



ORIGIN AND DEVELOPMENT OF LOCAL GOVERNMENTS IN INDIA

- AN ANALYSIS

***Vishnu Manupadu**

Ph.D.Scholar, Dept. Of Political Science,
Kakatiya University, Warangal-506009

Abstract

The institutions of Local Government have flourished in India since time immemorial. The Panchayats or Village Governments, as they were called, were ancient institutions and were themselves small republics. They exercised power in various spheres such as industrial, commercial, administrative, and social including civic education and religious functions. The Panchayat Raj has always existed in India. These Panchayats were the Local Self Governments in villages. Local Self Government is the Government duly elected by local people. While Government at the National and state level have independent powers of their own drawn from the constitution, Local self Government Institutions are creations of the state and enjoy only such powers as are given to them by State Government or state legislature. The present paper focus on the analysis of Origin and Development of Local Governments in India.

Key Words: Local Governments, PRIs, Decentralisation, Constitution, Independent Powers etc.

Introduction

The system of democracy and local governance in India has centuries' great history. The Sanskrit word *Panchayat* is the term used for denoting Local Governments from time immemorial. Krishnankutty Nair *et al* (2003)¹ explains that, the Sanskrit word *Pancha* means Five – signifies the Five Sense Organs of Village Life such as Eyes, Nose, Tongue, Ears and Skin. The village leader at the grassroots was considered as the brain of the village. The Rig Veda explains the *Kulas* formed by families and *Gotras* formed by several *Kulas*. Even

¹ Krishnankutty Nair, N. and Others, (2003), *Panchayat Raj Keralathil* (Malayalam), Thiruvananthapuram, CapDeck, p. 2.

during the period of Princely rule, there were examples of local governance systems under the leadership of elected representatives in villages. The seventeenth Chapter of *Artha Sasthra* written by Kautilya alias Chanakya, there were mention about the Area, Population, Structure, Duties of Citizens and Administrators, Methods of imposing taxes and Punishments prevailing in a village. The Panchayats were structured in to various tiers viz., *Jyeshthom*, *Kanishtam* and *Madhyamam* as in the case of today's Grama, Block and District level Panchayats. The Indus Valley Civilization (2500-1500 BC), as the excavations at Harappa and Mohanjadaro revealed, was built upon Local Self Governments. It appears that the municipality administration consisted of six bodies of five members each for the following departments namely, (a) the mechanical arts; (b) care for foreign inhabitants; (c) registration of birth and deaths; (d) trade, commerce, weights and measures; (e) supervision and sale of manufactured articles; and (f) collection of taxes on sales transactions. Ancient travelogues contain descriptions of the system of administration in towns like *Nalanda*, *Takshasilas*, *Pataliputra* and *Ujjain*.

The famous book, 'Indica', written by Megastheneese, an ancient Greek Viceroy in India, explains clearly the form of Local Self Governments and their structures prevailed during the period of Maurya Rule. The Chinese traveler, Fahian had narrated the Local Administration under the Gupta Dynasty. The literary works of Guyajsaj, an ancient Chinese writer, contains much on the Local Governance systems with due importance².

The British East India Company that snatched power from the Mughals and the Marathas and declared the sole sovereign of all they surveyed in India and continued the practice of curbing the powers of the local institutions. As a result, the local institutions were thrown to morbidity and the local administration became totally extinct. But later on the British realized the helpfulness of Indian Local Governments in managing the state of affairs in such a way as to dish up their own private interests. Hence, they began to revitalize them not to confer local autonomy to the people, but to make more money by squeezing the people with local taxes more efficiently than ever before in the name of Town and City Administration.

The first phase of the British system of Municipal Administration in India during the period from 1833 to 1882, consisted of a highly centralized form of Government. Non-official committees were appointed in 1837 to look after town development. All the towns in

² *ibid.*p.2.

the British provinces were brought under the purview of Municipal Administration in 1850 and a permissive levy system was introduced to collect finances to meet the administration expenses. A thorough change for improvement was brought in by Lord Mayo, the Governor General of India (1869-'72) in 1870. The major and most impressive encouraging change was administrative devolution by which certain departments such as education, medical services, and construction and maintenance of roads were transferred to the administration of Provincial Governments. Grants were also allotted to these governments to settle up the expenses incurred over and above the income collected through taxation. Municipal Acts were passed in pursuance of Mayo's Resolution by the provinces. The right of election, though limited, was granted in 1880. Full-fledged Local Self Governments, however, came in to existence only in the cities of Bombay and Calcutta. In other cities and towns, only a skeleton of local administration and local taxation alone were seen.

