

Examrace

Competitive Exams: Local Self Administration

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Finances

The State Legislature may:

- Authorize a Panchayat to levy, collect and appropriate taxes, duties, tolls and fees
- Assign to a Panchayat taxes, duties, tolls and fees levied and collected by the State Government
- Provide for making grants-in-aid to the Panchayats from the Consolidated Fund of the State
- Provide for constitution of Funds for crediting all the financial requirements of the Panchayats.

State Finance Commission

- The Governor of a State shall, after every five years, constitute a Finance Commission to review the financial position of the Panchayats.
- It shall make the following recommendations to the Governor.
- The Principles which should govern the distribution between the States and the Panchayats of the net proceeds of taxes, duties, tolls and fees levied by the State.
- The Principles which should govern the determination of taxes, duties, tolls and fees which may be assigned to the Panchayats.
- The Principles which should govern the grants-in-aid to the Panchayats from the Consolidated Fund of State.
- The measures needed to improve the financial position of the Panchayats.
- Any other matter returned to the Finance Commission by the Governor in the interest of sound finance of the Panchayats.
- The State Legislature may provide for the composition of the commission, the required qualifications of its members and the manner of their selection.
- The Governor shall place the recommendations of the commission along with the action taken report before the State Legislature.
- The Central Finance Commissioner shall also suggest the measures needed to augment the Consolidated. Fund of State to supplement the resources of the Panchayats in the States (on

the basis of the recommendations made by the Finance Commission of the State).

- The President of India may direct that the provisions of this Act shall apply to any Union Territory subject to such exceptions and modification as he may specify.
- The Act does not apply to the States of Jammu and Kashmir, Nagaland, Meghalaya and Mizoram and certain other areas.
- These areas include the Scheduled Areas and the Tribal Areas referred to in Article 244 of the Constitution, the hilly areas of Manipur for which a District council exists and Darjeeling District of West Bengal for which Darjeeling Gorkha Hill Council exists.
- The State Legislature may make provisions with respect to the maintenance of the accounts by the Panchayats and the auditing of such accounts.
- The date of commencement of this Act was 24th April 1993.

Problems in the Working of Panchayats

Panchayati Raj in India faces problems at political, economic and social levels. These problems have stood in the way of efficient functioning of the panchayati raj institutions:

At Political Level and Administration Level

- Though the Constitution provides elections after every five years, some of the states have tasted elections after decades and in some elections are yet to take place.
- Groupism, caste, class etc play a dominant role in the election and working of the representatives.
- Political interference from the state governments and the administrative agencies has become a common phenomenon.
- There is absence of clear functional jurisdiction for panchayats.
- There is absence of administrative autonomy to the panchayats.
- There is absence of in-built structural and organizational strength to force the administrators to follow the decision.
- Use of manpower, money power and muscle power in elections to Panchayati Raj System.

At Social Level

- Caste, class, religion and other sectarian interests are playing a dominant role in the working of Panchayati Raj institutions.
- The policy of reservation for weaker section has not been of much use due to ignorance and illiteracy of people and the representatives.
- Anti-social and economically powerful people run the institution from backdoor.

At Economic Level

- Paucity of funds and resources to the Panchayati Raj institution.
- There is absence of coherence between the responsibilities and resources.
- Dependence upon the doles of the state government.
- Lack of financial autonomy and power to impose taxes and charges.
- Diversion of funds by the state governments which were earmarked for development of Panchayati Raj institutions. State government's apathy towards local needs and demands for development.

Constitutionalization of Municipalities

- It emerged as the 74th Constitutional Amendment Act of 1992 and came into force on 1 st June 1993T~
- This Act contains Part-IX A of the Constitution of India.
- It is entitled as 'The Municipalities' and consists provisions of Article 243 – P to 243-ZG.
- The Act also added the Twelfth Schedule to the Constitution.
- It contains 18 functional items of the Municipalities and deals with Art 243.
- The Act gave Constitutional status to the Municipalities.
- It brought them under the purview of justifiable part of the Constitution.
- The Act provided for the constitution of the following three types of Municipalities in every State; A Nagar Panchayat for a transitional area. A Municipal Council for a-smaller urban area. A Municipal Corporation for a larger urban area.
- The following eight types of urban local bodies are created in India for the administration of urban areas: Municipal Corporation, Municipality, Notified Area Committee, Town Area Committee, Cantonment Board, Township, Port Trust, Special Purpose Agency

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