

# Decentralisation of Power in India: Evaluating The 73rd and 74th Constitutional Amendments

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**Abstract:** *The 73rd and 74th Constitutional Amendments, enacted in 1992, marked a critical juncture in India's democratic evolution by constitutionally recognizing Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) as the third tier of governance. These amendments aimed to promote democratic decentralisation, participatory planning, and inclusive local self-governance. This paper critically evaluates the conceptual foundations, structural framework, and operational effectiveness of these amendments over three decades. While the constitutional design has enabled wider political participation particularly of women and marginalized communities the actual devolution of functions, funds, and functionaries remains inconsistent and heavily dependent on state political will. The paper examines judicial interpretations, fiscal challenges, administrative constraints, and the growing tension between elected local bodies and parallel parastatal institutions. The analysis concludes that despite some democratic gains, decentralisation in India remains incomplete, requiring stronger legal mandates, institutional reforms, and sustained civic engagement to fulfil its constitutional promise.*

**Keywords:** Decentralisation, Panchayati Raj, Urban Local Bodies, 73rd Amendment, 74th Amendment, Local Governance, Constitutional Law, India, Participatory Democracy, Fiscal Federalism

## I. INTRODUCTION

Decentralisation of power is a cornerstone of democratic governance, enabling decision-making to be brought closer to the people. In a vast and diverse country like India, centralised administration has often proven inadequate to address local needs, prompting a shift towards empowering subnational and grassroots institutions. The concept of decentralisation in India is not novel it dates back to ancient village republics but it gained formal recognition through post-independence administrative reforms and later constitutional amendments.<sup>1</sup> However, until the early 1990s, local self-government bodies both rural and urban lacked constitutional status and operated at the discretion of state governments. This led to significant variations in their structure, powers, and effectiveness. Recognizing this lacuna, the Indian Parliament enacted the 73rd and 74th Constitutional Amendments in 1992, thereby institutionalising rural and urban local governance as the third tier of government.<sup>2</sup>

The 73rd Amendment introduced a uniform framework for Panchayati Raj Institutions (PRIs), while the 74th Amendment did the same for Urban Local Bodies (ULBs). Both amendments mandated regular elections, financial commissions, reservation of seats for marginalized groups, and constitutional recognition of local governance.<sup>3</sup>

<sup>1</sup>YA Sheikh, *Democratic Decentralisation in India: An Overview*, INT'L J. SOC. SCI., 2014, at 1, <https://www.researchgate.net/publication/329415345>.

<sup>2</sup>See INDIA CONST. arts. 243–243O (73rd Amendment), arts. 243P–243ZG (74th Amendment) (1992).

<sup>3</sup>S. Sonkar & A. Ojha, *Empowering Rural Communities: The Impact of the 73rd Constitutional Amendment on Panchayats in India*, 25 AUSTL. J. ASIAN L. (2024), <https://heinonline.org/HOL/PDFHandle.cgi?handle=hein.journals/ajal25&section=9>.



Together, these reforms were expected to democratize planning, improve service delivery, and foster participatory development from below. More than three decades have passed since these landmark amendments were enacted. Despite the constitutional backing, implementation has varied widely across states. This divergence raises critical questions about the efficacy of these amendments in actualizing their promise of democratic decentralisation.<sup>4</sup> This paper aims to evaluate the legal, institutional, and practical dimensions of the 73rd and 74th Amendments, analysing their impact, challenges, and the way forward in realizing true grassroots democracy in India.

## **II. HISTORICAL BACKGROUND OF LOCAL GOVERNANCE IN INDIA**

The idea of local self-governance in India is deeply rooted in its civilizational ethos and administrative traditions. Ancient India witnessed the existence of autonomous village communities, often referred to as *gram sabhas*, which functioned as self-sufficient entities handling local affairs. Texts like the *Arthashastra* and accounts from travelers such as Megasthenes highlight the prevalence of local assemblies managing administrative and judicial functions at the grassroots level.<sup>5</sup> These early forms of decentralised governance were premised on collective decision-making, community accountability, and subsidiary principles that resonate with modern democratic decentralisation.

However, the onset of British colonial rule in the 18th century disrupted this organic tradition. The colonial administration centralized power for revenue extraction and control, reducing local bodies to mere administrative appendages. Lord Ripon's 1882 Resolution on Local Self-Government is often cited as a seminal moment in modern Indian decentralisation. It advocated for elected local bodies and greater participation of Indians in local affairs, laying the ideological foundation for municipal governance.<sup>6</sup> Nevertheless, these bodies were constrained by limited autonomy, colonial oversight, and lack of financial resources.