The year 1882 marked the beginning of a new era in the history of Local Self Governments in India. Lord Ripon's Resolution of 18th May 1882 extended the system of local administration to the *Tahsils* or *Talukas* and made the entire system more democratic, powerful and financially sound. It was decided that two-thirds of the members of the Municipalities should be non-officials elected from the people. The Chairman of each Municipality should be a non-official. The Government should delegate powers to the Municipalities while the former retained the right of supervising, advising and suspending for failure of work of the latter. The municipalities were empowered to impose and collect taxes such as house tax, professional tax and octroi. Other Government departments were asked to render expert advice and assistance to municipalities, not as subordinates, but as peers. Though this provision gave municipalities equality of status with other government departments, it implied that Ripon, as true British, wanted municipalities to function as just another administrative department of the British Government. Till today, Lord Ripon's reforms of Local Self Government is considered to be the basis of Local and Municipal Governments, which soon took firm roots in India and became the solid groundwork of democratic institutions in higher spheres.

The reforms of Lord Ripon also marked the Second Phase (1882 – 1919) of the evolution of Local Governments in India. The Third Phase (1919 – 1935) was inaugurated with the recommendation of Royal Commission on Decentralisation (1907 – 08) and the Government of India Act of 1919. The Royal Commission, which investigated in detail the

working of the Local Governments, found them a failure in all sense. The Lord Harding, the Viceroy, issued a Resolution in 1915, which did not come into force because of the announcement of Lord Chemsford (of the Montague-Chemsford Commission, the recommendation of which fructified into the Government of India Act of 1919) of his intention to develop local institutions throughout India to serve as a training centre of self rule and to inculcate a sense of responsibility among all Indians. The Government of India Act of 1919 demarcated the subjects to be dealt in by the Local Governments and the power to be wielded by them in respect of taxation. Thus, organization and administration of Local Governments were transferred to Provincial Governments but the portfolio of Local Governments should be vested with an Elected Minister. The Local Governments were empowered with taxation and list of local taxes like toll, taxes on land values, taxes on bridges, vehicles, animals, menial and domestic servants and on the trade were included. Subsequent developments did not alter this list of taxes in any considerable way.

The Indian Taxation Enquiry Commission of 1925 and Simon Commission of 1930 suggested further reforms in respect of taxation and the administration system of Local Governments. Nevertheless, the functioning of local bodies during the time of Diarchy (1921 – 1937) was neither a complete failure nor an un-qualified success. Communal feeling, corruption, nepotism and inefficiency were the common defects that permeated the Local Governments during the Third Phase from 1919 – 1935.

The Fourth Phase began with the Government of India Act of 1935. The Act envisaged the governmental reorganization on a federal basis with Provincial Governments and the Government of India. Local Governments became a provisional subject but separate lists of taxes, which could be levied by and for Local Governments, was abolished and merged with the State list. Therefore, the provinces had to decentralize the tax base in favour of Local Governments. The Government of India Act of 1935, while enlarging the functions of Local Governments, curtailed the financial resources of these governments with the result that the Municipalities became more and more dependent on the grant-in-aid of Provincial Governments and subservient to the control of them. Apart from this, dependence and subordination, the Local Governments could not make much headway during the ten year period from 1937 to 1947 due to extraneous reasons like the conflict between the British rules and the Nationalists, the Second World War and the Constitutional deadline due to the dissolution of Provincial Governments.

Local Government gained a new impetus and acquired fresh vitality since Indian Independence. The structure of the Constitution redistributed powers between the Center and the States on the model of the Government of India Act, 1935. The subject of Local Government was accordingly included in the State List. The states have thus become the foster fathers and lawgivers of the present day Local Governments. This is reason why the Municipal Corporations Acts and the legislature enactments binding on the Local Governments differ from State to State. The States are free to modify the constitution as well as the law governing Local Governments.

