

Panchayats in Indian Polity

In the ancient City States of Greece, the people directly used to participate in the governance of their territory. In modern nation States, such participation is obviously impossible and representatives directly elected by the people undertake the responsibilities of Government. India from time immemorial has had a genius for finding via media solutions to every problem. Thus ancient India combined the principle of direct democracy with the authority of the king and fostered Panchayats in each village to look after their affairs.

The Panchayat system of governance, wherein a small village was an independent political entity and acted as an administrative unit, is unique to India. The word "Panchayat" means governance by five persons. It finds reference in the ancient scriptures taking us back to vedic times and continued for centuries, to govern, guide and direct the daily lives of the people. Panchayats had judicial and magisterial powers too and made villages autonomous with full authority over its jurisdiction. It is best suited to the Indian social norms in-as-much as the Indian Society believed in devolution of powers, decentralisation of the authority and upliftment of the self, family, community, village and so on. India is perhaps the only country in the world today, which can boast of a continuity of history, culture, religion and society spanning thousands of years.

In this continuity, Tamil Nadu occupies the pride of place in the Panchayat raj system. The civilisation of the past not merely exists, but throbs with life. The study of the stone inscriptions in 'Uthiramerur' throws abundant light on the administration of villages during the reign of Cholas and the method of elections to village councils. "Historians have recorded even a thousand or so years ago, in the Chola kingdom, there was such an enviable democratic rule wherein the concept of democracy and purity of public administration were beautifully blended. If the Britishers feel proud of their unwritten constitution, we could feel proud of our written Constitution, written a thousand years ago and left for posterity inscribed on stones."

Though statutory recognition has been accorded to Panchayat in the Government of India Act of 1919, Village Panchayats assumed importance only with the beginning of the Planning Era. Parliamentarians returned for the first time on adult franchise from rural areas clamoured for greater attention towards rural development and against the earlier urban bias. The concept of Block Development and Community Projects took shape and marked developments of village roads, schools, medical facilities took place. In the places like Tamil Nadu the peoples offered enthusiastic cooperation for local development works and made their contribution also.

Subsequently Panchayats began to languish and the States practically killed the institution by not holding Panchayat elections for decades. Bureaucracy replaced the elected Panchayats and there was no way of compelling States to hold Panchayat Polls.

As Vice-President of India I spoke in one Governors' Conference of the necessity of constituting vibrant Panchayat bodies and suggested that the Constitution be amended and Panchayat elections be made compulsory just as the State Assemblies and Lok Sabha are. This idea received the warm support of Prime Minister Rajiv Gandhi and the process of consultations started therefrom.

The passage of the Seventy Third Amendment to the Constitution of India has once again made the Panchayat Raj the focus of considerable public attention. The amendment essentially lays down certain ground rules with basic structural frame work, so that it can withstand external interference and establish itself as an effective and strong people's institution. Accordingly, Tamil Nadu has enacted the New panchayats Act, namely, the Tamil Nadu Panchayats Act 1994 (Act No. 21 of 1994) which has come into force on the 22nd April, 1994.

Panchayat reforms contemplated in recent times and the consequent laws adopted in various States including Tamil Nadu do have significance from the point of view of democratising and decentralising the administration of the institution. The proposed policy of reservation of seats for the under privileged, SC / ST population and women, in the governance of the institutional set - up at the grassroots is widely commended by intellectuals, politicians and policy makers. The reservation of 30% of the seats to women in Panchayats has particularly been welcomed.

But none of these would however make any impact unless there is decentralisation of power, delegation of authority and adequate resources for the implementation of programmes. India has witnessed phenomenal growth in Agriculture, Industry, Power, Communications and Science and Technology. We have achieved self – sufficiency in food and established a sizeable buffer stock. In value added by manufacture and volume of industrial production we are within the first fifteen in the world. Our infrastructure growth particularly Power and Communications is very impressive. At the same time forty five years of planning has resulted in centralisation of economic and political power. It has widened gap between the rich and poor, the urban and the rural population. It has also led to greater concentration of economic power in fewer hands. It cannot be denied that the rural and weaker sections have also improved their conditions, but only by a trickle. The use of sophisticated labour saving machinery inescapable in countries with shortage of manpower has, in our country accentuated the scourge of unemployment.

Therefore a new approach to rural problems appears urgent and immediate.

The first step in this direction is to shift the emphasis to villages and plan from the bottom. Village needs have to be surveyed by the village Panchayats through the Gram Sabhas and priorities drawn up and aggregated at the Block level. The Basic Need Approach should play a greater role in Panchayats planning. Panchayats should have the authority to plan all the following:

- a) Village Roads
- b) Public Parks and Common Land,
- c) Wells, tanks and minor irrigation works,
- d) Public Health sanitation and drainage
- e) Primary education
- f) Primary health care and
- g) Rural employment and rural industries.

