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Building India from below: The evolution of grassroots governance

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Abstract

The term local government means management of local affairs by people of the locality. It means the government freely elected by local bodies which are endowed with power, discretion, and responsibility to be exercised and discharged by them with discretion by any other higher authority. It is a territorial non sovereign community possessing the legal right and necessary organizations to regulate its own affairs. The local government system is rooted in the principle that a dynamic democracy can grow only out of meaningful relationship and spontaneous organization that spring up among the people when they come together at local level to solve their basic problems by cooperation among themselves. This principle was recognised in India even during the new Stone Age when people started to have a fixed abode and began cultivation. The traces of an organised local government can be seen even from the Vedic period (1500 BC to 600 BC). This article traces the utility of LSG in India, historical development of LSG in India under different rulers. It analysis the fall of LSG during the British rule and its rise with the inclusion of Article 40 in the Indian Constitution. It also throws light in to the 73th and 74th Constitutional amendments and attempts to legalise LSG in India. It also gives a brief analysis of Central legislation on LSG in India its lacunae's and suggests effective steps for the better implementation.

- Local Self-Government (LSG)-Decentralization-73rd and 74th Amendments-Grassroots Democracy- Historical Development of LSG in India-Panchayati Raj System

Keywords: Indian constitution, British rule, Panchayati Raj, grassroots democracy, 73rd amendment, 74th amendment, historical development, central legislation, local self-government, decentralization

1. Introduction

Decentralization refers to the delegation of certain powers from the central government to regional or local authorities ^[1]. It arises from the belief that decentralizing decision-making enhances the efficiency of national public institutions and empowers local governments and civil society to manage their own affairs. In such a diverse country like India, it is important that government schemes aimed at the development of people reach all levels. This is what makes local self-governing institutions an essential part of our administration. It is also the grassroots point of Indian democracy, by which people decide who their representatives ought to be at all levels ^[2]. In India, local governance existed even before the Constitution came into force ^[3]. This article explores the evolution and legacy of local government in India and highlights the decentralization process that led to its formation.

2. Local government-Definition

Local government (LG) refers to the management of local matters by the local community. It involves a government elected by local residents, endowed with powers, discretion, and responsibility. It represents a territorial, non-sovereign body with the legal right and required organization to regulate its own affairs.

As per the 7th Schedule of the Constitution, LG includes municipal corporations, improvement trusts, district boards, settlement authorities, and other institutions aimed at local self-governance and village administration ^[4].

3. Essential characteristics of local government

“Essential” implies what is fundamentally necessary, and certain basic features are indispensable to constitute LG ^[5]. These include:

1. Statutory recognition.
2. Taxation powers within its jurisdiction.

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3. Community participation in governance.
4. Independence from central control. General-purpose governance, not single-purpose.

4. Characteristics of LG ^[6]

- Jurisdiction and territorial area are defined by legislation, whether city, town, or village ^[7].
- Representatives are elected by locals.
- Accountability of representatives to the public.
- Delivery of civic services at the grassroots.
- Public involvement in developmental efforts.
- Promotes participatory governance.
- Encourages capable leadership.
- Responds to local physical, economic, and cultural needs.
- Operates autonomously within legal limits.
- Acts as a link between government and citizens.
- Develops public opinion in favor of development.
- Facilitates group communication.
- Promotes empowerment.
- Raises revenue through taxation for welfare initiatives ^[8].

These form the fundamental characteristics of LG. Various kinds of local governments are seen globally.

5. Kinds of local government

Different nations follow different LG models:

5.1 Unitary Decentralized

Seen in England and Scandinavian countries, here, the central and local governments operate as administrative partners rather than in a hierarchical relationship, with a shared aim of efficient governance ^[9].

5.2 Napoleonic Perfect Local Government

Practiced in France, it features a centralized structure with authority funneled upwards, forming a pyramid of power ^[10].

5.3 Federal Decentralized System

Followed in the USA, Canada, and Australia, this system allows local self-determination. Communities enjoy substantial autonomy, though it varies between nations ^[11].

5.4 Post-Colonial System

Dynamic democracy here grows from people-based initiatives at the local level to solve common problems, promoting trust-based governance.

