



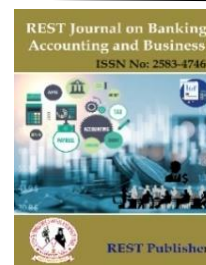
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Local Government in India: An Institutional and Functional Review

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Abstract: India is a federal republic with three levels of governance: union, state, and local government. Local government is recognized and protected by the 73rd and 74th constitutional amendments, and each state has its own local government legislation. Local government is overseen by the Ministries of Housing and Urban Affairs, Panchayati Raj, and Rural Development both at the national level and in each state. There was a total of 267,283 local government bodies as of middle of 2019, with 262,834 rural and 4,449 urbans. Municipal corporations for cities, municipalities for bigger towns, and town panchayats for smaller towns are examples of urban local bodies. State-level legislation governs both urban and municipal government, determining local tax-raising abilities. Women made up 44.8 percent of councilors in 2017, while transfers to local government accounted for 3.3 percent of overall government spending in 2020-2021. The present paper attempts to review the local governing systems in India.

Keywords: Local government, Panchayati Raj, Democracy

1. INTRODUCTION

We have been experiencing a global wave of decentralization since the late 1980s, which is based on the idea of making governance more participatory and inclusive. India, too, followed this trend in 1992, amending its constitution to improve grassroots democracy by decentralizing governance and empowering local political entities. The goal was to develop democratic, autonomous, financially sound local institutions that could formulate and implement programmes for their specific areas while also offering decentralized management to the people. It is based on the idea that people should have a say in choices that affect their lives, and that local problems should be solved locally. Following independence, there was a trend toward establishing a system of local administration, thanks in large part to Mahatma Gandhi's influence. The 73rd and 74th constitutional amendments made it essential for each state to form rural and urban local governments, develop funding methods, and hold local elections every five years. The establishment of this new three-tier system of local governance gave rural and urban local governments constitutional standing, assuring a degree of consistency in their structure and operation across the country. The provisions of these two amendments are similar in many aspects, with the exception that the former applies to rural local governments (also known as Panchayati Raj Institutions or PRIs) and the latter to urban local governments. India is a federal republic divided into three levels of government: national, state, and municipal. In India, local government refers to governmental jurisdictions below the state level. It is the village and district level of government. It is the government that is closest to the people that gets involved in day-to-day life and tries to solve problems that ordinary people face. Local governments are recognized and protected by the 73rd and 74th constitutional amendments, and each state has its own local government laws. Since 1992, India's local government has taken two distinct forms. Urban localities, as defined by the 74th amendment to the Constitution, have Nagar Palika but draw their powers from state governments, whereas rural locals' powers have been institutionalized under the Panchayati Raj system, as defined by the 73rd amendment.

2. LITERATURE REVIEW

Effective democracy at the local level can only exist if there is an effective delegation of obligations to local governments, as well as the development of local abilities to assist them in carrying out these tasks to the satisfaction and benefit of the public (Lalnehzovi, 2006). Democracy and decentralization are frequently cited as prerequisites for successful rural development. It is argued that democratic decentralization results in a state machinery that is more exposed to and responsive to local needs and ambitions (Crook and Sverrisson, 2001). This in turn produces systems of governance that are more effective (Blair, 2000; Crook and Manor, 1998; Manor, 1999; Rondinelli et al., 1989). Asfaw et al (2004) Decentralization is a complicated and diverse notion that entails the delegation of fiscal, political, and administrative functions to lower-level administrations, according to the author. Decentralization is a strategy of making administration more effective that dates back to ancient times in many countries with the purpose of producing better government. Because of its enormous area, population, and diverse livelihood system, decentralization can play a significant role in a country like India. Decentralized governing institutions believe that by encouraging people to participate in the implementation of development programmes, they will be able to deliver a responsible and transparent administration. Health, education, sanitation, and drinking water are examples of human development challenges that can be efficiently addressed through functional and dynamic decentralized organizations like PRIs. It is also suggested that appropriate power devolution in terms of fiscal, political, and administrative matters can help Decentralized Institutions become more effective. (Mohapatra,2012). Self-government at the local level in the current development scenario, rural India's institutions play a critical role in the implementation of development projects. These institutions have proven crucial in developing rural development strategies and putting them into action while keeping available financial and human resources in mind (Mohapatra,2012). The Indian Local Self-Governing Institutions have evolved over time, through a series of historical events, laws, laws, acts, and commissions, and have finally reached a resuscitation stage in the form of the 73rd Amendment Act (1992) and the PESA Act (1996). It is stated that decentralization's political and economic theory has evolved throughout time, paving the path for the institutionalization of decentralized governmental structures in India. However, it is maintained that the functioning of local self-governing organizations in India has been hampered by severe budget constraints. (Mohapatra,2012).