There should be uniformity within the State in this regard. Once this is done, centrally sponsored rural schemes should be withdrawn. Central schemes very often do not suit local priorities. Many of the centrally sponsored schemes of the Planning Commission had no relevance to the people in North Eastern States. The Planning Commission headed by Dr. Gadgil of which I was a Member wanted centrally sponsored schemes to be drastically pruned.

A doubt arises whether such a scheme of rural self-sufficiency is compatible with a market economy where items like soaps, matches and articles of daily consumption are produced cheaply through large scale mechanised units. If the objective is clear that economic development must ensure improvement in the condition of the masses, necessary policy measures in furtherance thereof should be pursued.

The greatest handicap for Panchayat Raj Institution is the financial constraints. The suggestion that the Centre should directly allocate financial assistance to the Panchayats is self-defeating. It is the negation of the principle of decentralisation. Local resources for local needs should be our aim. Though Resource mobilisation in the village itself is difficult, every effort should be made to raise local resources to meet the local programmes. Perhaps they can mobilise larger resources if they link local contributions to the programmes. Tax compliance will be greater in the Panchayat as the Tax Payer is

under constant watch by his fellow men in the local area. At the same time substantial devolution from the State to the Panchayats on a permanent footing, not depending on the whims of the State Governments alone can solve their problems. To delegate larger functions to the Panchayats without devolution of resources will render Panchayat Raj a mockery.

In order that the States may provide adequate funds to the Panchayats, there should be greater decentralisation and allocation of a fair share of resources from the Centre. In the federal distribution of functions in India, all departments involving ever increasing expenditure fall within the States. Education, Health, Medical Care etc., with enormous expenditure and no returns cause a great strain on States' resources. While high yielding taxes like Union Excise Duties, Customs, Income Tax and Corporate taxes were allotted to Union Government, low yielding taxes like Sales Tax, motor vehicles tax, entertainment tax and excise on liquor, besides dwindling land revenue came to the States. Realising the inequality of this distribution, the Constitution provided for a Finance Commission for the purpose of redressing the hardship.

So far ten Finance Commissions have been appointed to determine the volume and method of effecting the Central transfers to the States. This system has not proved satisfactory because of the quinquennial and speculation regarding the allocation of divisible taxes and duties. Besides, the categorisation of taxes as shareable and non-shareable led to some undesirable consequences. The Centre was more liberal in granting concessions in the shareable taxes than in the non-shareable ones. Even in this Budget the Finance Minister gave away States share which is 85% of Income Tax by raising exemption limit but did not show the same generosity in the non-shareable Corporate tax. I am not against the budget proposal but I am only pointing out how the Centre is more easily persuaded to give up shareable taxes rather than the exclusively Central resources. Similarly the Central Government abolished Estate Duty which is levied by the Centre but entirely assignable to the States. Earlier I had myself once complained in the National Development Council against raising basic excise duties but not additional excise duties payable to the States. The Central Government has shown no interest in levying taxes under Art. 268, 269 assignable to the States such as taxes on Railway fares and freight or on sale or purchase of newspapers and on advertisements published therein including those in Radio and Television because they have no share in it. Thus the States had been starved of even the resources identified for them in the Constitution. I would like some economists to examine the extent of the loss of State resources on account of non-implementation of Articles 268 and 269 of the Constitution and surrender of divisible resources by the Centre through budget concessions.

In the Centre-State fiscal relation, the States share should be well defined. States resources should be certain and not depend on the moods of the Centre. Time for rethinking on the distribution of resources commensurate with the relative responsibilities of the State and the Centre has arisen.

A more sensible method of fiscal distribution between Centre and the State would be to pool all tax revenue from Customs, Excise, Corporations, Income, Cesses penalties etc., and allocate by a provision in the Constitution 1/3 to States and 2/3 to the Union Government.

The Finance Commission may be asked to distribute the total States' share among the States according to criteria defined in the Constitution itself. This will ensure elasticity in States resources when there is buoyancy in the revenues and also introduce an element of certainty in the resources distribution.

The States should have adequate resources if Panchayat Raj has to be fully and properly implemented. Besides, devolution of greater resources to the States consistent with the States' heavy responsibilities does not brook delay. Decentralisation and devolution of functions and resources are the Hallmark of true federalism. If in first fifty years after our independence, there was greater

centralisation for the purpose of strengthening the nation economically and politically, the next fifty years should ensure that too much of centralisation does not stifle the freedom and initiative of the States. Duplication by the Centre of functions allocated to the States can cause both delay and expense.

Once adequate resources are provided to the States further devolution of resources from State to Panchayats should be made through an independent body like the State Finance Commission taking into account the respective needs of the State and the Panchayats. Such allocation shall not be subject to reduction during the currency of the allocation. Unless this is done, all talks of Panchayat Raj will result in waste of time, energy and money.