UNIT 13 LOCAL SELF-GOVERNMENTS*

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13.0 OBJECTIVES

After reading this unit, you should be able to:

• Trace the evolution of Local Self-Government (LSG) in India;
• Describe the structure and working of the LSG in rural and urban areas of India;
• Describe the changes in the scope and powers of the LSG; and
• Explain the relationship of the LSG with the central and state governments.

13.1 INTRODUCTION

The political power in India is shared by three vertical units of governance — the central government, the state government and the local government. The
local government includes the Panchayati Raj Institutions (PRIs) in the villages and the Municipal or Metropolitan Councils in the cities. These are known as institutions of local self-governance (LSG). The 73rd and 74th Constitutional Amendments have widened the scope of local self-governance.

13.2 HISTORICAL BACKGROUND OF RURAL SELF-GOVERNMENT IN INDIA

The Panchayati Raj, albeit in different forms, had a considerably long history going back to the ancient period when the rural communities organised institutions to manage their own affairs. The village autonomy was significant in Mughal era, and therefore, the impact of the Mughal era on the local communities was minimal. But the formal structure of the rural self-government was introduced in 1882 according to Ripon’s Resolution. Its main purpose was to provide the institutional backing of the local Indian elites to the colonial administration. Contemporary local self-government in India can be deemed as more a continuation of the system introduced by British rather than in pre-British era. Several provincial Acts on local bodies were passed, and they provided a framework for other provincial and central legislations. The local self-government in the rural areas known as the village panchayat was set up in the villages according to the recommendations of the Royal Commission of Decentralisation in 1907. It aimed to decentralise the power and associate the people with local administration through the institutions of village panchayats. Panchayats were not to be placed under the control of local boards but the deputy commissioner. The village panchayat enjoyed certain Judicial and administrative power. It was also entitled to a portion of land cesses and special grants.

The Rural self-government Bill 1925, provided for a nine-member village authority elected on the basis of the restricted adult franchise. A successful village authority was to be given more power. A panchayat could include more than one village. It could be entrusted with certain functions such as water supply, medical relief and sanitation. Single member village authority could also be put in place where no recognised forms of village organisation existed.

13.3 PANCHAYATI RAJ IN POST-INDEPENDENCE INDIA (1950S-1992)

In the initial years of Independence, the government made attempts to introduce a device for the development of village society through the Community Development and National Extensive Services Programmes. These programmes created a large number of the government functionaries such as Block Development Officers (BDOs) and Village Level Workers (VLWs). But the results of the Community Development Programmes were far from satisfactory.

The first initiative to introduce Panchayati Raj Institute in post-Independence India was taken in January 1957. At that time, the Planning Commission appointed a Committee on Plan Projects. The Committee was known as Mehta Committee which was named after its chairman, Balwant Rai G. Mehta. The Mehta Committee aimed to:

i) Give a report on the possible linkages between village panchayats and higher level popular organisations for proper implementation of Community Projects and National Extension service.
ii) To determine in advance the stages of organisation of district administration; it would help the democratic bodies to take over the entire general administration and development of the districts, or sub-divisions.

The Balwant Rai Mehta Committee conducted a nationwide survey and observed that the Community Projects and the National Extension Services lacked people’s participation. They also functioned in an ad hoc manner. To overcome this limitation, the Balwant Rai Mehta Committee recommended the establishment of democratic institutions in villages - the village panchayats. The Balwant Rai Mehta Committee Report had also recommended that the village panchayats should have been vested with adequate power and financial allocation. However, the village panchayats were considered as agents of the state government in implementing special developmental schemes. The Balwant Rai Mehta Committee Report emphasised the need to implement the state-devised and state-sponsored scheme for local development. It suggested that functions of local bodies should cover the development of agriculture in all aspects - the improvement of cattle and local industries, public health, welfare work, administration of primary schools and collection and maintenance of statistics, and act as an agent of state government in executing special schemes of development entrusted to it. It also supported the relative autonomy of the state from the excessive control of the government.