Each country adopts a decentralization system suited to its context.

6. Forms of decentralisation

Different forms of decentralized governance include ^[12]:

6.1 Political

It focuses on empowering citizens and elected representatives in decision-making. It requires statutory or constitutional reforms, plural political parties, legislative strengthening, new local political units, and vibrant public interest groups ^[13].

6.2 Administrative

This refers to the partial or full delegation of duties like healthcare, education, road building, and waste management to local entities.

Forms of administrative decentralization include:

- **Deconcentration:** Applied in unitary states, it redistributes decision-making within central government layers.
- **Delegation:** Involves transferring responsibilities to semi-autonomous bodies answerable to but not controlled by the central government.
- **Devolution:** Entails substantial transfer of powers, including law-making and taxation, to elected local bodies that operate autonomously over a geographic region and maintain a cooperative relationship with the center.

6.3 Fiscal decentralization

It deals with transferring financial resources and expenditure control to local levels ^[14].

1. Cost recovery via user charges.
2. Citizens contribute money or labor for infrastructure.
3. Revenue expansion through local taxes.
4. Authority for municipal borrowing and access to loans.
5. Inter-governmental transfers from central to local authorities.

6.4 Economic/Market decentralization

It refers to shifting government-exclusive duties to the private sector.

- **Privatization:** Transfers services from public to non-government bodies.
- **Deregulation:** Eases legal restrictions and allows competitive private service delivery.

All these decentralization forms are seen in India's LG evolution.

7. Historical development of local government in India

Local self-government has roots in ancient India, referenced in epics like the Ramayana and Mahabharata. Forms like Paura, Nigama, Panga, and Gana handled administrative and legislative duties and collected levies ^[15].

7.1 Vedic period (1500-600 B.C.)

Villages were under the king, with self-governing sabhas that evolved into panchayats comprising Gramani, Purohitha, and Senani. Occupation-based Sanghas elected members to Gramasabhas.

Village republic (500 B.C.-400 A.D.)

Tribal settlements in north-west India had village panchayats representing agriculture, trade, etc. Kingdoms emerged later, with varied political systems.

7.2 Maurya Age

Gramasabhas had committees for gardens, water, disputes, taxation, and miscellaneous functions ^[16].

7.3 Gupta Period

Village headmen and councils handled disputes, tax collection, and infrastructure ^[17].

7.4 Chola Dynasty

Villages had autonomy through ur (non-Brahmins), sabha (Brahmins), and nagaram (merchants). Elected committees governed village affairs.

7.5 Medieval Period

Under the Delhi Sultanate and Mughals, village panchayats continued administrative and judicial roles. Akbar maintained hereditary officials. Over time, zamindars weakened self-rule^[18].

7.6 British Period

Under East India Company, centralized administration replaced village autonomy. Panchayats were dismantled; patwari and magistrate offices emerged^[19].

7.6.1 Phase 1

In 1688, Madras got a municipal corporation under a charter by James II. Over time, similar bodies emerged in Bombay and Calcutta with taxation powers. By 1850, municipalities could be formed based on local demand^[20].

Mayo resolution (1870)

Promoted self-governance and local participation in services like education and health. Finances were divided between central and provincial governments, yet municipalities had limited control^[21].

7.6.2 Phase II-Lord Ripon (1882)

Ripon, seen as the father of LSG, emphasized elected representation, budget freedom, and non-official leadership. Though progressive, colonial control persisted.

Royal commission on decentralization (1906)

Chaired by Charles Hobhouse, it recommended elected panchayats, empowered municipalities, and improved municipal administration. However, final control remained with government authorities^[22].

Resolution of 1918

Focused on autonomy, training citizens for self-governance, and enabling tax and budgetary powers for local bodies.

7.6.3 Phase III

Under the 1919 Government of India Act, local departments were transferred to elected ministers. Despite reforms, lack of education and awareness limited effectiveness^[23].

7.6.4 Phase IV-1920-1947

With India's freedom struggle intensifying, focus shifted to independence. The 1935 Act aimed for administrative democratization but lacked implementation.

7.6.5 Post-Independence

The Constitution's Article 40 directed states to organize panchayats^[24]. The 1952 Community Development Programme aimed to fight rural poverty and promote participation, but the initial plans saw limited success^[25].