3. THE HIERARCHY OF DIFFERENT LEVELS OF GOVERNMENTS OF INDIA

India's two-tier system of central and state government was turned into a three-tier structure with the implementation of constitutional changes, including a local level below the state. In rural locations, there are three nested bodies to consider. The district council, or zilla parishad, is at the top, and it is made up of a group of block councils, or panchayat samitis, which are made up of village councils, or grama panchayats. Each village has a village assembly, also known as a grama sabha, which is made up of all of the village's adults and has the power to elect members of the panchayat directly. States with populations under two million people (such as Arunachal Pradesh) may opt for a two-tiered system without the intermediate block-level organization. Municipal corporations or mahanagar palikas for areas with a population of more than one million, municipal councils/ municipalities or nagar palikas for areas with a population of less than one million, and town councils or nagar panchayats for areas transitioning from rural to urban are the three types of local bodies in urban areas. For ease of administration, large municipal areas may be further subdivided into wards. Statewide administrative unit information is given in the Table 1. The structure of PRIs is uniform across all states in the country, except for the scheduled and tribal areas, which are legally exempt from implementing the Panchayati Raj system. The Panchayat Extension to Scheduled Areas (PESA) Act, 1996 extends the 73rd Amendment to tribal and forested areas in ten Indian states (with certain modifications and exceptions), excluding tribal areas in the states of Assam, Meghalaya, Tripura, and Mizoram, which are governed by District or Regional Councils. Customary law, social and religious customs, and traditional management practices of community resources are all protected by these rules. Both directly and indirectly elected representatives make up local government institutions. A minimum of one-third of the seats in all municipal governments is reserved for women on a rotating basis, which is a significant novelty given that women are not represented at the federal or state levels. Women's presence in both rural and urban local bodies has climbed to 50% in states like Odisha, Punjab, and West Bengal over time. In proportion to their numbers, seats are also reserved for people from scheduled castes, scheduled tribes, and other backward classes. Under each of these categories, the minimum 30 percent reservation for women is mandatory.

TABLE 1. Statewide Administration

State/UT Name	No. of Districts	No. of District Panchayat	No. of Sub-districts	No. of Blocks	No. of Intermediate Panchayat	No. of Villages	No. of Village Panchayat
Andaman and Nicobar Islands	3	2	9	9	7	560	70
Andhra Pradesh	13	13	678	668	660	17950	13371
Arunachal Pradesh	25	25	209	114	178	5485	2106
Assam	33	26	157	230	192	27913	2197
Bihar	38	38	534	534	534	45410	8387
Chandigarh	1	N.A	1	1	N.A	0	N.A
Chhattisgarh	28	27	150	146	146	20583	11658
Delhi	11	N.A	33	0	N.A	222	N.A
Goa	2	2	12	12	N.A	410	191
Gujarat	33	33	270	250	248	19034	14257
Haryana	22	21	142	142	126	7652	6234
Himachal Pradesh	12	12	173	81	81	21249	3615
Jammu and Kashmir	20	20	202	287	275	6854	4290
Jharkhand	24	24	264	264	263	32712	4359
Karnataka	30	30	227	227	227	30712	6006
Kerala	14	14	77	152	152	1664	941
Ladakh	2	2	8	31	31	243	193
Lakshadweep	1	1	10	10	N.A	27	10
Madhya Pradesh	52	51	424	313	313	55771	22782
Maharashtra	36	34	355	352	351	44345	27888
Manipur	16	6	65	70	N.A	3855	161
Meghalaya	11	N.A	46	46	N.A	6983	N.A
Mizoram	11	N.A	26	26	N.A	864	N.A
Nagaland	12	N.A	120	74	N.A	1627	N.A
Odisha	30	30	476	314	314	52141	6798
Puducherry	4	N.A	8	6	10	125	108
Punjab	22	22	92	151	151	12953	13268
Rajasthan	33	33	339	352	352	46735	11341
Sikkim	4	4	16	32	N.A	454	185
Tamil Nadu	38	37	302	388	388	18479	12525
Telangana	33	32	589	589	540	11226	12769
Dadra and Nagar Haveli	3	3	3	3	N.A	101	38
Tripura	8	8	23	58	35	898	591
Uttar Pradesh	75	75	350	828	826	109250	58282
Uttarakhand	13	13	128	95	95	17055	7791
West Bengal	23	22	344	344	342	41001	3340
Total	736	660	6862	7199	6837	662543	255752

