



Publications

United International Journal of Multidisciplinary Research (UIJMR)

An International Peer-Reviewed and Refereed Multidisciplinary Journal

ISSN: 3048-6726 www.ujmr.in Impact Factor: 5.446(SJIF) Vol-

2, Issue-4 (Oct, Nov, & Dec), 2025

**FROM GRAM SWARAJ TO GUTTED INSTITUTIONS: THE MEANS
AND ENDS OF DEMOCRATIC DECENTRALIZATION IN INDIA**

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Article Received:18-11-2025 Article Modified:22-12-2025

Article Accepted:23-12-2025 Article Published:25-12-2025

DOI:10.37854/UIJMR.2025.2.4.187

Abstract

Democratic decentralization in India, constitutionally mandated through the 73rd and 74th Amendment Acts (1992), was envisioned as a transformative mechanism to deepen democracy by empowering local self-governing institutions. This paper examines the fundamental disjuncture between the *means* of decentralization—the constitutional provisions, institutional architectures, and devolution mechanisms—and the *ends* of genuine grassroots empowerment and participatory governance. Drawing on a review of constitutional documents, committee reports, empirical studies, and scholarly analyses spanning three decades, the paper argues that India's decentralization experiment represents a case of "incomplete institutionalism": while the formal structures of local governance are firmly in place, the substantive devolution of functions, funds, and functionaries remains profoundly inadequate. The findings reveal that India ranks near the bottom among developing countries in fiscal decentralization, that deliberative spaces like the Gram Sabha remain largely ineffective, and that elite capture continues to subvert the representative character of Panchayati Raj Institutions. The paper concludes that realizing the Gandhian vision of Gram Swaraj requires not merely the persistence of decentralized structures but a fundamental reorientation toward genuine fiscal autonomy, bureaucratic accountability, and the creation of deliberative spaces where marginalized voices can effectively participate.



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Keywords: Democratic decentralization, Panchayati Raj Institutions, 73rd Amendment, Gram Swaraj, local governance, India, participatory democracy, fiscal devolution.

Introduction

The participation of people in the governance of the nation is the essence of democracy. Such participation, as theorists of democratic governance have long argued, is possible only when the powers of the state are decentralized to the districts, blocks, and villages—spaces where citizens can assemble, deliberate upon their shared problems, and participate in formulating as well as monitoring the implementation of development programs. Decentralization, in this conception, is not merely an administrative arrangement but a prime mechanism through which democracy becomes truly representative and responsive. It is, therefore, rightly called the crux of democratic governance. India's tryst with democratic decentralization represents one of the most ambitious experiments in local governance anywhere in the world. When the Constitution (73rd and 74th) Amendment Acts received presidential assent in April 1993, they inaugurated a new era in Indian federalism. For the first time, Panchayats were constitutionally recognized as institutions of self-government—the third tier of India's federal polity. Today, this architecture encompasses nearly 2.63 lakh Panchayats with approximately 31.47 lakh elected representatives, of whom nearly 46.20 percent are women. These numbers are staggering: more elected women serve in India's local governments than the entire population of many nations.

Yet three decades after this constitutional watershed, a troubling question persists: Has the *form* of democratic decentralization delivered its promised *substance*? Have the institutional means—the constitutional amendments, the three-tier structures, the reservations for marginalized groups—translated into the ends of genuine empowerment, participatory planning, and responsive governance? This paper addresses this central question by examining the disjuncture between the constitutional promise and the ground-level reality of democratic decentralization in India. The problem is not one of absence but of inadequacy. India has created the architecture of local democracy but has starved it of the resources, functions, and functionaries necessary to make it meaningful. As Nagarajan, Binswanger-Mkhize, and Meenakshisundaram observe, "India is at the bottom of developing countries" in terms of devolution of the three Fs—functions, funds, and functionaries. The



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outcome, they conclude, "has therefore been judged as very poor". This paper probes this paradox: How did a constitutionally mandated, democratically elected, numerically vast system of local governance become so profoundly constrained in its ability to deliver on its foundational promise?

Literature Review

The scholarship on democratic decentralization in India can be organized around three interconnected themes: the philosophical foundations and constitutional architecture, the political economy of implementation, and the empirical assessment of outcomes.

1) Philosophical Foundations: From Gandhian Vision to Constitutional Mandate

The intellectual genealogy of democratic decentralization in India traces back to Mahatma Gandhi's conception of Gram Swaraj. Gandhi envisioned each village as "a complete republic, independent of its neighbors for its own vital wants and yet interdependent for many others". His vision was fundamentally anti-centralist: he believed that "centralization cannot be sustained as a system without adequate force" and insisted that political power must be distributed among villages to enable genuine participatory democracy. For Gandhi, the village was not merely an administrative unit but the foundational space for both political and economic democracy—a site where individuals could exercise maximum freedom and opportunity to develop their personality. This Gandhian vision found partial expression in the Directive Principles of State Policy, specifically Article 40, which directed the state to "organize village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government." Yet for four decades after independence, this directive remained largely unimplemented, with panchayats existing at the mercy of state governments that showed little enthusiasm for sharing power.

