

Panchayati Raj and Democratic Decentralisation in India: Challenges and Pathways to Effective Governance

Chander Shekhar¹

¹ Research Scholar, The Glocal University, Saharanpur (U.P.), India

Abstract: Panchayati Raj Institutions are an important foundation of democratic decentralisation in India. The 73rd Constitutional Amendment Act, 1992 gave constitutional status to local self-government and created a framework for greater participation in rural governance. However, the existence of elected Panchayats has not always resulted in meaningful local autonomy or effective decision-making. This paper examines the role of Panchayati Raj Institutions in strengthening grassroots democracy and identifies the major challenges that affect their functioning. It focuses particularly on the incomplete devolution of functions, funds and functionaries, financial dependence, administrative limitations, weak participation in Gram Sabhas, and gaps in institutional capacity. The paper also explores pathways for strengthening local governance through genuine devolution, greater fiscal autonomy, capacity building, digital governance, wider citizen participation and stronger accountability mechanisms. It argues that effective democratic decentralisation requires more than constitutional recognition. It requires Panchayats to have adequate authority, resources and institutional capacity to respond to local needs.

Keywords: Panchayati Raj, Democratic Decentralisation, Grassroots Democracy, Local Governance, Gram Sabha, Devolution, Rural Development

Introduction

Democracy becomes more meaningful when citizens are able to participate in decisions that directly affect their everyday lives. Elections provide citizens with the opportunity to choose their representatives, but democratic governance also requires spaces where people can discuss local concerns, influence public decisions and hold institutions accountable. In this sense, local self-government has an important place in a democratic system. Decisions about roads, sanitation, drinking water, local development and welfare programmes are often most effective when they are informed by the people who experience these issues directly. Democratic decentralisation therefore seeks to bring governance closer to citizens and to create greater opportunities for participation in public affairs (Dalal and Dhilon 638–650).

The importance of decentralisation is particularly relevant to India because of its large population, geographical spread and social, economic and cultural diversity. A highly centralised system cannot always respond adequately to the different needs of communities across the country. Local institutions can provide a

channel through which these differences are recognised in planning and implementation. Decentralisation is thus not simply an administrative arrangement. It is also connected with participation, representation and accountability. Studies on Panchayati Raj have shown that local governance can bring citizens into the decision-making process and can make development programmes more responsive to local conditions (Lakhotra).

The idea of local self-government in India is not new. Village communities and local institutions have historically played a role in managing community affairs. In the modern period, the development of local government took a more organised form under colonial rule, although decentralisation during that period was largely shaped by administrative requirements rather than popular self-government. After independence, the focus gradually shifted towards democratic decentralisation and rural development. The recommendations of committees such as the Balwantrai Mehta Committee and the Ashok Mehta Committee contributed to the debate on creating stronger institutions at the grassroots level. These developments reflected a growing recognition that rural communities should have a role in planning and implementing matters affecting their own lives (Lakhotra).

It also provided for a three-tier structure consisting of the Gram Panchayat at the village level, the intermediate Panchayat at the block level and the Zila Parishad at the district level, subject to the constitutional provisions concerning states and population. The Amendment marked an important shift from Panchayats being mainly administrative bodies to their recognition as institutions of local self-government. However, the creation of elected Panchayats does not automatically ensure effective decentralised governance. The formal existence of local institutions must be accompanied by meaningful authority, adequate financial resources, administrative support and opportunities for citizen participation. Research on democratic decentralisation in India points to a continuing gap between constitutional provisions and their actual implementation. Centralising tendencies, social inequalities, limited resources and institutional constraints can restrict the ability of Panchayats to exercise genuine autonomy (Lakhotra). Similarly, Dalal and Dhillon argue that assessing Panchayati Raj requires attention to the difference between the constitutional framework and the practical functioning of local institutions.

The central concern of this paper, therefore, is not whether Panchayati Raj exists as a constitutional institution, but whether it has translated the principle of democratic decentralisation into effective grassroots governance. The paper asks: To what extent has Panchayati Raj transformed constitutional decentralisation into effective grassroots governance, and what institutional reforms are required to bridge the gap between formal powers and actual autonomy? The study examines the evolution and constitutional framework of Panchayati Raj, its role in democratic decentralisation, and the institutional and practical challenges that affect its functioning. It also considers the importance of participation, representation and accountability at the local level and

identifies practical pathways for making Panchayati Raj more effective, responsive and capable of addressing local needs.

