CHAPTER-IV

Evolution of local self-government
(Panchayat raj institutions)

A brief account of the evolution of local self-government in the country and in Madhya Pradesh becomes necessary to highlight the changes that the system has undergone through time, and the extent to which the present system represents a departure from the past.

1. The Historical background

1.1. Local self-government, to borrow a phrase from Sydney Webb, is “as old as the hills”. This can be more true of India than any other country of the world. There is sufficient evidence to establish the fact that the institution of local self-government is almost pre-historic, and the conception of local self-government is indigenous to the Indian soil. Municipal governments have flourished in India since times immemorial. While empires rose and fell, village panchayats which formed an integral part of the national life, helped to preserve democratic traditions in social, cultural, economic and political life, survived the onslaughts of centuries of political upheavals and saved Indian society from disintegration. The existence of local bodies in ancient India is a positive proof of the inherent genius of our people to manage local affairs efficiently and on a decentralised basis. The decentralisation of power in the kingdoms of the Maurya and the Gupta period was unique. Such a devolution of power was unknown to the western world until modern times. The local governments at different levels, performing many functions, though not very democratic, were sufficiently autonomous.

2. Local self government under the Muslim Rule

2.1. With the coming of the Muslim rule in India, local institutions received a set-back, as they did not enjoy the same autonomy and prestige, as under the Hindu kings. “Mughal government was highly centralized autocracy. The crown was the motive power of the entire administrative machinery. Where the government is absolute, the supreme authority concentrated in one man’s hand, the territory larger, the means of communications between the districts slow and difficult, the transfer of local officers frequent, no political life or local initiative is left to the people”.

1 Sir Jadunath Sirkar - Mughal Administration - page 10
2.2. The muslim rulers recognised local chiefs and zamindars as the repositories of local authority, to the exclusion of the people. “The villages and towns of the Mughal empire enjoyed parochial self-government rather than local autonomy. A people who do not possess political freedom and powers of self taxation for national purposes, can not be said to enjoy local autonomy”\(^2\). The office of Kotwal was developed as the keystone of the municipal administration and “his functions in connection with the town in his charge were, at least in theory, the most comprehensive conceivable being in certain respects even wider than those of the municipal bodies of the present day”\(^3\).

2.3. While the mughals did not initiate any positive measures of encouragement to local institutions, wherever such institutions existed, they worked in co-operation with the official machinery of the rulers and in certain respects became a part of it.

2.4. Between the breakdown of the mughal empire and the coming of the British, there was complete anarchy and military despotism in most parts of the country. During this period “the ties of social framework were loosened, and in many places, local institutions had been perverted or sapped, before the British officials had an opportunity to assess their value.”\(^4\)

3. Local self-government during the British rule

3.1. When India was colonised, there occurred a sharp break from the tradition. The state system, after the advent of the British emerged as a highly centralised set up. Local institutions during the British period were more a creation of the government from whom they derived their autonomy rather than a process of spontaneous growth. No attempts were made to build up the system on indigenous foundations, although a good deal of indigenous taxation was retained in local finance. “The chungi of the muslim rulers, the Sikh dharat, the muhtarafa of Maratha towns have a descendant in todays’ octroi. But from the structure and procedure of earlier local institutions,

\(^2\) Ibid. 13

\(^3\) Dr. P. Sharma - The Provincial Government of the Mughals - page 232

\(^4\) H. Tinker -The Foundation of local self-government in India, Pakistan and Burma - Page 15
almost nothing has been incorporated into modern local government.” The form adopted during the British rule was an admixture of the British and continental patterns.

3.2. The history of local self-government in India under the British rule can be conveniently divided into four phases. “Local finance being a counterpart of local administration and its mainstay, has of course, been an expression of the purpose implicit in different phases of local government.” The first phase may be assumed to have ended in 1882, when Lord Ripon issued his well-known resolution on local self-government. The second phase covers developments from 1882 to 1919, when more powers were transferred from the centre to the provinces, and the recommendations of the Decentralisation Commission of 1907, besides discussing other matters, suggested some changes in local self-government. The third phase extended up to 1935, during which the Indian Taxation Enquiry Committee (1925) considered the problems of local taxation, along with central and provincial finances. The Simon Commission of 1930, reversed the process of decentralisation, by recommending strict control of the state over local bodies. The fourth phase covers developments up to 1947. During this phase, the struggle for independence was intensified and with the introduction of provincial autonomy in 1937, and coming into power of congress ministries in many provinces, local bodies, particularly village panchayats, received a great stimulus and there was democratisation of local bodies. But “local self-government became a mere annexe to the national political stadium, where the struggle for independence was moving towards its climax.”

3.3. A rapid survey of local self-government and finances in India under the British rule, reveals certain “well marked characteristics”.

1. Lamentable half hearted concessions to a demand for wider systems of local self-government. For a long time, local government remained a democratic facade to an autocratic structure.

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5 Ibid page 15
6 Gyan Chand - Local Finance in India - page 25
7 H. Tinker - The Foundation of local self-government in India, Pakistan and Burma - Page 161
8 M.P. Sharma - Recent experiments in local self-government in India, Page 104
2. Local Finances had not the free and natural growth they had in most of the European countries.
3. Local self-government inherited but little from indigenous local institutions and their development was artificial from outside.
4. Arbitrary and haphazard nature of local taxation that emerged from the British period.
5. Non-hierarchical character of local government
6. No distinction between deliberative and executive functions
7. Local self-government acquired a political character.
8. The control exercised by the Government and its agencies was excessive.