Committees on Decentralisation in India

The Indian Constitution did not provide guidance on how to develop the Local Governments. This responsibility fell on a series of national Committees that addressed issues of implementation of the Constitutional mandate. During the period between the enactment of the Constitution and the 73rd Constitutional Amendment in 1993, different committees were formed by various authorities to advice the central government on different aspects of transforming local governments as institutions of self- governance and as instruments for social transformation. Some of the Committees on Decentralization for empowering Local Governments are explained in the following paragraphs:

A). Balwanthrai Mehta Committee, 1958

The committee constituted in 1956 to submit report for proposing participatory role of national rural development department and social welfare department. The committee submitted their report in 1958 with pertinent recommendations on local administration system. Some of them are given below:

1. Constitution of legally mandated self-governing local institutions with powers of generating economic resources and with decentralised planning and implementation of schemes of economic development;
2. Formation of legally elected directly from people at village level committees and constitution of Block-Taluk level committees with co- opted elected representatives of village level;
3. Constitution of District Parishads with co-opted members under the chairmanship of the District Collector; and
4. Ensure peoples participation and fiscal resources.

B). Administrative Reforms Committee, 1959

The Administrative Reforms Committee, 1959 setup by the EMS Government that came into power in 1957, in its report, recommended for District Governance with elected peoples representatives over and above Panchayats and Municipalities.

C). Ashok Mehta Committee, 1978

Ashok Mehta Committee was constituted to study on the measures for improving people's participation in Panchayat administration and role of grassroots leadership in overall development and improving efficiency in productive sector has made the following important recommendations:

- a. A two-tier Panchayati Raj system of District Parishad and Mandal (Block) Parishads;
- b. Entrusting development schemes with District parishads instead of centrally controlled Development Blocks;
- c. Creation of 4 year-term Panchayat Samitis through the process of direct election;
- d. Bifurcation of Development Panchayats and Nyaaya Panchayats;
- e. Ensuring fiscal autonomy to Panchayats;
- f. Implementation of politically based election and working in Panchayats; and
- g. Ensuring peoples participation in Planning and implementation of schemes of economic development

D).G.V.K. Rao Committee, 1985

This Committee was constituted mainly to study the priority for poverty alleviation initiatives has made recommendations to suit the constitutional amendments towards this objective:

1. Two-tier Panchayat administration system through a process of directly elected representatives to take lead role in the participative development processes;
2. Formulation of Planning Committees with the Chairmanship of District Parishad President elected on proportionate representation basis and entrusted with policy formulation and implementation of development schemes; and
3. Re-organization of Blocks with appointing District Development Commissioners and Assistant Development Commissioners as Development Officers at District and Block level respectively.

E). Thumgon Committee, 1985

The main recommendations of the Thumgon Committee were:

1. Constitutionalising three-tier Panchayat system at District – Block – Village level;
2. Formation of State Development Committees (SDCs) with chairmanship of state's minister for Planning and Economic Affairs and District Panchayat presidents as members for the decentralisation of Development – planning process;
3. Making Panchayat elections a constitutional obligation of state governments;
4. Fixing the tenure of Panchayats as 5 years;
5. Empowering the Government to dismiss the Panchayat in times of mis-management, corruption and such other situations;
6. Setting up of Panchayat Judicial Tribunals;
7. Special reservation for women / SC / ST communities; and
8. Ensuring Funds, Grants etc required by the Panchayats and The Committee has also drafted a model Panchayati Raj Act.

F). L.M. Singvi Committee, 1986

Singvi Committee was formed in 1986 to study on the existing Panchayats and to submit recommendations for strengthening them to shoulder leading roles for rural development. Their recommendations are:

1. Constitutional recognition of Panchayats as democratic institutions of local self governance;
2. Ensuring local grassroots leadership and partnership in planning and implementation process;
3. Constitution of Panchayati Raj Tribunals for redressal of disputes
4. Rational devolution of fiscal resources and powers

All these committees have underlined the role that the Panchayati Raj Institutions can play in development planning as the basic units of democratic decentralization. The recommendations of these committees have favored acceleration of democratic decentralization and the empowerment of local governments in India.

In addition to these Committees stated above, Avukkaderkuttinaha Committee in 1962 and V. Ramachandran Committee in 1989 have also made detailed and pertinent recommendations on local governance system, District administrative setup as also the powers and rights to be devolved and laws to be amended thereon.

Mahatma Gandhi's concept of *Gramaswaraj* through Panchayati Raj is reflected in Article 40 of the Directive Principles of Indian constitution, which provides as follows:

The State shall take steps to organize village Panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.

Though Gandhiji emphasised the importance of local governments in addressing the local issues with local solution much earlier, the phenomenon of Globalisation today proved what Gandhiji said was vital in withstanding the evil effects of globalisation on local communities. The UNDP (2002)³ remarked as “While the process of globalization acts in ways in which the market acquires supremacy to the detriment of people, who lose control over their livelihood means as well as other choices, the process of decentralization could act as a countervailing force enabling people to acquire control over decisions that influence their lives in critical areas”.

