HAS PANCHAYATI RAJ ACHIEVED TRUE DECENTRALIZATION IN INDIA?

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ABSTRACT

The 73rd Constitutional Amendment Act, 1992 was a significant constitutional measure to strengthen democratic decentralisation and establish a framework for grassroots-level governance in India. It provided constitutional recognition to Panchayati Raj Institutions (PRIs) so that rural people could benefit from the system of governance and participate directly in decision-making. The Act established a three-tier local government at the Village, Intermediate and District levels, with the Gram Sabha as the basic platform of participatory democracy. It further mandated State Election Commissions and State Finance Commissions, a regular election process, and reserved seats for Scheduled Castes, Scheduled Tribes, and Women to ensure inclusive representation.

Over three decades later, the extent to which Panchayati Raj has achieved true decentralisation remains debatable. Although the amendment greatly increased grassroots democratic participation, numerous structural constraints persist: Panchayati Raj Institutions often function within frameworks dominated by state bureaucracies, possess little fiscal autonomy, and have not been fully devolved administrative powers. Consequently, many Panchayats function primarily as implementing agencies for centrally sponsored programs rather than as independent bodies that set local development priorities. This paper argues that while the 73rd Amendment has achieved political decentralisation, the deeper goals of administrative and fiscal decentralisation remain only partially fulfilled, and that meaningful decentralisation requires greater political will, financial autonomy, and a genuine commitment to transferring functional responsibilities to local governing bodies.

INTRODUCTION

With the introduction of the 73rd Constitutional Amendment Act of 1992, India entered a new era in its constitutional and administrative system. For many years following independence, local self-government institutions were weak and heavily reliant upon the state government. Even though village panchayats existed, they had no constitutional recognition, financial autonomy, or administrative powers. The objective of the 73rd Amendment was to establish decentralised governance by transforming panchayats into institutions of local self-government protected by the Constitution.

HISTORICAL BACKGROUND

The concept of democratic decentralisation had been a topic of discussion long before this amendment was introduced. The Balwant Rai Mehta Committee (1957) recognised that local participation in development is important and suggested a three-tier system of Panchayati Raj institutions to achieve democratic governance at the grassroots level[1]. Subsequently, the Ashok Mehta Committee (1978) also stated that panchayats needed to be strengthened by increasing their financial autonomy and administrative authority[2]. However, local governance structures continued to be inconsistent between states and lacked significant authority despite these recommendations.

The purpose of the 73rd Amendment was to fix problems with the earlier system of governance in India by adding Part IX (Articles 243 to 243O) to the Constitution of India[3]. This included setting up three tiers of Panchayati Raj: a Gram Panchayat at the village level, a Panchayat Samiti at the intermediate level, and a Zila Parishad at the district level. With the 73rd Amendment, the structure of local government was decentralised, capable of addressing local developmental needs while remaining democratically accountable.

KEY PROVISIONS OF THE AMENDMENT

The Gram Sabha

Recognising the Gram Sabha as the fundamental unit of participatory democracy was one of the most important features of the amendment. Every registered voter who lives in a village is

[1]Government of India, Report of the Balwant Rai Mehta Committee on Democratic Decentralization (1957).
[2]Government of India, Report of the Ashok Mehta Committee on Panchayati Raj (1978).
[3]India Const. pt. IX, arts. 243–243O.

a member of, and has a seat on, the Gram Sabha[4]. The Gram Sabha serves as the deliberative body and forum for accountability, and as a means of community involvement in local governance.

Reservation for Marginalised Communities and Women

The amendment also brought a major change through its establishment of reservations that protect the rights of marginalised communities and women in Panchayati Raj institutions. Reservation for Scheduled Castes and Scheduled Tribes, provided under Article 243D, is proportional to their population, and not less than one-third of all seats are reserved for women[5]. As a result, many states have subsequently adopted 50% reservation for women. One of the main purposes of these provisions is to democratise political representation in local governance and to help break down the historical pattern of exclusion from rural governance.

Institutional Safeguards

In addition to reservation, the amendment also added institutional safeguards to create autonomy and stability for Panchayati Raj institutions. A State Election Commission was established to conduct regular elections to local bodies, and a State Finance Commission was established to provide recommendations for the allocation of financial resources between state and local government[6]. Additionally, the Eleventh Schedule was included, listing 29 subjects that could be devolved to panchayats, including agriculture, rural development, health, education, and social welfare[7].

