently low, especially among women and the poor, due to inconvenient timings, lack of awareness, or pressure from local elites.

Lack of Power: In many states, the recommendations of the Gram Sabha remain non-binding or are easily overridden by the Gram Panchayat or higher authorities, diminishing its motivational and deliberative role. This non-functional status undercuts the system's foundational principle of direct citizen oversight and social audit.

6. Case Studies and State Variations in Panchayat Raj Implementation

The true nature of the Panchayat Raj System in India is best understood by analyzing its varied implementation across different states. While the 73rd Amendment provided a uniform constitutional blueprint, the actual devolution of powers, funds, and functionaries (the three Fs) is governed by state legislation, leading to significant differences in effectiveness and impact. A comparative study highlights both best practices and specific challenges unique to different political and social environments.

We will compare the decentralization experiences of Kerala (often cited as a leader in devolution) with those of Bihar and the contrasting situations in the Telugu-speaking states of Telangana and Andhra Pradesh.



6.1 Kerala: The Model of Decentralized Planning

Kerala is widely regarded as a pioneer in institutionalizing decentralized governance, largely through its ambitious People's Campaign for Decentralized Planning (PCDP) launched in the mid-1990s.

Best Practices:

Fiscal Devolution: Kerala successfully devolved a substantial portion of the state plan budget (historically around 35-40%) to the PRIs (known as Local Self-Government Institutions or LSGIs). This funding is primarily untied, allowing Panchayats the flexibility to identify and execute local needs, making them genuine planning bodies.

Functional Transfer: Kerala has achieved a high degree of transfer of the 29 subjects to the Panchayats. State functionaries across key departments (agriculture, health, education) were placed under the administrative control of the local bodies, ensuring accountability to the elected representatives.

Participatory Planning: The PCDP established mandatory local planning meetings involving Development Seminars and Gram Sabhas where citizens were engaged in identifying needs, preparing project proposals, and prioritizing schemes. This bottom-up planning approach ensures that local budgets directly reflect community requirements.

Capacity Building: Massive training initiatives were launched to empower the newly elected representatives, especially women and marginalized groups, in planning, accounting, and project appraisal.

Outcome:

The strong devolution in Kerala has led to improved infrastructure, better service delivery in health and education, and a notable reduction in regional disparities within the state. The power of the Gram Sabha is functional and impactful.

6.2 Bihar: Overcoming Historical Deficiencies

Bihar represents a state that was historically slow in adopting and empowering the PRIs, characterized by delayed elections and minimal devolution for decades after the 73rd Amendment.

**Specific Challenges:**

- **Delayed Implementation:** Bihar only seriously began the implementation of the three-tier system after holding elections in the mid-2000s, long after the constitutional mandate.
- **Political and Bureaucratic Hurdles:** The devolution of the three Fs remains highly incomplete. State departments retain significant control over the 29 subjects. Bureaucracy often sidelines the elected Panchayat representatives in scheme implementation.
- **Financial Scarcity:** Panchayats rely heavily on tied funds from Central schemes. Their ability to generate Own Source of Revenue (OSR) is extremely low due to weak tax administration and minimal political emphasis on local resource mobilization.
- **Elite Dominance:** Despite reservations, the system faces challenges of 'elite capture' where powerful landowning groups continue to influence Gram Panchayat decisions, sometimes marginalizing the voices of the weaker sections and women representatives (often referred to as Panchayat Pati syndrome).

Outcome:

While elections have successfully increased political participation, the lack of genuine functional and fiscal autonomy means Bihar's Panchayats often struggle to function as independent units of self-government, limiting their impact on local development planning.

6.3 Telangana and Andhra Pradesh: Contrasting Decentralization Post-Bifurcation

The implementation in the Telugu-speaking states provides a more recent lens, especially post-bifurcation in 2014.

Common Structure and Challenges:

Both Telangana and Andhra Pradesh follow the standard three-tier system. A notable common challenge is the high reliance on Central grants and flagship schemes (like MGNREGA) for the majority of their income, which limits local planning flexibility. State governments in both regions maintain significant control over key functionaries and departments.