Post-independence, the framers of the Constitution envisioned democratic decentralisation as essential to nation-building, particularly for rural development. Article 40 of the Directive Principles of State Policy directed the state to take steps to organise village panchayats and endow them with necessary powers to function as self-governing units.<sup>7</sup> Despite this constitutional aspiration, local governance remained in the legislative and administrative domain of state governments. The absence of a uniform structure and enforceable mandate led to disparities in functioning, frequent dissolution of bodies, and minimal devolution of power.

The first systematic attempt to institutionalise local governance came with the Balwantrai Mehta Committee Report (1957), which recommended a three-tier Panchayati Raj structure: Gram Panchayat at the village level, Panchayat Samiti at the block level, and Zila Parishad at the district level.<sup>8</sup> This was followed by the Ashok Mehta Committee Report (1978), which emphasized the need for a two-tier system and proposed constitutional status for local bodies. However, political instability and lack of consensus delayed implementation of these recommendations.

By the 1980s, it became increasingly evident that India's centralised administrative framework was ill-suited to address diverse and localized development challenges. The Planning Commission's growing recognition of the "last-mile

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<sup>4</sup>D. Rajasekhar, *Decentralised Governance and Development in India: An Introduction*, in *HANDBOOK OF DECENTRALISED GOVERNANCE AND DEVELOPMENT IN INDIA* (Routledge, 2021), <https://www.taylorfrancis.com/chapters/edit/10.4324/9780429321887-2>.

<sup>5</sup>D.N. Gupta, *Decentralisation: Need for Reforms*, in *Decentralisation and Local Governance in India* 15–17 (Concept Pub. Co., 2004).

<sup>6</sup>S. Chattopadhyay, *Establishing Empowered City Governments in India: Institutional Approaches and Lessons from the 74th Amendment*, in *Urban and Peri-Urban Spaces in India* (Springer, 2025), [https://link.springer.com/chapter/10.1007/978-981-97-8872-9\\_6](https://link.springer.com/chapter/10.1007/978-981-97-8872-9_6).

<sup>7</sup>INDIA CONST. art. 40.

<sup>8</sup>B.R. Maurya, *Urban Local Government*, 113 (Wisdom Press, 2022), <https://www.wisdompress.co.in/wp-content/uploads/2022/10/Urban-Local-Government.pdf>.



disconnect" between policy formulation and execution further strengthened the case for institutional decentralisation.<sup>9</sup> It was in this context that the 73rd and 74th Constitutional Amendments were introduced in 1992 to provide a constitutional framework for rural and urban local self-governments respectively. These amendments marked a paradigm shift by recognizing Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) as the third tier of governance with legally defined powers, functions, and mandates.<sup>10</sup>

### **III. THE 73RD CONSTITUTIONAL AMENDMENT: PANCHAYATI RAJ INSTITUTIONS**

The 73rd Constitutional Amendment Act, 1992, was a landmark reform that sought to institutionalize democratic decentralisation at the grassroots level by giving constitutional recognition to Panchayati Raj Institutions (PRIs). Enacted in response to the historical neglect of local governance and growing calls for participatory development, the amendment introduced Part IX (Articles 243–243-O) and added the Eleventh Schedule to the Constitution.<sup>11</sup> This marked a paradigm shift from state-determined local bodies to a constitutionally mandated third tier of governance in rural India.

#### **A. Structural Framework**

The 73rd Amendment mandates a three-tier structure of PRIs in every state Gram Panchayat at the village level, Panchayat Samiti at the intermediate (block) level, and Zila Parishad at the district level.<sup>12</sup> This uniformity was designed to ensure consistent governance architecture across the country, while allowing flexibility for states with populations under 2 million, where the intermediate tier is optional.

Each Panchayat is to be directly elected by the people for a five-year term, ensuring regular democratic renewal. The Act also stipulates the conduct of elections by independent State Election Commissions (SECs) and mandates their completion within six months in case of premature dissolution, thereby insulating local bodies from arbitrary state interference.<sup>13</sup>

#### **B. Reservation and Social Justice**

One of the transformative aspects of the 73rd Amendment is the provision for reservations for Scheduled Castes (SCs), Scheduled Tribes (STs), and women. Article 243D mandates that not less than one-third of the total number of seats in every Panchayat be reserved for women, including those belonging to SCs and STs.<sup>14</sup> Several states have gone beyond this baseline, reserving up to 50% of the seats for women. This has catalyzed an unprecedented rise in women's political participation and leadership at the grassroots level.<sup>15</sup>

<sup>9</sup>D. Rajasekhar, *Decentralised Governance and Development in India: An Introduction*, in *Handbook of Decentralised Governance and Development in India* (Routledge, 2021), <https://www.taylorfrancis.com/chapters/edit/10.4324/9780429321887-2>.