3.4. Independence opened a new chapter in socio-economic reforms, as embodied in the Directive Principles of State Policy, enunciated in the Constitution which established a federal system of public administration, provided universal adult franchise and the objective of welfare state. Article 40 of the Constitution lays down that the state would take steps to establish autonomous bodies in the form of village panchayats.

3.5. We would like to take up the discussion of the developments in the field of rural and urban local bodies in the post-independence period separately because of the distinct nature of changes introduced in the two fields. In this chapter we would concentrate our attention to the developments in respect of Panchayati raj institutions and would pick up the thread in respect of developments in respect of urban local bodies, in a separate chapter.

4. Panchayati Raj Institutions (PRIs) - Developments in the post-independence period

4.1. As already observed, village panchayats have been an integral part of village administration since times immemorial but nothing much is known about the status, structure, functions and finances of panchayats in ancient India. Although the idea of decentralised planning is as old as the Gandhian economic thought, attempts at giving a concrete shape to this thinking may be said to have been made in the post-independence period. During the constitution making process and thereafter since the inception of planning in India, certain hard choices had to be made between the needs of national security, national unity and economic growth, on the one hand, and the consideration of achieving a measure of distributive justice, on the other, so that the benefits of development accrue to the people at the grass-root level, and also people may participate in the process of planning and development at different territorial levels. In the initial years, the choice was made in favour of rapid growth and planning
and, therefore, decision-making remained centralised and vertical around the two political levels, viz. the Union and the state. Local bodies like panchayats, by and large, functioned as civic agencies of the state government and not as instruments of micro-level planning.

4.2 It was during the III five year plan that a methodology of preparing state plans for rural development on the basis of district and block plans, was evolved and attempts were made to constitute three-tier system of PRIs, based on the recommendations of the Balwant Rai Mehta Committee (1957), and with it the idea of “planning from below” gained some currency. But these ideas did not pick up and were not operationalized, as the PRIs, except in some states, were stagnating or declining, after the initial enthusiasm for their development. Lot of discussion had taken place in the country in respect of the need for creating multi-level planning framework which envisaged devolution of definite powers, functions and finances to different territorial levels, but no concrete steps were taken in this direction.

4.3 Since the beginning of the VI five year plan, a number of special programmes for poverty alleviation, employment generation and area development were launched in the country. At this stage, block level was considered important to implement rural development programmes through fuller utilization of local resources. In November 1977, a Working Group under the Chairmanship of Prof. M.L. Dantwala was appointed by the Government of India, to draw up guidelines for block level planning. At the same time, in December, 1977, a Committee on Panchayati Raj, headed by Ashok Mehta was appointed. The Committee considered inadequacy of resources, mainly responsible for failure of PRIs and, therefore, recommended, inter alia, measures for strengthening the financial resources of PRIs. In the light of recommendations of the Committee, gradually PRIs were set up in almost all the states and were contemplated to be developed as instruments of development. Whereas in Maharashtra and Gujarat, power was vested in district panchayats, in Madhya Pradesh and some other states, the responsibility for development was entrusted to development blocks. Another committee headed by Prof. C.H. Hanumantha Rao (1984) went into the question of evolving methodology for district level planning and recommended that planning process at the district level should be sufficiently decentralised, having a good deal of autonomy, administrative and technical capability and financial adequacy.
4.4. The above discussion shows that there has been no dearth of ideas and expert opinion but what is lacking is consistency in thinking and political will to implement the concept of decentralised planning and development in a multi-level framework, and create PRIs in that framework which are democratic, autonomous, financially strong, capable of formulating and implementing plans for their respective areas and provide decentralised administration to the people. Elections were not held regularly in a large number of states. Even after three decades since the Balwant Rai Mehta Committee had recommended 3-tier Panchayati raj system as a form of rural self-government and as a mechanism for democratic decentralisation, in most of the states, the position regarding PRIs remained unsatisfactory, and no tangible action was taken to strengthen the local self-government system. Financially these bodies were weak and dependent largely on state governments which did not follow any consistent policies, with the result that most of the PRIs remained defunct or superseded.

4.5. The Constitutional Amendment Act, 1992, marks a water-shed in the history of local self-government in the country since it gives a constitutional mandate to the state governments to restructure and revamp rural local bodies in accordance with constitutional obligations. The Act provides for (i) the creation of three tier system of PRIs - gram panchayat at the village level, Janapad Panchayat at the block level and Zila Panchayat at the district level, with sufficient powers and functions contained in schedule XI of the Act; (ii) the creation of State Election Commission to ensure free, fair and timely elections after the expiry of every 5 years, and (iii) the creation of State Finance Commission after every 5 years to recommend devolution of financial resources from the state government to local bodies and also suggest measures for strengthening their financial position.

4.6. Since our primary concern in this chapter is with evolution of rural local self-government in Madhya Pradesh, against the background of developments in the country, we would, therefore, take up, in the first instance, the discussion of developments in the field of panchayat raj institutions in the state.
5. Panchayati Raj institutions in Madhya Pradesh

5.1. The new state of Madhya Pradesh, constituted on 1st November, 1956, inherited a diverse legislation with regard to constitution, functions, powers and finances of panchayats, created in former regions merged in the new state. The Mahakoshal region which formed a part of the former Madhya Pradesh before re-organisation of states, and earlier to that a part of C.P. and Berar Province of the British regime, had well and long established traditions in the field of municipal government, while developments in erstwhile states of Bhopal, Vindhya Pradesh and Madhyabharat, had not taken place in any well-conceived manner. The PRIs did not follow common pattern except in the direction of universal suffrage, abolition of communal electorate and the acceptance of the principle of panchayati raj. The different constituents which formed the new state, prior to re-organisation, had introduced legislation in their respective areas, but little progress was recorded in the direction of democratic decentralisation in the feudal institutional framework.