Late Shri Rajiv Gandhi, when he became the Prime Minister of India, foresaw the necessity for strengthening local governance as a panacea for translating the opportunities of forthcoming globalisation, took a decisive action to translate Gandhiji's vision into reality and in 1989 he proposed the 64th and 65th Amendment Bills to make it mandatory for all States to establish a Three Tier System of *Panchayats* of Rural and *Municipalities* of Urban local governments. Addressing the conference of Chief Ministers in May 1989, Rajiv Gandhi said, “what we do propose is to usher in a revolution by (giving) Panchayati Raj a status commensurate with the vision of our freedom fighters, the injunctions of our founding fathers and the dreams of our nation builders”⁴. However, the 64th and 65th Amendment Bills failed to be approved by the Rajyasabha and before he could return to office to complete his historic Mission, Shri Rajiv Gandhi fall victim to assassination in 1991. It was on 22nd December 1992, the Government led by Shri Narasimha Rao could redeem Shri Rajiv Gandhi's pledge to the nation by adopting 73rd and 74th Amendment to the

³ United Nations Development Programme, *Decentralization in India: Challenges and Opportunities*, New Delhi, 2002.

⁴ *Ten Years of Panchayati Raj in Kerala*, State Planning Board, Government of Kerala, Thiruvananthapuram, 2006, p.3

Constitution, which introduced local governments in to the governance structure of India through Part IX (The Panchayats) and Part IX (The Municipalities) of the Constitution.

The Constitution Amendment Act, 1992 and Local Governments

The definitions of terms coming under Seventy-third Constitutional Amendment Act, 1992 with relevant Articles is given below:

Article 243⁵ defines rural Local Government terms as (a) "district" means a district in a State; (b) "Gram Sabha" means a body consisting of persons registered in the electoral rolls relating to a village comprised within the area of Panchayat at the village level; (c) "Intermediate level" means a level between the village and district levels specified by the Governor of a State by public notification to be the intermediate level for the purposes of this Part; (d) "Panchayat" means an institution (by whatever name called) of self-government constituted under article 243B, for the rural areas; (e) "Panchayat area" means the territorial area of a Panchayat; (f) "population" means the population as ascertained at the last preceding census of which the relevant figures have been published; (g) "village" means a village specified by the Governor by public notification to be a village for the purposes of this Part and includes a group of villages so specified. Article 243A states that a Gram Sabha may exercise such powers and perform such functions at the village level as the Legislature of a State may, by law, provide.

Article 243P⁶ defines urban Local Government terms (a) "Committee" means a Committee constituted under Article 243S; (b) "district" means a district in a State; (c) "Metropolitan area" means an area having a population of ten lakhs or more, comprised in one or more districts and consisting of two or more Municipalities or Panchayats or other contiguous areas, specified by the Governor by public notification to be a Metropolitan area for the purposes of this Part; (d) "Municipal area" means the territorial area of a Municipality as is notified by the Governor; (e) "Municipality" means an institution of self-government constituted under Article 243Q; (f) "Panchayat" means a Panchayat constituted under Article 243B; (g) "population" means the population as ascertained at the last preceding census of which the relevant figures have been published.

⁵ The Constitution (Seventy-Third Amendment) Act, 1992, Government of India.

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As regards the constitution of Panchayats, Article **243B**⁷ states that (1) There shall be constituted in every State, Panchayats at the village, intermediate and district levels in accordance with the provisions of this Part; and (2) Notwithstanding anything in clause (1), Panchayats at the intermediate level may not be constituted in a State having a population not exceeding twenty lakhs.

Article **243Q of the Constitution (Seventy-Fourth Amendment) Act, 1992**, states about **constitution of Municipalities** as:

1. There shall be constituted in every State,
 - a) a Nagar Panchayat (by whatever name called) for a transitional area, that is to say, an area in transition from a rural area to an urban area;
 - b) a Municipal Council for a smaller urban area; and
 - c) a Municipal Corporation for a larger urban area, in accordance with the provisions of this Part:

Provided that a Municipality under this clause may not be constituted in such urban area or part thereof as the Governor may, having regard to the size of the area and the municipal services being provided or proposed to be provided by an industrial establishment in that area and such other factors as he may deem fit, by public notification, specify to be an industrial township.