Conceptualising Democratic Decentralisation and Panchayati Raj

Decentralisation refers to the transfer of authority, responsibilities and resources from higher levels of government to institutions at lower levels. In a decentralised system, decisions are not taken only by central or state authorities; some powers are entrusted to institutions that function closer to the people. In the Indian context, decentralisation is important because local institutions are better placed to understand many of the social and developmental concerns of their communities. Research on Panchayati Raj suggests that decentralised governance can improve public participation and make decision-making more responsive to local conditions (Dalal and Dhilon 638–650). Decentralisation can broadly be understood in three forms: political, administrative and fiscal. Political decentralisation involves transferring decision-making authority to elected local bodies and giving citizens an opportunity to influence local governance through representation and participation. Administrative decentralisation concerns the distribution of administrative responsibilities among different levels of government. It may include the transfer of planning, implementation and service-delivery functions to local institutions. Fiscal decentralisation refers to the allocation of financial resources and revenue-raising responsibilities to lower levels of government. These three dimensions are closely connected. Local institutions cannot exercise meaningful political authority when they lack administrative capacity or adequate financial resources. Democratic decentralisation goes beyond the simple transfer of administrative duties. Its primary concern is to make local government more participatory, representative and accountable. Citizens are not expected to remain passive recipients of government programmes; they should have opportunities to participate in decisions that affect their communities. In this sense, democratic decentralisation links local government with wider democratic values such as participation, representation, transparency and accountability. Studies of Panchayati Raj emphasise that the purpose of decentralised governance is not merely to create another administrative layer but to enable people to take part in decisions concerning local development and public affairs (Trivedi et al.). However, the presence of elected Panchayats alone does not establish effective local self-government. Decentralisation becomes meaningful only when local institutions have sufficient authority to perform their assigned functions, adequate financial resources to implement decisions, and the administrative capacity to carry out their responsibilities. This is why the question of the devolution of functions, funds and functionaries remains central to the study of Panchayati Raj. The gap between constitutional recognition and actual local autonomy continues to be an important issue in evaluating democratic decentralisation in India (Dalal and Dhilon; Trivedi et al.). Thus, Panchayati Raj should be understood not simply as a three-tier administrative structure but as an institutional mechanism through which democratic participation can be carried into everyday governance. Its effectiveness depends on whether local institutions are able to combine political participation with real decision-making authority,

adequate resources and public accountability. This provides the conceptual basis for examining both the achievements and the continuing limitations of Panchayati Raj in India.

Evolution and Constitutional Framework of Panchayati Raj in India

The development of Panchayati Raj in India was a gradual process. After Independence, the major concern was not only economic development but also how rural communities could participate in that development. The Community Development Programme (CDP), launched in 1952, was one of the earliest efforts in this direction. It aimed to improve rural life through programmes relating to agriculture, health, education, infrastructure and community development. The National Extension Service (NES), introduced in 1953, expanded this approach to a wider rural population. However, the limited participation of local people became an important weakness of these programmes. Studies of the period noted that development could not depend entirely on government agencies when local communities were expected to take an active role in their own development (Bhalerao 804–811). This experience led to the appointment of the Balwantrai Mehta Committee in 1957. The Committee examined the working of the Community Development Programme and the National Extension Service and argued for a system of democratic decentralisation. It recommended a three-tier structure of elected bodies at the village, block and district levels. The basic idea was that development programmes should be connected with representative local institutions rather than being managed only through administrative machinery. These recommendations became an important foundation for the development of Panchayati Raj in independent India (Bhalerao 804–811).

Financial arrangements were also included in the constitutional framework. The Amendment provided for State Finance Commissions to review the financial position of Panchayats and recommend measures concerning the distribution of financial resources. The Eleventh Schedule listed 29 subjects that could be entrusted to Panchayats by state legislation, covering areas such as agriculture, rural housing, drinking water, roads, health, education and poverty alleviation. The significance of this framework lies in the institutional shift it created. Panchayats were no longer treated only as administrative arrangements; they were constitutionally recognised as institutions of local self-government. Yet, as later research has shown, constitutional recognition did not by itself ensure complete political, administrative and financial autonomy (K. V. B). The history of Panchayati Raj therefore shows a gradual movement from government-led rural development towards institutionalised democratic decentralisation. The 73rd Amendment established the constitutional foundation, but the effectiveness of that foundation depends on how far powers, responsibilities and resources are actually transferred to local institutions.