Balwant Rai Mehta Committee recommended measures for “democratic decentralisation” in order to meet the deficiency of the Community Development Programmes and Extension Services Programmes. It suggested that the power for development should be located in the intermediate level - the Panchayat Samiti. The Mehta Committee report made the VJWs or Gram Sewaks as a link between the Panchayat Samiti and Village level Panchayat. The Mehta Committee Report became the basis of the extension of the PRIs all over India. Following the recommendation of the Mehta Committee Report, the first village panchayat in India was elected in 1957 in Nagaur district of Rajasthan. However, the PRIs, as established by Balwant Rai Mehta Committee Report suffered from the factionalism within its members, feud and corruption in the villages. The elections to the PRIs were not held for long, and inefficiency of the PRIs had reached its zenith by the second half of the 1970s.

Thus, according to the Balwant Rai Mehta Committee report, there is a need for reviewing the functioning of the PRIs established in India. For this purpose, the Central government led by the Janata in the 1970s appointed Ashok Mehta Committee. The purpose of this committee to assess the functioning of the PRIs in India and recommend measures for their improvement. However, The Ashok Mehta Committee gave more emphasis on the delivery mechanism than development. It also made few new suggestions such as to allow political parties to contest elections and enable women to participate in the PRIs. It also recommended replacement of the three-tier Panchayati Raj system with a two-tier system, at the district level the Zila Parishad, and below it Mandal Panchayat which covered a group of villages having a population from 15000 to 20000. However, the Ashok Mehta Report remained unimplemented in most states following the fall of the Janata Party government and formation of the Congress government in 1980. Some states ruled by non-Congress parties such as Karnataka, West Bengal and Andhra Pradesh initiated the process to activate the PRIs. Eventually, recommendations of the Ashok Mehta Committee Report were taken into consideration by the Congress government in the 1990s. The
recommendations were included in the 73rd and 74th Constitution Amendments with some modifications. April 24, 1993, is an important day in the history of Panchayati Raj in India. On this day the Constitution (73rd Amendment) Act, 1992 came into force to provide constitutional status to the Panchayati Raj institutions. The 74th Constitutional Amendment act has started a new trend in the process of decentralization and urban governance in India. The 74th Amendment Act, 1992 came into force on 1 June, 1993. In the next sub-section, you will know about the features of the 73rd and 74th Constitutional Amendment Acts.

13.4 THE 73RD CONSTITUTIONAL AMENDMENT ACT, 1992

The 73rd Amendment provides for more democratisation, empowerment of disadvantaged groups and betterment of the functioning of the Panchayats in the country. The 74th Amendments provides for similar guidelines regarding municipalities in the urban areas. These Amendment Acts provided a framework and guidelines for all states to formulate their policies regarding the devolution to the Panchayats and the urban bodies. All states were asked to make changes in the provisions regarding the Panchayats.

The main features of the 73rd Constitutional (Amendment) Act are:

a) A three-tier system of Panchayati Raj at the village, block (intermediate level) and district levels for all States having a population of over 20 lakhs.

b) To conduct Panchayat elections regularly in every five years and elections to be held within six months after the dissolution of the Panchayat.

c) Reservation of seats for Scheduled Castes, Scheduled Tribes, OBCs, women (33%) and general seats:

d) To appoint State Finance Commission to make recommendations regarding the financial powers of the Panchayats; and

e) To constitute District Planning Committee to prepare a draft development plan for the district as a whole.

The 73rd Constitutional Amendment Act aimed to devolve powers to the village panchayats for developing them as an institution of self-governance, economic development and social justice. For this purpose, it entrusted the panchayats to implement schemes on 29 subjects.

a) The Eleventh Schedule consists of 29 subjects, relating to agriculture, land reforms, minor irrigation, rural infrastructure, poverty alleviation, women and child development, the welfare of the weaker sections and primary, secondary and non-formal education. These subjects have been listed in the Eleventh Schedule of the Constitution. According to this Act, the Panchayats can be authorised by the state legislature to enact law to: i) levy, collect and appropriate such taxes, duties tolls and fees collected by the state government; ii) avail of taxes, duties, tolls and fees collected by the state government; iii) and to get grant-in-aid from the Consolidated funds of the state.
13.4.1 Panchayats (Extension to the Scheduled Areas) Act, 1996

The provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 came into force on 24th December 1996. The Act extends Panchayats to the tribal areas of eight states of India, namely, Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Maharashtra, Madhya Pradesh, Odisha and Rajasthan. It intends to enable the tribal society to assume control over their own destiny, to preserve and conserve their traditional rights over natural resources. The state governments were required to enact their legislations in accordance with the Provisions of the Act before the expiry of one year, i.e. 23 December 1997.