4. EVOLUTION OF LOCAL GOVERNMENT IN INDIA

Lord Rippon, the Viceroy of India at the time, took the initiative to organize an elected local government council in 1882. Village Panchayats were established in numerous provinces after the Government of India Act of 1919, and the tendency continued following the Government of India Act of 1935. The issue of local governance was allocated to the States when the Constitution was drafted, and it was one of the stipulations. A three-tier Panchayati Raj system of local administration was advocated for rural areas after independence; as a result, several states, such as Gujarat and Maharashtra, embraced the system of elected local governments (1960). A thorough assessment of the functioning of local government institutions began after 1987, and the P. K. Thungon Committee suggested constitutional recalibration in 1989. The 73rd and 74th Constitutional Amendments were finally ratified by Parliament in 1992. Rural local governments, generally known as Panchayati Raj Institutions, are the subject of the 73rd Amendment (PRIs). The provisions relating to urban local governance were added to the Constitution by the 74th Amendment (also known as Nagarpalikas). The Panchayati raj system has elected bodies at the

village, taluk, and district levels. The current system is founded in part on traditional Panchayati raj and Panchayat governance, in part on (Mahatma Gandhi's) vision, and in part on the efforts of numerous committees to integrate India's highly centralized governmental administration with a degree of local autonomy. People were expected to be more involved in local governance as a result of the outcome, as well as more effective execution of rural development projects. Although implementation in all of India has not yet been completed as of 2015, the goal is for each village or group of villages to have a grama panchayat, a tehsil level council, and a zilla panchayat at the district level. Following the 73rd Amendment, all states now have a uniform three tier Panchayati Raj structure as– Gram Panchayat – At the bottom level; Mandal (also known as Block or Taluka) – Intermediary level; and Zilla Panchayat – At the top level. A Gram Panchayat covers a village or group of villages. The intermediary level is the Mandal covers Block (i.e. a group of gram panchayat). The district's whole rural region is covered by the Zilla Panchayat. The people directly elect all three levels of Panchayati Raj Institutions for a five-year term. Women are given one-third of the roles in all panchayat entities. The 73rd Amendment did not apply to territories inhabited by Adivasi people in various Indian states; nevertheless, in 1996, a new clause was established for these areas. The state government must designate a State Election Commissioner (independent of the Election Commission of India) to oversee the conduct of elections under Panchayati Raj Institutions. Every five years, the state government must appoint a State Finance Commission. The 74th Amendment deals with municipal governments in cities (Nagarpalikas or Municipality). According to the Indian Census, an urban area has a population of at least 5,000 people, at least 75 percent of the male working population is employed in non-agricultural occupations, and a population density of at least 400 people per square kilometer. As per the 2011 census (provisional data), about 31 percent of India's population lives in urban areas. Many provisions of 74th Amendment are similar to 73rd Amendment. The functions of Nagarpalika have been listed in the Twelfth Schedule of the Constitution. The Indian population has 16.2 percent Scheduled Castes (SC) and 8.2 per cent Scheduled Tribes (ST) and accordingly, the seats for both SC and ST are reserved in local government.

5. FUNCTIONS OF LOCAL GOVERNMENT IN INDIA

In line with their objectives of promoting local economic development and social justice, local government bodies have the power to:

- Prepare development plans for the areas they serve.
- Implement a wide range of schemes relating to 29 core areas for rural local governments, and 18 for urban local bodies. These include (but are not limited to) health, education, poverty alleviation, housing, and the promotion of small-scale industries, among others.

The actual powers and functions of these organizations, however, are heavily dependent on the laws of the state in which they operate, because each state governments are responsible for the functioning of their respective local governments. Panchayat Raj institute's play a crucial role in rural development and perform the following roles:

- Administrative tasks such as maintaining village records, building, maintaining, and repairing roads, tanks, and wells, and so on.
- Improving socioeconomic conditions by promoting rural industries, health, education, and women's and children's welfare, among other things.
- Separate adalati or nyaya panchayats or grama panchayats undertake judicial tasks such as trying petty civil and criminal issues such as minor thefts and money disputes.

The functions of urban local bodies can be classified as:

- Mandatory functions: Those that they must carry out, such as maintaining public health and sanitation, providing public utilities like water and electricity and providing education.
- Discretionary functions: These are functions that are dependent on the availability of funding and include, for example, transportation and the establishment and maintenance of public places.