Panchayati Raj and the Practice of Grassroots Democracy

Panchayati Raj Institutions have created an important space for democracy at the local level. Their significance lies not only in conducting elections but also in bringing decision-making closer to rural communities. Through elected Panchayats, people can raise local concerns, participate in development activities and choose representatives who are expected to respond to community needs. In this sense, Panchayati Raj extends representative democracy into everyday local governance. Research on grassroots democracy in India suggests that PRIs have contributed to wider participation and greater inclusion of groups that had traditionally remained underrepresented in political institutions (Nutan). The Gram Sabha is particularly important in this process. It provides a direct forum through which villagers can participate in local affairs. Its role is not limited to attending meetings. It can serve as a space for discussing local needs, development priorities, beneficiary selection and the implementation of public programmes. In this way, the Gram Sabha can connect elected representatives with the wider community. Recent research from Odisha, for example, shows how Gram Sabhas and Palli Sabhas have been used to involve citizens in development planning, welfare implementation and local monitoring, while also improving transparency and accountability (Dash).

However, the formal existence of the Gram Sabha does not always lead to active public participation. Participation may be affected by lack of awareness, social inequalities, gender barriers and the influence of locally powerful groups. A field-based study in Madhya Pradesh found that limited awareness and weak participation restricted the ability of the Gram Sabha to support rural development effectively (Rana and Sagarika). This suggests that democratic decentralisation requires more than providing a constitutional forum. People must also have the information, confidence and opportunity to use that forum meaningfully. Representation is another important dimension of grassroots democracy. The reservation of seats for Scheduled Castes, Scheduled Tribes and women has widened access to local political institutions. The reservation of seats for women under the 73rd Constitutional Amendment was particularly significant because it brought a large number of women into elected local government. Studies indicate that women's representation has influenced attention to areas such as sanitation, health, education and local welfare. At the same time, numerical representation does not always mean equal participation in decision-making. Social norms, lack of training, limited access to information and forms of proxy leadership can restrict the autonomy of elected women representatives (Choudhary et al.). Representation, therefore, needs to be assessed not only in terms of the number of elected members but also in terms of their actual role in planning and decision-making.

Panchayats also have an important role in local development. Their responsibilities may include rural roads, drinking water, sanitation, housing, community assets, welfare programmes and schemes related to employment and livelihoods. Their proximity to communities can help identify local priorities and improve

the implementation of development programmes. Yet the ability of Panchayats to perform these responsibilities depends heavily on the powers, funds and administrative support available to them. Where these are limited, Panchayats may function more as implementing agencies than as genuinely autonomous institutions of local government (Nutan). The experience of Panchayati Raj therefore presents both progress and limitation. The system has expanded political participation and representation, but the democratic promise of decentralisation depends on whether citizens can participate meaningfully, representatives can exercise real authority and local institutions remain transparent and accountable. Grassroots democracy becomes stronger when representation is matched by participation, and participation is supported by information, resources and institutional autonomy.

Major Challenges to Effective Panchayati Raj Governance

The constitutional recognition of Panchayati Raj created an important institutional foundation for democratic decentralisation, but it did not by itself guarantee effective local self-government. The actual functioning of Panchayats depends on the extent to which powers, resources and administrative support are transferred to them. Studies of Panchayati Raj continue to identify limited financial devolution, weak institutional capacity, inadequate participation and administrative constraints as major barriers to effective grassroots governance (D. N. and Shashikumara). One of the most important challenges is the incomplete devolution of functions, funds and functionaries, often referred to as the three Fs. The Constitution provides a framework for Panchayats to undertake responsibilities relating to economic development and social justice, but the actual transfer of these responsibilities depends substantially on state laws and administrative arrangements. In many situations, Panchayats may have formal responsibilities without having complete authority over planning, implementation or personnel. Similarly, the availability of funds and staff may not correspond with the functions assigned to them. The result is a gap between what Panchayats are expected to do and what they are institutionally equipped to do. Research has identified uneven functional devolution and capacity constraints as continuing problems in the decentralisation process (Aijaz and Bhaskar).

The problem is therefore not simply the shortage of staff, but also the lack of an administrative structure that allows elected Panchayats to exercise their responsibilities effectively. The effectiveness of decentralisation is also affected by the quality of Gram Sabha participation. The Gram Sabha was intended to provide an institutional space for direct public participation in local governance. In practice, participation may remain limited because of inadequate awareness, low attendance and social inequalities. Women and members of disadvantaged communities may face additional barriers to participation. A recent study of Gram Sabha functioning notes that low participation, gender disparities and the underrepresentation of marginalised communities continue to restrict the potential of grassroots institutions (D. N. and

Shashikumara). Participation must therefore be substantive rather than merely procedural. Holding a meeting is not enough if citizens do not have the information or opportunity to influence local decisions.