Check Your Progress Exercise 1

Note: 1) Use the space below for your answers

2) Check your answers with the model answers given at the end of this unit.

I) Explain the difference between the nature of Panchayati Raj during and before the British period.

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2) Why was Balwant Rai Mehta Committee set up, and what were its recommendations?

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3) Identify the main features of the 73rd Amendment Act regarding the disadvantaged groups.

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Most of the states, covered by the 73rd Amendment Act, have passed the conformity Acts and have set up PRIs in the light of the provisions of the Act. Nirmal Mukherjee and Balveer Arora consider the PRIs as the third layer of federalism—an extension of the two-layer federalism between the Centre and the states. Even before the confirmation and implementation of the 73rd Amendment Act, five state governments had introduced the PRIs, i.e., Western States of Maharashtra and Gujarat, an eastern state of West Bengal, southern States of Andhra Pradesh and Karnataka. However, there are slight variations in the nomenclature of the structures of the PRIs at various levels; the 73rd Amendment provides the common framework for them. This section deals with the structure of PRIs in UP as one of the examples. The PRIs in UP consists of the following structure.

**13.5.1 Gram Panchayat**

Gram Panchayat consists of the Gram Sabha and members of the village panchayats who are directly elected by the electorate and headed by the Pradhans. The village pradhans are elected indirectly by the members of the village panchayat. The body which consists of all adults of the village is known as Gram Sabha (village council). The law enjoins the Gram Sabha to hold general meetings annually. The Gram Sabha can make recommendations and suggestions to the gram panchayat on various issues, statement of account of the gram panchayat on various aspects related to the functioning of the panchayats. The gram panchayat jurisdiction covers all 29 subjects mentioned in the Eleventh Schedule. The panchayats are supposed to consist of several committees to help it in performing various duties. Therefore, the gram panchayat has a wide range of functions, if not powers. Each gram panchayat is expected to function through four committees, viz. Samata Samiti (welfare of women and children and interests of SCs/STs and backward classes), Vikas Samiti (rural agriculture industry and development schemes), Shiksha Samiti (education) and LokHita Samiti (Public health, public work).

**13.5.2 Kshetra Panchayat**

Membership of the Kshetra Panchayat, the intermediate tier, comprises all the elected pradhans of the gram panchayats from within the block, members elected by direct elections from the territorial constituencies in the panchayat area, apart from MLAs and MLCs, and representatives of Zila Parishad (Zila Panchayat).

**13.5.3 Zila Panchayat (Zila Parishad)**

Like kshetra panchayats, Zila Parishad includes elected members chosen directly in territorial constituencies, MLAs and MLCs along with the Parmukhs of all kshetra panchayats in the district.

The primary functions entrusted to the Zila Parishad are to supervise the activities of gram panchayats and Kshetra Samitees, to classify fairs and festivals, and to classify roads as village roads, district roads, etc., for maintenance. The Zila
Parishads are enjoined to prepare an annual district development plan incorporating those of the Kshetra panchayats which in turn incorporate the ones prepared by the gram panchayats.

An overwhelming majority of states have direct elections of the office bearers of gram panchayats and indirect ones to that of Zila panchayats and the intermediary level. However, there are a few exceptions, for example, Goa has direct election for all the tiers.

13.5.4 Relationships between the PRIs and DRDAs

The nature of relationships between the panchayats and administrative structure is an important aspect of the PRIs. For instance, the UP government set up Bajaj Committee in 1995 for suggesting measures to strengthen the relationship between the DRDAs (District Rural Development Authorities) and the Panchayats. The committee suggested the functional integration of the Zila Panchayat and DRDAs, as the merger was not feasible. In a significant move to devolve powers, it made the Zila Parishad Chairman also as the chairperson of the DRDAs and the District Magistrate as the Deputy Chairman. The District Magistrate has also been excluded from the structure of the panchayat; instead, the Chief Development Officer (below the rank of District Magistrate) has become the Chief Executive Officer of Panchayat. The Bajaj Committee also made recommendations for functional integration of two cadres of village level functionaries- GPAs (Gram Panchayat Adhikars) and the VDOs (Village Development Officers), and representation of the Block Pramukhs in the DRDAs. But these recommendations have not been yet made effective.