2. In this article, "a transitional area", "a smaller urban area" or "a larger urban area" means such area as the Governor may, having regard to the population of the area, the density of the population therein, the revenue generated for local administration, the percentage of employment in non-agricultural activities, the economic importance or such other factors as he may deem fit, specify by public notification for the purposes of this Part.

Article **243R of the Constitution (Seventy-Fourth Amendment) Act, 1992**, states about composition of **Municipalities**

- 1) Save as provided in clause (2), all the seats in a Municipality shall be filled by persons chosen by direct election from the territorial constituencies in the Municipal area and for this purpose each Municipal area shall be divided into territorial constituencies to be known as wards.

⁷ The Constitution (Seventy-Third Amendment) Act, 1992, Government of India.

- 2) The Legislature of a State may, by law, provide-
 - a. for the representation in a Municipality of:
 - i. persons having special knowledge or experience in Municipal administration;
 - ii. the members of the House of the People and the members of the Legislative Assembly of the State representing constituencies which comprise wholly or partly the Municipal area;
 - iii. the members of the Council of States and the members of the Legislative Council of the State registered as electors within the Municipal area; and
 - iv. the Chairpersons of the Committees constituted under clause (5) of article 243S:
- Provided that the persons referred to in paragraph (i) shall not have the right to vote in the meetings of the Municipality;
- b. The manner of election of the Chairperson of a Municipality.

Article 243S⁸ threw light on the constitution and composition of Wards Committees:

- 1) There shall be constituted Wards Committees, consisting of one or more wards, within the territorial area of a Municipality having a population of three lakhs or more.
- 2) The Legislature of a State may, by law, make provision with respect to :
 - a. The composition and the territorial area of a Wards Committee; and
 - b. The manner in which the seats in a Wards Committee shall be filled.
- 3) A member of a Municipality representing a ward within the territorial area of the Wards Committee shall be a member of that Committee.
- 4) Where a Wards Committee consists of :
 - a. One ward, the member representing that ward in the Municipality; or
 - b. Two or more wards, one of the members representing such wards in the Municipality elected by the members of the Wards Committee, shall be the Chairperson of that Committee; and
- 5) Nothing in this article shall be deemed to prevent the Legislature of a State from making any provision for the constitution of Committees in addition to the Wards Committees.

For strengthening Local Governments, Constitutional amendments alone are not sufficient. There are a good number of schemes and programmes which negates the decentralization spirit in the middle. Thankappan V.J (2000)⁹ points out that, district level

⁸ The Constitution (Seventy-Third Amendment) Act, 1992, Government of India.

⁹ Thankappan V.J (2000) *Decentralisation – Experiments of Kerala* Paper presented in International Conference

planning under the guidance of District Planning Committee was a concept introduced as per the Constitution 74th Amendment under the Prime Ministership of Mr. Narasimha Rao. But the same Narasimha Rao Government introduced the MP's Local Area Development Fund Scheme which is a blow to the local level planning. Under the above scheme an amount of Rupees one crore is given to each MP and the amount is utilised for any local development as desired by the MP. In most cases, the scheme for which the MP's fund is utilised, will be outside the Panchayat / Municipal plan. The fund is mainly utilised for the infrastructure development and no money is spent for productive sector. About 700 crores of Rupees are diverted this way from the plan schemes of the State Government and the local governments. The adverse effects of the schemes are widened in some States where the Local Area Development Fund is allowed to the MLAs and the members of the local bodies also. It is highly necessary that such Local Area Development Fund of the MPs and MLAs and local body members should be made part of the plan grants to the local bodies and the schemes under the Fund should be integrated with the local government plans.

Conclusion:

The roots of Local Self-Government can be traced as far back as 3000 B.C. i.e., the period of Indus Valley Civilization. During this period, basic civic services like maintenance of streets, providing of streetlights, water supply, drainage etc., were taken care of in a fashion of modern Local Self-Government. Reference to such a highly organised system of Local Government can also be found in the *Vedas*, in the Epics of '*Ramayana*' and '*Mahabharata*', in the '*Upanishads*' and in Kautilya's '*Arthashastra*.' Village was the basic unit of Local Government and the '*Gramini*' was the Village Headman and its Leader. However, State, being small, there was hardly any distinction between the Central and Local Government. The Panchayat Raj has always existed in India. These Panchayats were the Local Self Governments in villages. Local Self Government is the Government duly elected by local people. While Government at the National and state level have independent powers of their own drawn from the constitution, Local self Government Institutions are creations of the state and enjoy only such powers as are given to them by State Government or state legislature.

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