Divergent Strategies:



Andhra Pradesh (AP): AP has focused significantly on technology and transparency, promoting e-governance initiatives for Panchayat functions. However, AP has faced criticism for creating specialized corporations for local functions (like water supply), which bypass the PRIs, potentially diluting their functional authority.

Telangana: Telangana introduced initiatives like the Palle Pragathi (Village Progress) program, which earmarks specific funds to Gram Panchayats and mandates monthly performance checks and community participation. The state emphasizes the cleanliness and upkeep of villages, providing some assured untied grants. However, the devolution of the 29 subjects remains partial, and the higher tiers (Mandal Parishad and Zilla Parishad) often lack substantive powers compared to the Gram Panchayats.

Conclusion from Variations:

The state variations clearly demonstrate that constitutional provision alone is insufficient. The success of the Panchayat Raj System hinges critically on the political will of the state government to truly relinquish power and resources. Kerala's success is attributable to a strong legislative framework backed by a genuine political and administrative commitment to bottom-up planning. States like Bihar, on the other hand, illustrate how bureaucratic inertia and a reluctance to decentralize the "three Fs" can undermine the system, keeping Panchayats as mere agencies of the state rather than vibrant local self-governments.

7. Conclusion and Recommendations

7.1 Summary of Findings

The study concludes that the Panchayat Raj System, rooted in the 73rd Constitutional Amendment Act, 1992, represents a crucial achievement in India's democratic journey, successfully establishing the third tier of governance. The system has demonstrably achieved democratic deepening by institutionalizing mandatory elections and securing the political representation of over a million elected leaders from women, Scheduled Castes (SCs), and Scheduled Tribes (STs). This has positively impacted service delivery in core sectors like water and sanitation in several states.

However, the analysis of effectiveness reveals a significant gap between the constitutional mandate and implementation reality. The core challenges center around a persistent "devolution deficit," primarily manifesting as a lack of fiscal autonomy. PRIs function more as implementation agencies for state- and central-sponsored schemes than as self-governing units, owing to insufficient Own Source of Revenue



(OSR) and excessive reliance on tied grants. Furthermore, the effectiveness is undermined by bureaucratic resistance, political interference, capacity limitations among representatives, and a non-functional Gram Sabha—the very foundation of participatory democracy. The successful models (like Kerala) confirm that genuine decentralized governance requires sustained political will to transfer the Three Fs (Functions, Funds, Functionaries).

7.2 Policy Recommendations

To transform PRIs into effective and autonomous institutions of local self-governance, the following actionable policy steps are recommended:

- **Strengthening Financial Powers (Fiscal Decentralization):**
 - Enhance OSR: State governments must mandate and assist PRIs in scientifically assessing and effectively collecting local taxes (e.g., property tax). Incentives should be offered to Panchayats that achieve OSR targets.
 - Empower State Finance Commissions (SFCs): SFC recommendations regarding tax sharing must be treated with the same constitutional sanctity as Central Finance Commission recommendations, ensuring a guaranteed share of untied state revenues for PRIs.
- **Ensuring Full Devolution of the 3Fs:**
 - Time-Bound Transfer: State governments must enact legislation with a clear, time-bound roadmap for the complete transfer of the 29 subjects in the Eleventh Schedule.
 - Administrative Control: Key functionaries in sectors like health, education, and public works must be brought under the administrative control and performance appraisal of the respective Panchayat tier to ensure local accountability.
- **Mandating and Empowering the Gram Sabha:**
 - Regular and Powerful Meetings: Legislate to mandate more frequent (e.g., quarterly) Gram Sabha meetings with stricter quorum requirements. Ensure that the Gram Sabha's decisions on beneficiary selection and social audit are mandatory and legally binding on the Gram Panchayat.



- Digital Dissemination: All Gram Panchayat plans, budgets, and expenditure reports should be mandatorily published in the local language via digital platforms (like eGramSwaraj) to facilitate social audit.
- **Capacity Building and E-Governance:**
- Continuous Training: Invest significantly in targeted and continuous training programs for elected representatives and administrative staff, focusing on financial management, project preparation, and e-governance tools.
- Digital Integration: Fully implement and leverage digital platforms like eGramSwaraj and PFMS (Public Financial Management System) to digitize planning, budgeting, and accounting processes, enhancing transparency and efficiency across all three tiers.

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