13.5.5 PRIs: An Assessment

The performance of the PRIs needs to be assessed in the context of the social, economic and political milieu in the village. The PRIs have contributed to the overall development of the village society to a significant extent. But their performance has varied in different circumstances. Nevertheless, their most significant contribution has been in raising the level of political consciousness of the people.

Following the 73rd Constitutional Amendment Act, a large number of states have attempted to devolve powers to the local bodies in the 1990s. The states like Madhya Pradesh, Rajasthan, Andhra Pradesh and Kerala have made special efforts to involve people in planning, decision-making and implementation of the state policies. In the era of globalisation, the collaboration among the NGOs, Panchayats and the DRDAs has played a significant role, the PRIs in these states have contributed to the development of village communities, in rural development, education, health, etc. Because of the usage of the internet in the functioning of village Panchayats in Rajasthan, Andhra Pradesh and Madhya Pradesh, the PRIs have involved in e-governance also.

The 73rd Constitutional Amendment Act made it mandatory for all states to introduce reservation for the SCs, STs, OBCs, and women in the PRIs. The PRIs, however, have been facing serious challenges, i.e., factionalism, casteism, corruption, which thwarted their democratisation. While before the 73rd Amendment the dominant communities in most states highjacked the PRIs, in the following period in most cases the women panchayat members have become
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proxies of the male members of their families. However, it has bolstered the confidence of women, and in some instances, they are providing effective leadership in the PRIs. They have also contributed towards meeting the target of Millennium Development Goals (MDG), i.e., confirmation of the participation of the local people including weaker sections of the society in various development activities and become stakeholders of various programmes. The 73rd Constitutional Amendment has ensured the transparency and social audit during the process of implementation of various programmes.

13.6 URBAN LOCAL SELF - GOVERNMENT

Until the passage of the 74th Amendment, there have been existing five types of urban governments - Municipal Corporations, Municipal Councils, Town Area Committees, Notified Area Committees and Cantonment Boards. Madras was first to have the Municipal Corporation in 1687; it was followed by Bombay and Calcutta in 1762. Lord Mayo’s Resolution of 1870 encouraged the introduction of an elected president in the municipalities. The present form and structure of the institutions of local governance owe their existence to Lord Ripon’s resolution on local self-government, adopted on 18 May 1882. There were about 200 municipalities in the British India by 1870.


The Government of India passed the 74th Constitution on Amendment Act in 1992 to make the institutions of urban governance more representative, accountable, efficient and transparent. The 74th Constitutional Amendment Act was enacted on the basis of the recommendation of the Rural-Urban Relationship Committee. Prior to the passage of the 74th Constitutional Amendment Act, there were five types of bodies of urban governance. This amendment replaced the five urban bodies with three - Nagar Panchayats for areas in transition from rural to urban clusters, Municipal Councils in smaller urban settlements, and Municipal Corporations in the larger urban area. The decision, as to which type of the urban body has to be introduced in a city, is taken by the state government. The Municipal areas with a population more than three lacs will also have the ward committees, apart from the municipalities. It makes urban governance a two-tier system.

The municipal bodies include - elected representatives from the electoral wards; members of the Lok Sabha and State Legislative Assemblies covering wholly or partly the municipal area concerned; the members of the council of states and the state legislative council who are registered as voters within the municipal area; chairpersons of the committees of the municipal authorities; any person who is having special knowledge or experience in municipal administration sans right to vote in the council.

The seats are also reserved for the municipal bodies for the weaker sections of the society - OBCs SCs, and women. The percentage of seats reserved for women is 33. The ward committees which exist for the municipal areas covering more than three lakh population consist of the members nominated by the ward councillor or by the corporation as a whole or by the state government or a combination of these. The tenure of the municipality is five years; in case if it is dissolved or superseded, they have right to be heard. The elections should be
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held within six months of superseding or dissolution of the municipalities. The twelfth schedule of the 74th amendment contains 18 items which are mentioned below:

1) Urban planning, including town planning
2) Regulation of land-use and construction of buildings
3) Planning for economic and social development
4) Roads and bridges
5) Water supply for domestic, industrial and commercial purposes
6) Public health, sanitation conservancy and solid waste management
7) Fire services
8) Urban forestry, protection of environment, and promotion of ecological aspects
9) Safeguarding the interests of weaker sections of society, including the disabled and mentally retarded
10) Slum improvement and upgrading
11) Urban poverty alleviation
12) Provision of urban amenities and facilities such as parks, gardens, playgrounds
13) Promotion of cultural, educational and aesthetic aspects
14) Burials and burial grounds, cremations, cremation grounds and electric crematoriums
15) Cattle pounds: prevention of cruelty to animals.
16) Registration of births and deaths
17) Public amenities including street lighting, parking lots, bus stops and public conveniences
18) Regulation of slaughter houses and tanneries.