5.2. The functions and powers of village panchayats were governed by the following legislations in operation in different constituent units that were merged in the new state of Madhya Pradesh:

3. The Vindhya Pradesh Panchayat Act, 1949
4. Bhopal State Panchayat Raj Act, 1953

5.3. The Madhya Pradesh Panchayat Act, 1962, which was the first legislation in the re-organised state in the field, provided a 3-tier system of panchayat raj - at the village level, block and district level, but the Act could not achieve much in the absence of a popular base. The Act was repealed in 1981, but the new Act replacing it was regarded as a retrograde step, as it had dropped the Gram Sabha and had taken away some of the functions of Janapad Panchayat at the block level and zila panchayat at the district level. The Madhya Pradesh Panchayat Raj Act, 1990, which was supposed to
be an improvement over the 1981 Act, could not make much advance in the field of local self-government, as no elections were held at frequent intervals and no genuine transfer of functions could take place. The experience gained in the state, as elsewhere, during the period of 40 years, prior to the constitutional amendment, has demonstrated that mere wishing for democratic decentralisation was not enough. To be successful, decentralisation has to be backed up by strong political will, right type of institutional framework, sound practices, necessary technical and administrative support and right type of attitudinal changes in the bureaucracy. All these pre-requisites were missing, by and large.

5.4. In accordance with the provisions of the Constitutional Amendment Act, 1992, the M.P. Government was the first in the country which enacted the Madhya Pradesh Panchayat Raj Adhiniyam in 1993, “with the objective of consolidating and amending the law relating to the establishment of panchayats, for ensuring effective involvement of panchayats in local administration and developmental activities”. The Act has been amended several times to overcome difficulties faced in its implementation and also for making improvements in the light of experience gained.

6. Main features of the Act

6.1. The new Act of 1993 has introduced three-tier system of PRI in the state, Gram Panchayat (GP) at the village level, Janapad Panchayat (JP) at the block level and Zila Panchayat (ZP) at the district level, excluding urban areas from the jurisdiction of these bodies. Elections to PRIs were completed under the control and direction of the State Election Commission, on 7th June, 1994, and for the second time in January/February, 2000. The devolution of financial resources from the state government to the PRIs for the period 1996-2001, has taken place in accordance with the recommendations of the first State Finance Commission, constituted in June, 1994, under Article 243-I and 243-Y of the Constitution and also in pursuance of the M.P. State Finance Commission Act.

6.2. The Gram Sabha (G.S.) is supposed to be the cornerstone of the whole system and is a body consisting of all persons who are eligible voters in the state assembly and whose names are entered in the electoral rolls relating to villages comprising the area of GP.
7. Functions of Panchayats

7.1. Since financial position of PRIs need to be reviewed in terms of their functions and responsibilities, it would not be out of place, if we make a quick review of their functions and taxation powers under the Act.

Sections 49 to 52 of the Act define compulsory and optional functions of PRIs. Functions covered under 49(2 a), 51(i) and 52(iv) and (v) are to be performed as agents or representatives of the state government. An amendment of section 53 of the Act in 1997, gives powers to PRIs at appropriate level, to enable them to function as institutions of self-government in relation to matters listed in the schedule IV of the Act (Annexure-I) including preparation of plans and their implementation for economic development and social justice.

7.2. According to the Constitution, local bodies are the creation of the state government and can exercise such powers, perform such functions and exploit such sources of revenue which they are empowered by the state government under the Act. Though the state government has the freedom to endow whatever powers and authority to the PRIs according to their wisdom and judgement, the Constitution has made the basic feature of panchayats as “institutions of self-government”, non-negotiable. A reading of the Article 243-G, makes it clear that PRIs have some original functions and some agency functions. The original function of PRIs is the “preparation of plans for economic development and social justice”. The agency functions relate to the implementation of schemes of economic development and social justice.

7.3. Whereas GPs have been assigned certain obligatory functions and also a number of optional functions which are in the nature of civic functions, welfare activities and developmental functions, the JPs and ZPs have not been assigned any obligatory functions but have to function mainly as agents of the state government and also perform certain coordinating and supervisory functions.

7.4. Functions assigned to GPs (Annexure 2) are mostly in the nature of civic functions, regulatory and welfare activities. Under section 49, functions like primary education, primary health and dispensaries, have not been included, whereas these functions are
included in the Schedule IV of the Act, relating to section 53(i) which states “Panchayats at appropriate levels shall have the powers and authority, as may be necessary, to enable them to function as institutions of self-government in matters relating to schedule IV, including preparation and implementation of schemes for economic development and social justice and other duties and functions assigned to them under sections 49, 49A, 50 and 52 and chapter XIV A."

7.5. Amendment of section 7 of the Act in 1997, has given additional powers and assigned more functions to the GSs, which include identification of schemes of economic development of the village and determination of priorities of schemes, making appraisal of plans for economic development and social justice, consideration of annual budget of the GP and making recommendations thereon, ascertaining and certifying the proper utilisation of funds, identification and selection of persons as beneficiaries under poverty alleviation and other programmes, mobilisation of people for community welfare programmes, ensuring their active participation in the implementation of programmes and equitable distribution of the benefits of development. A redeeming feature of the Act is that it makes provision for adequate reservations for scheduled castes and tribes, OBCs and women in different elected bodies.