6. FUNDING OF LOCAL GOVERNMENT

Both urban and rural municipal governments require resources to successfully carry out their duties. Once every five years, states are mandated to establish a State Finance Commission to assess the financial situation of local government institutions and provide suggestions to state governments in order to ensure that local organizations have appropriate financial resources to function. Internal and external revenue are the two main sources of money for municipal governments. Internal (or self-generated) revenue is that which they generate for themselves, whether through taxes such as land or property taxes, or non-tax sources such as rents and user fees. The following are examples of external revenue sources: a. Assigned revenue, which

includes taxes, charges, tolls, and fees collected by the state and federal governments on behalf of local governments. State Finance Commission recommendations determine the actual proportion allocation of these revenues, b. Grants-in-aid and loans from the central and state governments, domestic institutions, financial intermediaries, capital markets, and/or donor agencies. The particular sources of funding for rural and urban local governments fluctuate due to the nature of the duties performed. Large urban centres like Delhi and Mumbai, for example, are able to mobilize newer and more innovative types of finance like private finance, whilst smaller towns and rural organizations continue to rely on old sources such as central and state government tax shares, loans, and grants.

7. PROBLEMS FACED BY LOCAL GOVERNMENT BODIES

Though political decentralization has been achieved in India through the establishment of local government bodies, the real transfer of powers, finances, and officials to these entities is still lacking. This weakens the system and prevents it from working properly. The Ministry of Panchayati Raj produced a Devolution Report in 2015-2016 that analyses the extent to which states have devolved responsibilities, funds, and personnel. It adds that, though certain states, such as Kerala, Karnataka, and Maharashtra, have delegated more power to local governments, India still has a long way to go in terms of true decentralization.

a. Functional challenges: The state government has the authority to delegate functions to local governments. States do not devolve appropriate tasks to local government organizations for a variety of reasons, which has a significant impact on the system's efficiency and effectiveness. State administrations, for example, have been known to build parallel systems for implementing projects in agriculture, health, and education, undermining sectors where local governments are legally accountable. Furthermore, many local governments lack the essential support structures to carry out their missions. The 74th amendment mandates the formation of a District Planning Committee in each district to consolidate and integrate the development plans generated by panchayats and urban local bodies. However, it was seen that District Planning Committees are non-functional in nine states, and failed to prepare integrated plans in 15 states.

b. financial challenges: It's pointless to devolve functions if you don't have enough money to carry them out. Local government expenditure as a proportion of GDP is only 2% after over 25 years of decentralization, which is exceptionally low when compared to other major growing countries like China (11%) and Brazil (7%). Most local governments, whether rural and urban, are unable to generate sufficient revenue from internal sources, and hence rely heavily on foreign support. According to studies, between 80% to 95% of revenue comes from outside sources, primarily state and federal government loans and grants. There are two main reasons for low internal revenue collection: 1. Due to confusing taxation norms, a lack of trustworthy records, and other factors, local governments may lack the capability to effectively apply taxes, 2. Taxation authorities have not been transferred sufficiently to state governments. Most states only allow local governments to collect property taxes and water tariffs, but not land taxes or tolls, which can bring in more money.

c. Functionary challenges: Local governments' ability to carry out their mandate is frequently limited by state government authorities. Furthermore, local government secretariats are grossly understaffed and under-skilled, rendering them unable to give the necessary support to the elected assembly. Their capabilities must be developed further through existing employee training and the recruitment of new personnel. Despite the fact that municipal governments are allowed to hire people, restricted budget prevents them from doing so.

8. CONCLUSION

Following independence, there was a trend toward establishing a system of local administration, thanks in large part to Mahatma Gandhi's influence. The 73rd and 74th constitutional amendments made it essential for each state to form rural and urban local governments, develop funding methods, and hold local elections every five years. The establishment of this new three-tier system of local governance gave rural and urban local governments constitutional standing, assuring a degree of consistency in their structure and operation across the country. Though political decentralization has been achieved in India through the establishment of local government bodies, the real transfer of powers, finances, and officials to these entities is still lacking. This weakens the system and prevents it from working properly. The Ministry of Panchayati Raj produced a Devolution Report in 2015-2016 that analyses the extent to which states have devolved responsibilities, funds, and personnel. It adds that, though certain states, such as Kerala, Karnataka, and Maharashtra, have delegated more power to local governments, India still has a long way to go in terms of true decentralization. To ensure that power actually resides with the people, not just on paper, but also in fact, India's local governance system

must be strengthened in all three areas.

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