The Balwant Rai Mehta Committee (1957) marked a crucial intermediate step. Commissioned to evaluate the Community Development Programme, the committee recommended a scheme of "democratic decentralization" that eventually crystallized as the three-tier Panchayati Raj system. Rajasthan and Andhra Pradesh became the first states to inaugurate Panchayati Raj in 1959, with Nehru himself laying the foundation in Nagaur.



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Yet these initiatives remained statutorily fragile, subject to state-level political vagaries, and lacking constitutional protection.

2) The Constitutional Architecture: The 73rd and 74th Amendments

The literature uniformly recognizes the 73rd and 74th Constitutional Amendment Acts (1992) as the watershed moment in Indian decentralization. These amendments constitutionalized local governance in three fundamental ways. First, they made Panchayats "institutions of self-government" rather than mere developmental agencies. Second, they mandated regular elections through State Election Commissions, insulating local bodies from arbitrary state-level dissolution. Third, they introduced revolutionary reservations: for Scheduled Castes, Scheduled Tribes in proportion to their population, and for women at least one-third of all seats—provisions that have made Indian local governance one of the most representative in the world. The Eleventh Schedule, added to the Constitution, listed 29 subjects over which Panchayats could be given powers and responsibilities, ranging from agriculture and land improvement to poverty alleviation programs, from education and health to women and child development. Article 243G empowered state legislatures to endow Panchayats with such powers and authority "as may be necessary to enable them to function as institutions of self-government," including the power to prepare and implement plans for economic development and social justice.

3) Implementation Realities: The Three Fs Debate

Despite this constitutional architecture, a robust body of scholarship documents the profound gaps between constitutional promise and implementation reality. The most persistent critique centers on the inadequate devolution of "funds, functions, and functionaries"—the three Fs that scholars and practitioners have identified as essential for meaningful decentralization. Comparative research places India at the bottom among developing countries in fiscal decentralization. State governments have been reluctant to part with either taxation powers or financial resources. The functions listed in the Eleventh Schedule remain largely on paper, with parallel bureaucracies and centrally sponsored schemes continuing to operate outside Panchayat control. Administrative devolution—the transfer of functionaries to local government control—has been particularly resisted, leaving Panchayats dependent on state government employees over whom they have little disciplinary authority. A significant strand of literature examines the political economy of this



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resistance. Bardhan (2005) situates India's decentralization experience within broader patterns of institutional persistence and distributive conflict, arguing that dominant coalitions at state and national levels have little incentive to transfer real power to local bodies. The thesis of "incomplete institutionalism" suggests that India created the forms of local democracy—elections, reservations, constitutional recognition—without the substance of local power, producing what might be termed "hollow decentralization".

4) Empowerment and Its Limits

A more optimistic strand of literature documents the empowerment effects of decentralization, particularly for marginalized groups. The reservation of seats for Scheduled Castes, Scheduled Tribes, and women has undeniably transformed the social composition of India's political class at the local level. Over 1.4 million women now serve as elected representatives in Panchayats—a figure unparalleled globally. Research has documented positive impacts on policy outcomes aligned with marginalized groups' preferences, on bureaucratic responsiveness, and on the political efficacy of traditionally excluded communities. Yet even this literature acknowledges profound limitations. Chinnala (2021) examines the "exclusion and inclusion perspective" and finds that constitutional provisions and seat reservations, while necessary, prove insufficient for substantive empowerment. The success of these provisions depends on "the overall development model of the country; the support of national and state governments; the socio-economic and political environment of the institutions; and effective service and accountability". In their absence, formal representation can become symbolic rather than transformative. The phenomenon of *Sarpanch Pati*—husbands effectively ruling while their wives hold elected office as figureheads—illustrates how patriarchal structures can subvert constitutional intent even within reserved seats. Similarly, caste hierarchies continue to shape who speaks in Gram Sabha meetings, whose voices are heard, and whose interests are served.

5) Participation and Deliberation

The Gram Sabha—the assembly of all registered voters in a Panchayat area—was constitutionally envisioned as the foundational deliberative space of Indian democracy. In theory, the Gram Sabha was to be the body that "ensures direct, participative democracy" and "offers equal opportunity to all citizens including the poor, the women and the marginalized to discuss and criticize,



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approve or reject proposals of the Gram Panchayat and also assess its performance".