7.6. The functions of JPs (Annexure 3) include provision in the block, activities like IRDP, social forestry, animal husbandry, fisheries, family planning, adult education, communications, water supply, rural employment programmes, adult education, sports, emergency relief, arrangement for public ferries, and markets, exhibitions and melas and other functions with the approval of the ZP and the state government. The JPs will also control and supervise the administration of community blocks and TD blocks in their respective jurisdictions.

7.7. The ZPs under section 52(i) (Annexure 4) are intended to co-ordinate and guide JPs and GPs within their respective districts, consolidate the JP plans, coordinate the demand for grants received from JPs and forward them to the state government and also advise the state government on development matters.
8. **Sources of Revenue.**

8.1. Under section 77(i), GPs are empowered to impose 6 compulsory taxes, and under sub-section (2) of section 77, 14 optional taxes, (vide Annexures 5 and 6) subject to the provisions of the Act and conditions and exemptions, as may be prescribed by the state government. Obligatory taxes include, property tax on land and buildings, latrine tax, light tax, profession tax, market fees and fees for the registration of cattle. The revenue of GPs comes from three sources: (i) taxes and fees levied and collected under the Act, (ii) Grants-in-aid from the state government, both general and specific and (iii) Devolution of funds from the state government/central government on the recommendations of the SFC/Central Finance Commission.

8.2. There is only one obligatory tax that can be levied by JPs, tax on theatre, theatrical performances and other public entertainments. The only optional tax which the JPs can levy is a fee for any license or permission granted by them for the use and occupation of land and other property of the Janapad. The Act does not confer any taxation powers to ZPs. Their only source of revenue is that which is given to them by the state government on account of land revenue and also certain grants-in-aid by the state government on its own or on the recommendation of the S.F.C.

9. **Powers of the State Government**

9.1. A review of M.P. Panchayat Raj Act, 1993, shows that though the Act has made provisions for the creation of democratic institutions at the grass-root level and has ensured adequate place for the SC, ST, OBCs and women in the management of local bodies through the in-built instrumentality of reservations in the composition of every tier, at the same time, the state government retains wide powers which include supervision, suspension of office bearers, dissolution of panchayats under certain conditions, withdrawal of functions and duties entrusted to them, appointment of CEOs and determination of their powers, the power to regulate taxation powers of local bodies.

9.2. The first State Finance Commission made a comprehensive review of the delegation of powers to the PRIs by the different departments of the state government. This
The Commission would like to quote the relevant portion of the report of the first SFC (para 16.27) which reads as under:-

“The Commission is of the opinion that except a few obligatory functions assigned to village panchayats under section 49, the three tier panchayati raj institutions have not been recognized as autonomous units in the strict sense of the term, through the M.P. Panchayat Raj Act. As per Commissions’ view, the spirit behind Article 243 of the Constitution is that these institutions should be made autonomous for preparing plans relating to economic development and social justice”.

9.3. PRIs cannot develop as genuine units of self-government without a drastic reduction and restructuring of central and state government apparatus, especially in respect of items included in the XI schedule. Stripping this enormous administrative structure of its over-burden and shedding the excessive concentration of powers at the higher levels, are essential pre-requisites for the empowerment of panchayats. Democratic decentralisation at the local level has to be accompanied by revamping and restructuring of development administration, planning process and budgetary procedures at the state level.

10. Amendment of Madhya Pradesh Panchayat Raj Adhiniyam, 1993

10.1. With a view to giving a concrete shape to the concept of Gram Swaraj, the M.P. Panchayat Raj Adhiniyam, 1993, has been thoroughly amended in 2001 and rechristened as "Madhya Pradesh Panchayat Raj and Gram Swaraj Adhiniyam". The amended Act has come into force in M.P. with effect from 26th January, 2001. Under the new dispensation, the Gram Sabha (GS) has been made the major instrument of bringing about socio-economic transformation in the villages, with the ultimate objective of ushering in Gram Swaraj. For that purpose, almost all functions and powers of taxation of Gram panchayats (GP) under the earlier Act, have been transferred to the GS. This is a major step in empowering people to take decisions in respect of socio-economic restructuring of rural areas. The GS has been made the supreme body and the corner-stone of the whole system.

10.2. Every village shall have a GS, comprising of all persons who are eligible voters in the state assembly and whose names are entered in the electoral roll, relating to the village
or villages, comprising the area of a GP. The amendment in the Act has given GS the status of a corporate body.

10.3. The GS shall hold at least one meeting in every month and the meeting will be presided over by the Sarpanch of the GP, and in his absence by the up-sarpanch and if both are absent, by a panch to be elected for the purpose, by members present at the meeting.

10.4. There is a provision for a joint meeting of the GSs of the Panchayat area, for deciding on matters involving more than one village. The Secretary of the GP would also be the secretary of the GS and would be under the control of the GS and perform such duties as assigned to him by the GS.

10.5. The GS shall exercise control over government employees whose area of jurisdiction lies within the limits of GS area, and has been given powers to withhold salary, sanction leave, inspect and supervise their work. It has also the powers to recommend to competent authority the imposition of penalties for misconduct and negligence of duties.

10.6. The GS will maintain proper records of accounts and prepare annual statement of accounts which shall be audited from time to time by such authority as may be prescribed, and the audited accounts shall be placed at the next meeting of the GS.

11. The Functions of the GS and GP in Madhya Pradesh

11.1. Under the amended Act, all functions of the GP except one, viz. The establishment, management and regulation of markets and melas other than public markets and public melas, have been handed over to the GS, in addition to those which have been given to GS under the amendment of section 7 in 1997.