The state governments enjoy discretion to decide on the taxes, duties, tolls and fees which have to be levied by municipal bodies, and the grant-in-aid to be given to them. A state government is supposed to appoint a finance commission, in every five years. The state finance commission is supposed to give recommendations regarding principles of sharing of the state taxes, duties, tolls and fees between the state government, municipalities and its distribution between the municipalities. The state finance commission also recommends the principle of the grant-in-aid to be given from the Consolidated Fund of the state.

The 74th Constitutional Amendment Act has provided for a direct election of the Mayor from the municipal area for the time period of five years. A motion of no-confidence cannot be moved against the Mayor within a period of two years from the date on which he or she enters the office. The Mayor cannot be moved if the remaining period of a corporation is less than six months. The removal of the mayor needs a majority of two-thirds of the elected councillors present and voting if such a majority is more than half of the total number of elected councillors. In the case of the Mayor, it needs a majority of more than two third of the elected councillors, i.e., More than two-thirds of the total number of elected councillors.
The Municipal Corporation can deal directly with the state government, whereas, the Municipalities are answerable to the District Collector and Divisional Commissioner. The General Body of the Municipal Corporation consists of councillors, who are elected for a term of three to five years. They are either directly elected or nominated councilors with some specialised knowledge in municipal functions.

To execute various functions, the Municipal Corporations constitute two kinds of committees - Statutory Committees and non-Statutory Committees. The former include an executive committee, standing committee, planning committee, health committee and education committee. The latter include transport committee, women and child welfare committee, etc. The Standing Committee of the Corporation acts as the steering committee exercising executive, supervisory, financial and personnel power. The Standing Committee is the most important of all committees.

The Municipal Council elects a president from among the councillors. The term of the president may be co-terminus with that of the council. In certain states, the presidents of the Municipal Councils are elected directly by the citizens. S/he enjoys considerable authority and power both in the deliberative and executive organs of the municipality. S/he convenes and presides over the meetings of the Council, gives her/his rulings on all controversial matters and executes its decision as its Chief Executive Officer. Her/his power depends on the support of the majority. Committees can be formed by the Municipal Council. The powers and functions of the Municipal Council Committees are the same as those of the Municipal Corporation. Cantonments are predominantly military-occupied areas along with a sizeable civil population that necessitates the municipalisation of its administration.

Local urban bodies are responsible for the efficiency of programmes and services, raising local resources and providing meaningful planning and services at the local level. The functions, duties and responsibilities of the municipal government are both obligatory and discretionary. Obligatory functions include the supply of potable water: construction and maintenance of public streets: lighting and cleansing of public streets, sewers, etc.: maintaining public hospitals: establishing and maintaining primary schools: registration of birth and naming streets and numbering houses. Discretionary functions may include securing or removing dangerous buildings or places: construction and maintenance of public parks, gardens, libraries, museums, rest houses, leper homes, orphanages and rescue homes for women, etc.: planting and maintenance of roadside and other trees; housing for low income groups: organizing public receptions, public exhibitions, public entertainment, etc. Compulsory Primary Education is the responsibility of the local bodies in a large number of states.

### 13.7 THE MUNICIPAL FINANCE

There is no separate list of taxes for municipal bodies. It comes under the discretion of respective state governments. Municipal Revenues are basically of the following types:
13.7.1 Tax Revenue

Major taxes levied by the urban local government are the following:

i) Tax on property including service charges levy for water supply;
ii) Conservancy, drainage, lighting and garbage disposal;
iii) Tax on Professions:
iv) Tax on vehicles (other than motor vehicles).

The scope of taxation of Municipal Corporations is broader; the Municipal Corporations are empowered to impose or increase taxes within limits laid down in the State Acts. Property tax is one example of such tax. Property tax is the largest single source of revenue for municipal bodies in the states where there is no provision for octroi. Property tax is levied on buildings and land on the basis of rental value.