The literature, however, documents consistent failures of Gram Sabhas to function as effective deliberative bodies. Low attendance, elite domination, lack of quorum, and the absence of meaningful decision-making power have rendered most Gram Sabhas ceremonial rather than substantive. The Ministry of Panchayati Raj's designation of 2009-10 as the "Year of the Gram Sabha" and its issuance of guidelines for social audit under MGNREGA represented official recognition of this persistent deficit.

Methodology

This paper employs a qualitative research design grounded in systematic document analysis and secondary data review. The methodology is organized around three interconnected approaches.

- **Documentary Analysis**

The study examines three categories of documents. First, constitutional and legal texts: the 73rd and 74th Constitutional Amendment Acts, relevant articles of the Constitution of India, and state-level Panchayati Raj Acts. Second, official committee reports: the Balwant Rai Mehta Committee Report (1957), reports of successive Finance Commissions, and Ministry of Panchayati Raj circulars and guidelines. Third, policy documents from international institutions, particularly the World Bank's working paper series on decentralization in India.

- **Systematic Literature Review**

The paper synthesizes peer-reviewed scholarship on democratic decentralization in India published over the past three decades. The review encompasses books, edited volumes, and journal articles identified through academic databases including JSTOR, Scopus, and Google Scholar. Key texts include Chakrabarty and Kandpal's analysis of local administration, Sengupta and Corbridge's edited volume on democracy and decentralization, and Nagarajan, Binswanger-Mkhize, and Meenakshisundaram's empirical study of Panchayati Raj impacts.

- **Secondary Data Analysis**

The study draws on secondary data from multiple sources: official statistics on Panchayati Raj Institutions published by the Ministry of Panchayati Raj, including data on elected representatives and gender



composition; Finance Commission reports on resource devolution; and empirical studies reporting primary survey data on decentralization outcomes.

- **Analytical Framework**

The analysis is guided by an institutionalist framework that distinguishes between *formal institutions* (constitutional provisions, legal rules, organizational structures) and *substantive outcomes* (empowerment, participation, service delivery). This framework allows systematic examination of the gap between the *means* of decentralization (its institutional architecture) and its *ends* (the realization of democratic and developmental objectives). The framework draws on Ostrom's institutional rational choice perspective, which emphasizes how rules-in-form interact with local social structures and networks to produce governance outcomes.

Findings

The analysis reveals a profound and persistent gap between the constitutional promise of democratic decentralization and its ground-level reality. This section organizes the findings around four themes: the constitutional architecture as *means*, the fiscal deficit, the participation paradox, and the problem of elite capture.

A) The Constitutional Architecture: Means without Substance

India has created an elaborate institutional architecture for local democracy. The three-tier system—Gram Panchayat at village level, Panchayat Samiti at block level, and Zila Parishad at district level—provides a comprehensive structure for multi-level planning and governance. Regular elections conducted by State Election Commissions ensure periodic renewal of democratic mandates. Reservations for Scheduled Castes, Scheduled Tribes, and women have transformed the social composition of local governments: today, over 46 percent of elected representatives are women, and marginalized castes and tribes hold seats proportionate to their population. Yet this architecture functions as what might be termed "procedural decentralization"—the forms of democracy without its substance. The Constitution empowered state legislatures to endow Panchayats with such powers and authority as may be necessary, but permissive language has proven inadequate in the face of state-level resistance. The Eleventh Schedule's 29 subjects remain largely aspirational; state governments have devolved



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functions unevenly and incompletely, retaining control over key policy areas and program implementation through parallel bureaucracies.

B) The Fiscal Deficit: India at the Bottom

The most striking finding concerns fiscal decentralization. Nagarajan, Binswanger-Mkhize, and Meenakshisundaram conclude bluntly: "India is at the bottom of developing countries" in terms of devolution of funds, functions, and functionaries. The "main deficiency," they argue, "is the lack of devolution of functions, funds and functionaries (the three Fs)". This fiscal deficit manifests in multiple ways. Panchayats have limited independent taxation powers; most revenue comes through tied grants from central and state governments, restricting local discretion. State governments control the flow of funds, creating dependency and uncertainty. Functionaries—the staff essential for implementing programs—remain employed by and accountable to state governments rather than Panchayats, leaving elected local bodies with authority but no administrative capacity.

The consequences are profound. Without fiscal autonomy, Panchayats cannot meaningfully respond to locally identified needs. Without administrative control, they cannot ensure program implementation aligns with local priorities. The constitutional promise of "institutions of self-government" remains unrealized when those institutions lack the resources to govern.