11.2. The Annexure 7 gives the list of functions which have been assigned to GSs under the amended Act.
11.3. A perusal of the list shows that almost all functions of GPs have been assigned to GSs and such functions are mostly in the nature of civic functions, regulatory and welfare functions, planning and developmental functions and agency functions.

11.4. A GS will also perform such functions which are entrusted to it by the state government, JP and ZP and such functions shall be performed as agents of the authority assigning the function, the necessary funds for which would also be provided by the authority concerned.

11.5. It is clear that the functions assigned to the GS are much larger in scope and significance than those given to the GPs. The GPs have been reduced to the status of a coordinating agency and the powers of the sarpanch have also been considerably reduced. More important now are the standing committees of the GS.

12. The constitution of standing committees of the Gram Sabha

12.1. The amendment of the Act makes provision for the constitution of 8 standing committees by the GS, through which the functions of the GS would be performed. In addition to these Committees, the GS is empowered to constitute one or more such adhoc committees, as it may deem necessary. The number of members of standing committees, reservation of seats, terms of office, conduct of business, resignation and removal of members, shall be such as may be prescribed.

12.2. The Standing Committees shall be the following:-

1. Gram Vikas Samiti
2. Sarvjanik Sampada Samiti
3. Krishi Vikas Samiti
4. Swasthaya Samiti
5. Gram Raksha Samiti
6. Adhosarovachna Samiti
7. Shiksha Samiti
8. Samajik Nyay Samiti
12.3. The powers and functions of standing committees will be such as may be entrusted to them by the GS from time to time, and every committee shall be responsible and accountable to the GS. The Gram Vikas Samiti has been entrusted the responsibility of preparing a plan for the over-all development of the village and such plans would be submitted to the GS for approval.

12.4. Every standing committee other than the Gram Vikas Samiti shall have a President who will be elected by the members of the Samiti from amongst themselves and the term of the President shall be one year. The President and Vice-President of the Gram Vikas Samiti shall be the Sarpanch and Up-sarpanch of the concerned GP respectively. The Gram Vikas Samiti shall have nine members, consisting of all the presidents of the standing committees as members.

12.5. There is a provision for appeal against the decisions of the GS and this will lie with a committee, consisting of the President of JP, a member of the JP of that area and SDO (Revenue).

13. Sources of revenue of GSs

13.1. As in respect of functions, so in respect of taxation powers, the amended Act has taken away almost all powers of taxation from the GP and transferred such powers to GS, except the following two compulsory taxes from Schedule I of the earlier Act. These are:

   (i) Market fees on persons exposing for sale in any market or at any place or any building or structure belonging to GP.

   (ii) A fee for the registration of cattle sold in the market or place belonging to or under the control of the GP.

13.2. Similarly, with the exception of three optional taxes from schedule II of the earlier Act, all other optional taxes can now be levied by the GS. These optional taxes which remain with the GP are:

   (i) A tax on bullock carts, bicycles and rickshaws
   (ii) drainage fee where system of drainage has been introduced by the GP
   (iii) a fee payable by owners of vehicles other than motor vehicles. Earlier to the amendment, GPs were empowered to impose 6
compulsory taxes and 14 optional taxes, subject to the provisions of the Act and conditions and exemptions as may be prescribed by the state government. The obligatory taxes included, property tax on land and buildings, a latrine tax, light tax, profession tax, market fees and fees for the registration of cattle.

13.3. Two new schedules I-a (Annexure 8) containing the list of obligatory taxes and schedule II-A (Annexure 9) in respect of optional taxes which can be imposed by GS, have been added to the existing schedules I and II which have undergone substantial reduction in the number of taxes, consequent upon the amendment of the Act in 2001.

13.4. Every GS shall establish a fund to be called the Gram Kosh, consisting of the following 4 parts:-

(i) Anna Kosh (ii) Shram Kosh (iii) Vastu Kosh and (iv) Nagad Kosh.

Receipts from the following sources will be credited to the Gram Kosh: (i) Donations, (ii) Income from other sources, (iii) Sums received from the GP funds, including proceeds from land revenue, cess on land revenue, grazing fees, to be allotted to GSs according to the norms fixed by the State Government. (iv) Taxes imposed by the GS (v) any sum received by the GP under various schemes sponsored by the central/state government, to be allotted to GS, as per norms prescribed by the central/state government.

13.5. The Gram Kosh will be operated by the Gram Vikas Samiti and all amounts from the funds shall be withdrawn under the joint signature of the Treasurer and Secretary of the Gram Vikas Samiti, with the approval of the GS. The treasurer of Gram Kosh is to be nominated by the Gram Vikas samiti.

13.6. The recent step in the direction of Gram Swaraj in Madhya Pradesh, giving more powers to Gram Sabhas, is intended to make Gram Panchayats as units of self-government. The success of this experiment would largely depend upon the manner in which the amended Act is implemented and different bodies created perform their functions. The harmonious functioning of the GPs and the GSs and their different standing committees, is very essential for the success of gram swaraj.
SCHEDULE - IV
[SEE SUB-SECTION (1) OF SECTION 53]

1. Agriculture, including agriculture extension.
2. Land improvement and soil conservation.
3. Minor irrigation, water management and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social Forestry and farm forestry.
7. Minor forest produce.
8. Small scale industries, including food processing industries.
10. Rural Housing.
11. Drinking water.
12. Fuel and fodder.
14. Rural electrification, including distribution of electricity.
15. Non-conventional energy sources.
17. Education, including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
21. Cultural activities.
22. Market and fairs.
23. Health and sanitation, including hospitals, primary health centres and dispensaries.
24. Family welfare.
25. Women and Child development.
26. Social Welfare, including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections, and in particular of the Scheduled Castes and Scheduled Tribes.
28. Public distribution system.
29. Maintenance of community assets.
Functions of Gram Panchayats (Section 49)