Finally, Panchayati Raj does not operate in exactly the same manner across India. Performance differs between states because states vary in the extent of functional devolution, fiscal arrangements, administrative support and local participation. Recent work on Bihar, for example, identifies uneven functional devolution, capacity constraints and fragmented accountability even within a state that has made substantial institutional and representational changes (Panchayati Raj in Bihar). This state-level variation is important because Panchayats function within the constitutional and legislative framework created by individual states. Consequently, the existence of a common constitutional structure does not produce uniform local governance in practice. These challenges are interconnected. Limited devolution can create financial and administrative dependence; weak capacity can reduce the value of transferred functions; and limited citizen participation can weaken accountability. The central issue is therefore not the absence of Panchayati Raj institutions but the distance between their constitutional position and their actual capacity to govern. Strengthening Panchayati Raj requires addressing these problems together rather than treating them as separate administrative shortcomings.

Pathways to Effective Panchayati Raj Governance

The challenges facing Panchayati Raj cannot be addressed simply by creating new institutions or conducting regular elections. The more important task is to make existing institutions capable of exercising the responsibilities already assigned to them. This requires greater clarity in the distribution of powers, adequate financial and administrative support, wider public participation and stronger accountability. The following pathways can help bridge the gap between the constitutional position of Panchayats and their actual functioning. The first requirement is genuine devolution of functions, funds and functionaries. Panchayats need clear responsibilities that are matched by the authority to carry them out. State governments should clearly identify which functions belong to each level of the Panchayati Raj system and avoid unnecessary overlap with state departments. Devolution should also be accompanied by adequate financial resources and appropriate administrative personnel. Without these three elements, local bodies may remain responsible for implementing programmes without having sufficient control over planning and execution. Research on Panchayati Raj repeatedly points to incomplete devolution as one of the main barriers to effective local self-government. The Gram Sabha should be strengthened as a real forum of public participation. Its meetings should be announced well in advance, and information about local plans, proposed works and expenditure should be made available to villagers in simple language. Greater public awareness is also necessary because participation becomes meaningful only when citizens understand the issues being discussed. Special efforts should be made to encourage the participation of women, Scheduled Castes, Scheduled Tribes and other

groups that may otherwise remain excluded. Studies have found that limited awareness and low participation continue to restrict the role of Gram Sabhas in local governance (D. N. and Shashikumara).

Finally, social accountability should become a regular part of Panchayat functioning. Social audits, public hearings, community monitoring and public disclosure of expenditure can give citizens greater opportunity to examine local decisions and government programmes. Citizen feedback should be treated as a part of local governance rather than as an occasional exercise. Stronger accountability can also improve trust between citizens and elected representatives. Taken together, these reforms suggest that effective Panchayati Raj requires more than constitutional recognition. Local institutions need real authority, adequate resources, capable personnel, informed citizens and transparent systems of accountability. The purpose of decentralisation is ultimately achieved when Panchayats can make and implement decisions in response to the needs of the communities they represent.

Conclusion

Panchayati Raj represents one of the most significant efforts to deepen democracy at the grassroots level in India. The 73rd Constitutional Amendment Act, 1992 gave Panchayati Raj Institutions a constitutional foundation and established a framework for elected local self-government, political representation and public participation. Over the years, these institutions have created wider opportunities for rural citizens, including women and historically underrepresented communities, to enter local political life. Yet the existence of elected Panchayats does not by itself make decentralisation effective. The central issue remains the gap between formal decentralisation and substantive local autonomy. Panchayats can perform their democratic and developmental role effectively only when responsibilities are accompanied by adequate authority, financial resources and administrative support. Research on decentralised governance in India continues to point to the difference between constitutional provisions and their actual implementation as an important concern (Dalal and Dhillon). Incomplete devolution of functions, funds and functionaries, financial dependence, limited institutional capacity and weak participation in Gram Sabhas can reduce the ability of Panchayats to respond to local needs.

Strengthening Panchayati Raj therefore requires a shift from merely maintaining local institutions to empowering them to function as genuine institutions of self-government. Greater devolution must be supported by predictable financial resources, trained personnel and clearer administrative responsibilities. Gram Sabhas need to become active spaces for public participation and social accountability rather than remaining largely procedural forums. Digital tools can improve transparency and administrative efficiency, but they should complement, not replace, direct public participation. Panchayati Raj should ultimately be understood as more than a system for rural administration. Its deeper importance lies in bringing democracy closer to everyday life. The future of democratic decentralisation in India will depend on whether

constitutional institutions can be given the practical authority, resources and capacity needed to make local communities meaningful participants in their own governance. A stronger Panchayati Raj can thus help move Indian democracy from representation at the local level towards participation, responsiveness and genuine self-government.

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