C) The Gram Sabha: Deliberation in Name Only

The Gram Sabha—the assembly of all registered voters—was constitutionally envisioned as the foundational deliberative space of grassroots democracy. In theory, it was to be the body where citizens directly participate in decision-making, where plans are debated and approved, where the performance of elected representatives is assessed. The empirical reality is starkly different. Gram Sabhas suffer from chronic low attendance, particularly among women, the poor, and marginalized groups. Meetings are often convened without proper notice, conducted without quorum, and dominated by local elites. Decision-making, where it occurs at all, rarely reflects genuine deliberation; more often, Gram Sabhas merely ratify decisions already made elsewhere. The Ministry of Panchayati Raj's efforts to revitalize Gram Sabhas—including designating 2009-10 as the "Year of the Gram Sabha" and mandating social audits under MGNREGA—represent official recognition of this failure. Yet institutional remedies have proven



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insufficient in the face of deeply entrenched social hierarchies and political practices that exclude marginalized voices from meaningful participation.

D) Elite Capture and the Subversion of Representation

The reservation system has undeniably transformed the representative character of Panchayats. Yet representation does not automatically translate into empowerment. The phenomenon of Sarpanch Pati—elected women Sarpanches whose husbands effectively exercise power—illustrates how patriarchal structures can subvert constitutional intent. When Prime Minister Modi publicly called for ending this practice, he acknowledged a problem so pervasive that it required prime ministerial intervention. Caste dynamics similarly shape who governs. Despite reservations, upper-caste dominance persists in decision-making processes, in who speaks and who is heard, in whose interests are served. Chinnala's study of marginalized communities and decentralized institutions concludes that "legislative enactments, constitutional status, reservation of seats to marginalized communities, and so on can only empower local bodies and their leadership symbolically". Substantive empowerment, he argues, depends on broader structural conditions—the development model, state government support, the socio-political environment—that remain profoundly unequal.

E) Emerging Possibilities: Digital Technology and Institutional Innovation

Despite these persistent deficits, the findings also reveal emerging possibilities for institutional innovation. A recent World Bank working paper examines how digital technology might strengthen Panchayat capacity and accountability. The potential applications are significant: public dashboards with Panchayat-level data to enable data-driven governance; biometric records to assess performance and link to incentives; digital grievance redressal systems to empower citizens; digitized tax records to improve local revenue capacity; and leveraging the India Stack (Aadhaar, bank accounts, mobile phones) to improve service delivery. The COVID-19 pandemic and the subsequent digital transformation of governance have accelerated these possibilities. Yet technology, like constitutional provisions, is only a means; whether it serves the ends of genuine empowerment depends on how it is designed, who controls it, and whether it reaches those most marginalized from existing governance structures.

Conclusion



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Three decades after the constitutionalization of Panchayati Raj, India's experiment with democratic decentralization stands at a crossroads. The achievements are not trivial: over 2.6 lakh elected local governments, nearly 1.5 million elected women representatives, constitutional recognition of local self-government as a fundamental feature of India's federal polity. These are means that many developing countries have not even approached. Yet the ends remain elusive. India has created the architecture of local democracy but has not empowered it. The three Fs—functions, funds, functionaries—remain inadequately devolved. Gram Sabhas remain deliberative in name only. Elite capture persists despite—and sometimes through—reserved seats. The Gandhian vision of Gram Swaraj, of villages as self-governing republics where every citizen participates in decisions affecting their lives, remains an "unfinished agenda" even after six decades of Panchayati Raj. What explains this persistent gap between means and ends? The answer lies partly in the political economy of decentralization. State governments, which controlled power and resources before 1993, had little incentive to surrender them afterward. The permissive language of the Constitution—empowering states to endow Panchayats with such powers "as may be necessary"—allowed resistance to wear the garb of compliance. India constitutionalized local government but left its substantive empowerment to the very actors with the strongest interest in its limitation.

The answer also lies in social structure. Decentralization does not occur on a blank slate; it is superimposed on villages marked by caste hierarchy, gender inequality, and economic power asymmetries. Formal institutions—elections, reservations, constitutional provisions—interact with these social structures in complex ways. Sometimes they transform them; often they are subverted by them. Empowerment cannot be legislated; it must be built through sustained political and social mobilization that formal institutions can support but cannot substitute. What, then, is to be done? The policy recommendations that emerge from this analysis cluster around several themes. First, a fundamental reassessment of fiscal devolution is essential. India cannot continue to rank at the bottom of developing countries in the resources it entrusts to local governments. Second, building local tax capacity and fiscal autonomy would enable Panchayats to respond to locally identified needs rather than implementing centrally designed programs. Third, strengthening deliberative spaces—Gram Sabhas, ward committees, social audit mechanisms—requires not merely procedural guidelines but sustained investment in building the capacities of marginalized groups to participate effectively. Fourth, leveraging digital technology



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for transparency, accountability, and service delivery offers possibilities that were unimaginable when the 73rd Amendment was passed.

India's decentralized democracy remains a work in progress—a grand institutional experiment whose promise is only partially realized. The means are largely in place; the ends await their fulfillment. Whether the next three decades will bring the substantive empowerment that the last three promised but did not deliver depends on political will, social mobilization, and the collective determination to transform the forms of democracy into its substance.

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