It shall be the duty of a Gram Panchayat in so far as the Gram Panchayat funds allows, to perform within its areas the following functions:-

1. Sanitation. Conservancy and prevention and abatement of nuisance;
2. Construction, repair and maintenance of public wells, ponds and tanks and supply of water for domestic use;
3. Construction and maintenance of sources of water for bathing and washing and supply of water for domestic animal;
4. Construction and maintenance of village roads, culverts, bridges, bunds and other, work and building of public places;
5. Construction, maintenance and clearing of public streets, latrines, drains, tanks, wells and other public places;
6. filling in of disused wells, insanitary ponds, pools, ditches and pits and conversion of step wells into sanitary wells;
7. lighting of village streets and other public places;
8. removing of obstructions and projections in public streets or places and in sites not being property or which are open to use of public, whether such sites are vested in the Panchayat or belong to the State Government;
9. regulating and control over entertainment shows, shops, eating houses and venders of drinks, sweets, fruits, milk and of other similar articles;
10. Regulating the constructions of house latrines, urinals, drains and water closets;
11. Management of public land and management, extension and development of village site;
12. (a) regulating places for disposal of dead bodies, cargasses and other offensive matters; (b) disposal of unclaimed corpses and carcasses;
13. earmarking places for dumping refuse;
14. regulation of sale and preservation of meat;
15. maintenance of Gram Panchayat property;
16. establishment and management of cattle ponds and maintenance of records relating to cattle;
17. maintenance of ancient historical monuments other than those declared by or under law made by Parliament to be of national importance, grazing lands and other lands vesting in or under the control of the Gram Panchayats;
18. establishment, management and regulation of markets and melas other than public markets and meals;
19. maintenance of records of births, death and marriages;
20. rendering assistance in the census operation and in the surveys conducted by the State Government or Central Government or any other local authority lawfully constituted;

21. rendering assistance in prevention of contagious diseases;

22. rendering assistance in inoculation and small pox vaccination and enforcement of other preventive measures for safety of human being and cattle prescribed by Government Department concerned;

23. rendering assistance to the disabled and destitutes;

24. promotion of youth welfare, family welfare and sports;

25. establishment of Raksha Samiti for:
   (a) safety of life and property;
   (b) prevention of fire and extinguishing fire and safety of property during outbreak of such fires;

26. Plantation and preservation of Panchayat forests;

27. removal of social evils like dowry;

28. granting loan for the purpose of
   (i) providing medical assistance to or indigent persons in serious and emergency cases;
   (ii) disposal of dead body of an indigent person or any member of his family; or
   (iii) any other purpose for the benefit of an indigent person as may be notified by the State Government from time to time subject to such terms and conditions as may be prescribed.

29. (a) carrying out the directions or orders given or issued by the State Government, the Collector or any other officer authorised by the State Government in this behalf with respect to the measures for amelioration of the conditions of the Scheduled Castes and Scheduled Tribes and other backward classes and in particular in regard to the removal of untouchability.
   (b) perform such functions as may be entrusted to it by the State Government, Zila Panchayat or Janapad Panchayat by general or special orders;
   (c) with prior approval of Janapad Panchayat may also perform other functions as it may desire to perform;

Provided that where any such functions are entrusted to the Gram Panchayat it shall act as an agent of the State Government, Zila Panchayat or Janapad Panchayat, as the case may be, and necessary funds and other assistance for the purpose shall be provided to it by the State Government, Zila Panchayat or Janapad Panchayat, as the case may be.
Functions of Janapad Panchayat (Section 50)

(1) Subject to the provisions of this Act and the rules made thereunder, and subject to general or special orders, as may be issued by the State Government, from time to time, it shall be the duty of a Janapad Panchayat, so far the Janapad Panchayat funds allow to make reasonable provision in the block for the following matters:

(a) Integral Rural Development, Agriculture, Social Forestry, Animal Husbandry and Fisheries, Communication and Public Works, co-operation, Cottage Industries, Welfare of Women, youth and children, welfare of backward classes, family planning and sports and rural employment programmes;

(b) provision of emergency relief in case of distress caused by fires, floods, drought, earthquake, scarcity, locust swarms, epidemics and other natural calamities;

(c) arrangement in connection with local pilgrimage and festivals;

(d) management of public ferries;

(e) management of public markets, public melas and exhibitions; and

(f) any other function with the approval of the State Government or Zila Panchayat.

(2) The Janapad Panchayat shall control and supervise the administration of the community development block or tribal development block within its jurisdiction, as the case may be and the functions and schemes assigned to such block by the State Government shall be implemented under the superintendence, direction and control of the Janapad Panchayat in accordance with the Instructions issued by the State Government from time to time.

Section 51. Entrustment of Certain functions of State Government to Janapad Panchayats

(1) The State Government may entrust to a Janapad Panchayats functions in relation to any matter to which the executive authority of the State Government extends or in respect of functions which have been entrusted to the State Government by the Central Government and the Janapad Panchayat shall be bound to perform such functions. It shall have necessary powers to perform such functions.

(2) Where functions are entrusted to a Janapad under Sub Section (1), the Janapad Panchayat shall, in the discharge of those functions, act as an agent of the State Government.

(3) There shall be paid by the State Government to the Janapad Panchayat such sum as may be deemed necessary for discharging the functions entrusted to it under this section.