Balwant Rai Mehta Committee (1957)

Recommended democratic decentralization via a three-tier structure: Gram Panchayat (village), Panchayat Samiti (block), and Zilla Parishad (district)^[26].

The state of Rajasthan was the first in India to implement the Panchayati Raj system. This system was inaugurated in the Nagaur district on October 2, 1959, by then Prime Minister Jawaharlal Nehru. The purpose of this initiative was to decentralize power to the rural population and establish a system of local governance.

Further developments (1977-1999)

Committees like Ashok Mehta (1977), Hanumantha Rao (1983), and GVK Rao (1985) evaluated the system. L.M. Singhvi Committee (1986) urged constitutional recognition. After failed attempts, the 73rd and 74th Amendments were passed in 1992.

7.6.6 73RD Constitution amendment (1992)

Introduced Part IX (Art 243) for panchayats at the village, intermediate, and district levels. Mandated 5-year terms, seat reservations for SC/ST/Women^[27], and formation of State Finance and Election Commissions^[28].

7 4 TH Constitution amendment (1992)

Established self-governance institutions^[29] and planning bodies in urban areas^[30]. It defined responsibilities, term limits, finance mechanisms, and election processes for municipalities.

This amendment led to the birth of Panchayath and Municipality acts in different states of India and gave life to Article 40 of the Constitution of India. 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.

8. Role of central government in empowering LSG^[31]

The central government offers strategic leadership in steering urban governance reforms by crafting laws, policies, and programmes. Yet, the success of these reforms hinges on their execution by states, which frequently encounter obstacles such as fragile institutional capacities in urban planning and management, insufficient political will, bureaucratic inertia, poor interdepartmental synergy, and financial limitations. Within the centralised system, Indian cities lack the necessary empowerment to tackle these issues. Furthermore, mayors and councillors in India wield limited control over funds and personnel, resulting in urban local bodies (ULBs) functioning more like civic service agencies than genuine self-governing entities. The Government of India can significantly enhance local self-governance by ensuring states fully implement the 73rd and 74th Constitutional Amendments in both letter and spirit. A transformation from 'urban local bodies' to 'urban local self-governments' is essential. Planning and managing urbanisation in a systematic, structured way is key to sustaining India's growth path. Legal frameworks and accountability structures must be reinforced to guarantee the effective implementation and enforcement of model laws and initiatives by states. These steps should involve a constitutional amendment to existing laws, boosting ULB finances, enacting statutes, and forming authorities to supervise and monitor urban governance reforms. Promoting consistency through standardised policies and practices across states using model guidelines and toolkits is equally vital. Such targeted actions can reduce interstate disparities and foster efficient, fair urban development and planning. Mayors and city councillors serve as the primary link between citizens and government. Therefore, a strong institutional structure for urban local governments is necessary through an improved 'Model Municipal Act' that grants meaningful autonomy to

mayors and councillors to enable effective self-rule. The Government of India has implemented flagship schemes like the 2005 Jawaharlal Nehru National Urban Renewal Mission (JNNURM), requiring states to establish dedicated municipal administrative services. More recently, the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) identified the formation and professionalisation of municipal cadres as one of its 11 reform priorities. Likewise, the Centre should support the establishment of sound council infrastructure via a capable secretariat, digitisation (including live-streaming of council meetings), research support, and fair remuneration for councillors to enhance the operations of city councils and corporations. Additionally, municipal staff can benefit from capacity-building and leadership development programmes to strengthen their administrative and governance capabilities. The Government of India should also institutionalise public involvement and transparency in urban governance by motivating states to adopt participatory decision-making, open-data platforms, and citizen feedback tools. These efforts could include awareness drives, training programmes, and digital platforms that empower the public, improve transparency, and increase accountability. A spatial and data-based model can offer a shared space for citizens, councillors, mayors, and municipal staff to interact. This structure may also enable direct citizen involvement through participatory budgeting and volunteer programmes, allowing communities to address civic problems actively. States should be encouraged for the

- Creation of ward committees with representatives from various societal sectors, including residents, NGOs, CSOs, elected officials, academics, and urban specialists.
- Compulsory participatory governance by involving communities, CSOs, RWAs, NGOs, and other stakeholders in decision-making for urban development projects.
- Consultative mechanisms such as public hearings and feedback channels to collect inputs from citizens to reflect their concerns and priorities in urban planning. Public consultations via hearings should allow people to voice opinions, raise concerns, and comment on proposed initiatives and policies.
- Capacity-building efforts to strengthen the role of stakeholders in urban governance through training sessions and awareness initiatives.
- Independent social audits to evaluate the effectiveness and community impact of development projects in meeting public needs.
- Public disclosure of project plans, budget allocations, expenses, and decision-making processes.