IMPACT ON GRASSROOTS DEMOCRACY

Expansion of Local Governance

The 73rd Amendment has had a clear impact on grassroots democracy in India. Today there are more than 250,000 panchayats and many millions of elected representatives, making Panchayati Raj one of the world's most extensive examples of democratic local governance[8]. This growth has boosted the scope of citizen participation in government and created new

[4]India Const. art. 243A.
[5]India Const. art. 243D.
[6]India Const. arts. 243I, 243K.
[7]India Const. sched. XI.
[8]Ministry of Panchayati Raj, Government of India, Annual Report 2023.

opportunities for political leadership in the country.

Women's Participation

The participation of women in Panchayati Raj is one of the most profound social changes brought about by the amendment. Today, millions of women across the country serve as elected representatives at various levels of local governance. Many studies indicate that women leaders tend to focus on issues such as drinking water, sanitation, education, and healthcare — issues that directly influence the daily lives of rural people[9]. Therefore, women's participation has led not only to political representation but also to a change in government priorities and focus.

JUDICIAL PERSPECTIVE

The Indian judiciary has also acknowledged the constitutional significance of local self-government institutions. The Supreme Court, in Kishansing Tomar v. Municipal Corporation of Ahmedabad, held that all local bodies should conduct regular elections every five years and that state governments are not permitted to delay such elections beyond that period[10]. Similarly, in Union of India v. R.C. Jain, the Court noted that local self-governments provide representation for their communities and form part of the Indian governmental structure as a whole[11].

CHALLENGES TO TRUE DECENTRALIZATION

Incomplete Administrative Devolution

While there has been some progress in decentralising power in India, there is still a long way to go to achieve true decentralisation. One of the biggest obstacles is that many states have not devolved their administrative decision-making powers to local self-government institutions. The Eleventh Schedule provides that all listed subjects may be devolved to panchayats, but whether these powers are actually devolved remains the decision of each state government. In most states, decision-making authority is still exercised largely by the state government.

As a result, Panchayati Raj institutions typically serve as agents of implementation for centrally funded programs rather than as independent governing authorities. Government bureaucratic

[9]Raghabendra Chattopadhyay & Esther Duflo, Women as Policy Makers: Evidence from a Randomized Policy Experiment in India, 72 Econometrica 1409 (2004).
[10]Kishansing Tomar v. Mun. Corp. of Ahmedabad, (2006) 8 S.C.C. 352 (India).
[11]Union of India v. R.C. Jain, (1981) 2 S.C.C. 308 (India).

personnel often exert considerable influence over how plans, budgets, and programs are implemented, thereby limiting the autonomy of elected officials.

Limited Fiscal Autonomy

Another major problem in the context of fiscal decentralisation is that the recommendations of the State Finance Commissions are often not fully implemented. This has created a situation in which panchayats rely heavily on grants and transfers from state and central governments[12]. Their limited ability to raise their own resources through taxation and other means is an important factor restricting their autonomy.

India's decentralisation scheme faces a significant paradox arising from these structural limitations. The 73rd Amendment provides political decentralisation, but the other two dimensions — administrative and financial — remain incomplete. Panchayats can elect the leaders of their local government, but they do not always have the authority or the resources to function as an effective local government.

CONCLUSION

Despite their shortcomings, the role that Panchayati Raj institutions play remains incredibly important and should not be underestimated. The 73rd Amendment created opportunities for people to participate and have a voice in the political process at the grassroots level, resulting in significant changes in how democracy functions in rural communities across India. Panchayati Raj illustrates that decentralisation is not a one-time statutory measure but a continual institutional reform process.

Achieving truly decentralised governance requires ongoing political will to transfer responsibilities and resources to local institutions. Empowering Gram Sabhas, ensuring fiscal autonomy, and developing administrative capacity at the local level are necessary steps toward realising the constitutional guarantee of grassroots democracy. The 73rd Amendment therefore represents both an achievement and an unfinished project: an achievement in having created constitutional space for decentralised governance in India, and an ongoing process in realising its transformative potential through continued efforts to empower Panchayati Raj institutions as instruments of decentralised democracy.

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[12]M.P. Jain, Indian Constitutional Law 2108–2115 (8th ed. 2018).