(4) The Janapad Panchayat shall, for the purpose of discharging the functions entrusted to it under this action, be under the general control of the State Government or any other authority appointed by it and shall comply with such directions as may from time to time be given to it.
Functions of Zila Panchayat (Section 52)

(1) Subject to the provisions of this Act and the rules made thereunder, it shall be duty of the Zila Panchayat to:-

(i) control, coordinate and guide, the Janapad Panchayat and Gram Panchayat within the district;

(ii) coordinate and consolidate the Janapad Panchayat plans;

(iii) coordinate the demands for grants for special purpose received from the Janapad Panchayats and forward them to the State Government;

(iv) secure the execution of the plans, projects, schemes or other works common to two or more Janapad Panchayats in the district;

(v) advice the State Government in the development activities, social forestry, family welfare, welfare of the disabled, destitutes, women, youth and children and sports;

(vi) exercise and perform such other powers and functions as the State Government may, confer on or entrust to it;

(2) The Zila Panchayat shall control and supervise the administration of District Rural Development Agency within its jurisdiction and all functions and schemes assigned to the District shall be implemented under the superintendence, direction and control of the Zila Panchayat in accordance with the instructions issued by the State Government from time to time.
SECTION 77 OF TAXATION POWERS OF PANCHAYATS
MADHYA PRADESH PANCHAYAT RAJ ADHINIYAM 1993

77(1) Subject to the provisions of this Act and such conditions and exceptions, as may be prescribed every Gram Panchayat and Janapad Panchayat shall impose the taxes specified in Schedule I.

(2) With the previous approval of the Janapad Panchayat a Gram Panchayat and with the previous approval of the Zila Panchayat a Janapad Panchayat may impose any of the taxes specified in the Schedule II.

(3) A Janapad Panchayat may levy development tax on agriculture land. The tax so levied shall be payable in the same manner as land revenue.

SCHEDULE - I
[SEE SUB-SECTION (1) OF SECTION 77]

A. OBLIGATORY TAXES TO BE IMPOSED BY GRAM PANCHAYATS

1. A property tax on the lands or buildings or both, the capital value of which including the value of the land is more than six thousand rupees other than-

   (a) the buildings and lands owned or vested in the Union or State Government, Gram Panchayat, Janapad Panchayat or Zila Panchayat;

   (b) the buildings and lands or portions thereof used exclusively for religious or educational purposes including boarding houses.

2. A tax on private latrines payable by the occupier or owner of the buildings to which such latrines are attached when cleaned by Gram Panchayat agency.

3. A light tax, if light arrangements have been made by the Gram Panchayats.

4. A tax on person, exercising any profession or carrying on any trade or calling within the limits of Gram Panchayat area.

5. Market fees on persons exposing goods for sale in any market or at any place or any building or structure therein belonging to or under the control of the Gram Panchayat.

6. A fee on the registration of cattle sold in any market or in any place belonging to or under the control of the Gram Panchayat.

B. TAX TO BE IMPOSED BY JANAPAD PANCHAYAT

A tax on theatrical performances and other performances of public entertainments.
SCHEDULE - II
[SEE SUB-SECTION (2) OF SECTION 77]

A. OTHER OPTIONAL TAXES FEES ETC., TO BE IMPOSED BY GRAM PANCHAYATS

1. A tax on building not covered under item (1) of Schedule-I.
2. A tax on animals used for riding, driving or burden or on dogs or pigs payable by the owners thereof.
3. A tax on the bullock-carts, bicycles, rickshaws used for hire within the limits of Gram Panchayat area.
4. Fees for the use of sarais, dharmshalas, rest houses, slaughter houses and encamping grounds.
5. A water rate where arrangements are made by the Gram Panchayat for regular supply of water.
6. Fees for drainage where system of drainage has been introduced by the Gram Panchayat.
7. A tax on persons carrying on the profession of purchaser, agent, commission agent, weighman, or a measure within the meaning of Madhya Pradesh Krishi Upaj Mandi Adhiniyam, 1972 (No. 24 of 1973), in the area of Gram Panchayat excluding the area of a mandi.
8. A fees payable by the owners of the vehicles other than motor vehicle, where such vehicles other than the motor vehicles enter the Gram Panchayat area.
10. A tax for the construction or maintenance of public latrines and a general scavenging tax for removal and disposal of refuse.
11. Fees for bullock-cart stand and tonga stand.
12. Fees for temporary structure or any projection over any public place or temporary occupation thereof.
13. Fees for grazing cattle over the grazing grounds vested in the Gram Panchayat.
14. Any other tax, which the State Legislature has power to impose under the Constitution of India.

B. OTHER/OPTIONAL TAXES TO BE IMPOSED BY JANAPAD PANCHAYATS

Fees for any licence or permission granted by the Janapad Panchayat under the Act or for use and occupation of lands or other properties vested in or maintained by the Janapad Panchayat.
FUNCTIONS OF GRAM SABHA

6. In Section 7 of the Principal Act, in sub-section (I), for Amendment of Section 7 clause (k), the following clauses shall be

(k) sanitation, conservancy and prevention and abatement of nuisance;

(l) construction repair and maintenance of public wells, ponds and tanks and supply of water for domestic use;

(m) construction and maintenance of sources of water for bathing and washing and supply of water for domestic use;

(n) construction and maintenance of village roads, culverts, bridges, bunds and other works and building of public utility;

(o) construction and maintenance and clearing of public streets, latrines, drains, tanks, wells and other public places;

(p) filling in of disused wells, unsanitary ponds, Pools, ditches and pits and conversion of step wells in to sanitary wells;

(q) lighting of village streets and other public places;