13.7.2 Octroi

Tax on entry of goods into a local area for consumption or sale therein is popularly known as octroi. Octroi is the most traditional tax and a major source of local revenue. It accounts for about 60 to 80 percent of total revenue of the urban local bodies where it is imposed. Octroi has been replaced by one single tax under Good and Services Tax which has been implemented in India from 1 July 2017.

13.7.3 Non-Tax Revenue

Municipal Acts provide for the issuance of licenses. Every local authority is empowered to charge and collect fees and for services provided. It can change a user fee for public utilities, parking, entry fee for the playground, swimming pools, etc.

13.7.4 Grants-in-Aid

An important element of municipal finance is grants-in-aid. There are two types of grants: a General-Purpose Grant (GPG) and a Specific Purpose Grant (SPG). The former augment the revenue of the local bodies for discharging their normal functions. The latter is used for specific purposes, e.g., the increase of wage bills due to inflation, education grants, public health, road maintenance, etc. Grants are ad-hoc and discretionary in nature.

13.7.5 Borrowings and Loans

Municipal bodies can borrow from the state government and other agencies under Local Authorities Loans Act(1914). They can borrow for development activities and repayment of debt. These borrowings can be for:

i) Construction:
ii) Provision of relief and relief work during scarcity or famine;
iii) Outbreak of any epidemic;
iv) Land acquisition;
v) Repayment of outstanding loans.
With the addition of eighteen functions in the Twelfth Schedule after the 74th Amendment, the functional responsibilities of municipalities have increased. They participate in the preparation of plans for local development and the implementation of development projects, apart from providing civic amenities. As their domain of work has increased so has requirement of extra financial allocation.

13.7.6 Good And Service Tax (GST)

GST is a single indirect tax levied on goods and services for the entire country. The GST is also levied for a unified common market. It came into effect on 1 July 2017 after thirteen years since it was first discussed in 2003 in the report of the Kelkar Task Force on indirect taxes. It is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Through GST the indirect tax rates and structures are common across the country. It is assumed that reduction in transaction costs of doing business would eventually lead to improved competitiveness for the trade and industry. However, on some commodities, GST has negative impacts as the tax rates have increased.

Check Your Progress Exercise 2

Note: 1) Use the space below for your answers

2) Check your answers with the model answers given at the end of this unit.

1) What is the composition of a gram panchayat?

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2) Identify the urban bodies of local self-governance which existed before and after the 74th Constitutional Amendment.

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3) Identify the types of municipal revenues?

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Local-self governance is considered as a grass root level institution that ensures the law and justice for the villages and cities. The local government includes the Panchayati Raj Institutions (PRIs) in the villages and the Municipal and Metropolitan Councils in the cities. This institute is a safety valve of democracy at the lower level. After the 73rd and 74th Constitutional Amendments, it has widened and strengthened the scope and role of local self-government at various level. At the village level, Panchayati Raj institutions have participation of villagers. This strengthens democracy at the village level. However, the PRI face several challenges such as corruption and interference of dominant social groups.

**13.9 REFERENCES**


**13.10 ANSWER TO CHECK YOUR PROGRESS EXERCISES**

**Check Your Progress Exercise 1**

1) However, the Panchayati Raj system had existed even before the British period. The British made it different from the earlier system in the sense that they had formalised it.

2) To review the functioning of the Community Development Programmes and National Extension Services Programmes. It recommended setting up village Panchayati with adequate political and financial powers with the aim to bring out the overall development of the village society.

3) It introduced reservation for women (33%), OBCs, SCs, and STs and the general categories to ensure their representation in the PRIs.

**Check Your Progress 2**

1) A Gram Panchayat consists of the Gram Sabha and elected members of the village Panchayats, and it is regulated by the village Pradhan. A Gram Panchayat also has an indirectly elected up- pradhan.

2) There were existing five types of municipal bodies before the introduction of the 74th Amendment- Municipal Corporations, Municipal Councils, Town Area Committees, Notified Area Committees and the Cantonment Boards. The 74th Amendment has reduced them into three- Nagar Panchayats, Municipal Councils and Municipal Corporations.

3) Tax revenue, Octroi, Non-tax revenue, Grants-in-aid and Borrowings or loans.