9. Issues and challenges of local bodies in India

9.1 There are certain major issues and challenges that the local government faces ^[32]

Scarcity of financial resources

Their income sources are inadequate for the services required. Reluctance to impose new taxes, inefficient administration, and corruption exacerbate the problem, causing arrears and financial distress.

9.2 Audit objections unattended: Audit reports remain unresolved for years, with unused funds lying idle. Delays make corrective action ineffective.

9.3 Funds crunch: Due to insufficient finances, local bodies

struggle to meet basic obligations, drawing public and governmental criticism.

9.4 Excessive state control

The excessive control exercised by the State Government over local bodies is another challenge. To ensure proper execution of their functions, the state government imposes legislative, administrative, financial, and judicial oversight. However, this proves more of a hindrance than a help, as instead of offering support and guidance, the control often becomes obstructive, limiting the functioning of these bodies.

Thus, although LG has been introduced in India, it still faces several issues and concerns. The Central and State governments must work collaboratively to address these problems and ensure more efficient LG.

Although LG has been instituted, these challenges hinder its full realization.

The following steps could be taken to strengthen the Local Self-Government in India ^[33]:

- In order to increase their financial resources and make them independent, the local bodies should be given independent sources of finance. For example, the power to levy local taxes.
- The states should be incentivized to devolve more functions to the local bodies.
- There should be clear-cut demarcation of functions between PRIs and other government agencies.
- The members of the local bodies should be imparted training to enhance their capabilities.
- There should be online auditing of the local bodies so as to enhance their accountabilities.
- The concept of Competitive Federalism among states needs to be extended to the third tier of government (local bodies) as well. This will help improve their performance.

10. Conclusion

To conclude, it can be said that despite its drawbacks, the local self-government system remains one of India's most significant governance innovations. By empowering local communities and enhancing their capacity to manage their own affairs, Local Self-Government in India has helped strengthen the grassroots-level democracy. However, several challenges coming in the way have hampered the realization of its true potential. Necessary steps should be taken to strengthen them so as to ensure that governance is truly of the people, by the people, and for the people. It is a practical institution that administers most Indian villages at the grassroots level. Since it operates locally, it fills a gap the state-level government cannot. Though it offers several benefits, this system like others around the world is not flawless. Local self-government often struggles with corruption, inadequate funding, and poor administration. The following are suggestions to improve its efficiency:

10.1 Suggestions for empowerment and strengthening of local governments in India

1. LG must enjoy financial independence and aim for financial sustainability.
2. There must be a trained and specialized cadre to address the complex demands of local governance.
3. A conducive setup for public-private-people partnerships, privatization, and outsourcing must be established where

suitable.

4. Local capacities must be built through better health care, education, and assets to make decentralization benefit the poor.
5. User charges must be fixed to align with the cost of service delivery.
6. Budgeting, accounting, and auditing methods must be reformed to boost accountability.
7. A transparent system of accountability and reporting to the public and upper governments through regulations must be developed.
8. Laws and guidelines must be created for information sharing, budgeting, reporting, contracting, and auditing to keep the public informed of local body decisions.
9. The public must be allowed free access to full details on service providers, service costs, funding sources, and responsibility distribution, as per the Freedom of Information Act.
10. Tax rates must be kept low, with strong compliance and enforcement to improve property tax collections.
11. Elections must be held in a timely manner.
12. Public engagement, especially of women, should increase in Gram Sabha meetings.
13. More panchayats should be led by women to help curb social evils like child marriage and alcohol abuse.
14. Penalties for civic offenses such as littering or spitting on roads must be increased.
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