(r) removing of obstructions and projections in public streets and places and sites not being private property or which are open to use of public, whether such sites are vested in the Panchayat or belong to the State Government;

(s) regulating and control over entertainment shows, shops, eating houses and vendors of drinks, sweet meats, fruits, milk and of other similar articles;

(t) regulating the construction of house, latrines, urinals, drains and water closets;

(u) management of public land and management, extension and development of village site;

(v) (i) regulating places for disposal of dead bodies, carcasses and other offensive matters;

(ii) disposal of unclaimed corpses and carcasses;

(w) earmarking places for dumping refuse;

(x) regulation of sale and preservation of meat;

(y) maintenance of Gram Sabha property;
(z) establishment and management of cattle ponds and maintenance of records relating to cattle;

(aa) maintenance of ancient and historical monuments other than those declared by or under law made by Parliament to be of national importance, grazing lands and other lands vesting in or under the control of the Gram Sabha;

(bb) maintenance of records of births, deaths and marriages;

(cc) rendering assistance in the census operation and in the surveys conducted by the State Government or Central Government or any other Local authority lawfully constituted;

(dd) rendering assistance in prevention of contagious diseases;

(ee) rendering assistance in inoculation and vaccination and enforcement of other preventive measure for safety of human being and cattle prescribed by Government Department concerned;

(ff) rendering assistance to the disabled and destitutes;

(gg) promotion of youth welfare, family welfare and sports;

(hh) establishment of Raksha Samiti for :-

(a) safety of life and property;
(b) prevention of fire and extinguishing fire and safety of property during outbreak of such fires;

(ii) plantation and preservation of Village forest;

(jj) Removal of social evils like dowry;

(kk) granting loans for the purposes of -

(i) providing medical assistance to indigent persons in serious and emergency cases;
(ii) disposal of dead body of an indigent person or any member of his family; or
(iii) any other purpose for the benefit of an indigent person as may be notified by the State Government from time to time subject to such terms and conditions as may be prescribed;

(II) (i) carrying out the directions or orders given or issued by the State Government, the Collector or any other Officer authorised by the State Government in this behalf with respect to the measures for amelioration of the condition of the Scheduled Castes and Scheduled Tribes and other backward classes and in particular in regard to the removal of untouchability;

(ii) perform such functions as may be entrusted to it by Zila Panchayat or Janapad panchayat by general or special orders;
(iii) to exercise and perform such powers and functions as the State Government may confer or entrust to under this Act or any other law for the time being in force in the State;

(iv) with prior approval of Janapad Panchayat may also perform other functions as it may desire to perform:

Provided that where any such function is entrusted to the Gram Sabha, it shall act as an agent of the State Government, Zila Panchayat or Janapad Panchayat, as the case may be, and necessary funds and other assistance for the purpose shall be provided to it by the State Government, Zila Panchayat or Janapad Panchayat, as the case may be;

(mm) plan and manage basic amenities;

(nn) select beneficiaries under various programmes;

(oo) implement, execute and supervise development schemes and construction work within the Gram Sabha area;

(pp) control and monitor beneficiary oriented schemes and programmes;

(qq) promote general awareness amongst the people at large;

(rr) organise voluntary labour and contribution for community work and promote the concept of community ownership;

(ss) to plan, own and manage minor water bodies up to a specified water area situated within its territorial jurisdiction;

(tt) to lease out any minor water body up to a specified area for the purpose of fishing and other commercial purposes;

(uu) to regulate the use of water or rivers, streams, minor water bodies for irrigation purposes;

(vv) to exercise control over institutions and functionaries in all social sectors transferred to or appointed by the Gram Sabha."
"SCHEDULE I-A

[See Section (77-A)]

(1) A property Tax on the lands or buildings or both, the capital value of which including the value of the land is more than 6000 Rupees other than -

(a) the buildings and lands owned or vested in the Union or State Government, Gram Sabha, Gram Panchayat, Janpads Panchayat, or Zila Panchayat,
(b) the buildings and lands or portions thereof used exclusively for religious or educational purposes including boarding houses.

(2) A tax on private latrines payable by the occupier or owner of the buildings to which such latrines are attached when cleaned by Gram Sabha Agency.

(3) A light tax, if light arrangements have been made by the Gram Sabha.

(4) A tax on person, exercising any profession or carrying on any trade or calling within the limits of Gram Sabha area."
"SCHEDULE II-A
[See Section (77-A)]

OTHER OPTIONAL TAXES, FEES ETC. TO BE IMPOSED
BY GRAM SABHA

1. A tax on building not covered under Item 1 of Schedule 1-A

2. A tax on animals used for riding, driving, draught or burden or on dogs or pigs payable by the owners thereof.

3. Fees for the use of sarais, dharamshalas, rest houses, slaughter houses and encamping grounds.

4. A water rate where arrangements are made by the Gram Sabha for regular supply of water.

5. A tax on persons carrying on the profession of purchaser, agents, commission agent, weighman, or a measurer within the meaning of Madhya Pradesh Krishi Upaj Mandi Adhiniyam, 1972 (No.24 of 1973), in the area of Gram Sabha excluding the area of a Mandi.

6. A temporary tax for special works of public utility.

7. A tax for the construction or maintenance of public latrines and a general scavenging tax for removal and disposal or refuse.

8. fees for temporary structure or any projection over any public place or temporary occupation thereof.

9. Fees for temporary structure of any projection over any public place or temporary occupation thereof.

10. Fees for grazing cattle over the grazing grounds vested in the Gram Sabha.

11. any other tax, which the State legislature has power to impose under the Constitution of India.

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