<sup>10</sup>S. Sonkar & A. Ojha, *Empowering Rural Communities: The Impact of the 73rd Constitutional Amendment on Panchayats in India*, 25 AUSTL. J. ASIAN L. (2024), <https://heinonline.org/HOL/PDFHandle.cgi?handle=hein.journals/ajal25&section=9>.

<sup>11</sup>INDIA CONST. arts. 243–243-O; Eleventh Schedule.

<sup>12</sup>T. Brahmanandam, *Review of the 73rd Constitutional Amendment: Issues and Challenges*, 64(3) INDIAN J. PUB. ADMIN. (2018), <https://journals.sagepub.com/doi/abs/10.1177/0019556117735461>.

<sup>13</sup>S. Sonkar & A. Ojha, *Empowering Rural Communities: The Impact of the 73rd Constitutional Amendment on Panchayats in India*, 25 AUSTL. J. ASIAN L. (2024), <https://heinonline.org/HOL/PDFHandle.cgi?handle=hein.journals/ajal25&section=9>.

<sup>14</sup>INDIA CONST. art. 243D.

<sup>15</sup>YA Sheikh, *Democratic Decentralisation in India: An Overview*, INT'L J. SOC. SCI. (2014), <https://www.researchgate.net/publication/329415345>.



### C. Functional Devolution

The Eleventh Schedule enumerates 29 functional areas including agriculture, minor irrigation, education, health, and rural housing that may be devolved to PRIs. However, Article 243G leaves the actual devolution of powers, authority, and responsibilities to the discretion of state legislatures.<sup>16</sup> This has led to significant divergence across states, with only a handful transferring the full range of functions envisaged. In many instances, the PRIs have become implementing agencies for centrally sponsored schemes rather than autonomous decision-makers.

### D. Financial Empowerment

The Amendment envisages fiscal decentralisation through Article 243H, which allows state legislatures to authorize Panchayats to levy taxes, duties, tolls, and fees. Additionally, Article 243-I mandates the constitution of State Finance Commissions (SFCs) every five years to recommend financial allocations to PRIs from the Consolidated Fund of the State.<sup>17</sup> Despite these provisions, local governments remain heavily dependent on state and central grants, with limited capacity to mobilize own-source revenue. Many states have failed to constitute SFCs regularly or implement their recommendations effectively.<sup>18</sup>

### E. Administrative Autonomy and Capacity Constraints

While the Amendment laid down a robust legal framework, the bureaucratic apparatus often retains de facto control over PRI operations, leading to role ambiguity and diluted autonomy. Moreover, capacity constraints both in terms of elected representatives' training and institutional infrastructure impede effective governance.<sup>19</sup> The situation is particularly acute in backward and tribal regions where literacy and awareness are low.

### F. Assessment and Critique

Three decades after its enactment, the 73rd Amendment has undoubtedly deepened democratic engagement in rural India. Millions of citizens, including women and marginalized communities, have entered the political sphere. However, true decentralisation in the spirit of subsidiarity remains elusive. Structural limitations, lack of fiscal empowerment, weak functional devolution, and bureaucratic dominance continue to restrict the autonomy and effectiveness of PRIs.<sup>20</sup> A stronger legal mandate for functional and fiscal devolution, along with institutional support, is necessary to fully realize the Amendment's vision.

## IV. THE 74TH CONSTITUTIONAL AMENDMENT: URBAN LOCAL BODIES

The 74th Constitutional Amendment Act, 1992, was enacted alongside the 73rd Amendment to extend the principle of democratic decentralisation to India's rapidly urbanising population. While the 73rd Amendment focused on rural governance through Panchayati Raj Institutions (PRIs), the 74th Amendment institutionalized Urban Local Bodies

<sup>16</sup>S. George, V. Rao & M.R. Sharan, *Two Hundred and Fifty-Thousand Democracies*, WORLD BANK (2024), <https://openknowledge.worldbank.org/server/api/core/bitstreams/23539245-be07-43ae-8482-fa566de72e3f/content>.

<sup>17</sup>INDIA CONST. arts. 243H, 243-I.

<sup>18</sup>A. Malik et al., *A Critical Analysis of the Constitutional Provisions Governing Fiscal Federalism in India*, LEX LOCALIS (2025), <https://www.researchgate.net/publication/396523539>.

<sup>19</sup>P. Rao, *Democratic Decentralisation and Poverty Alleviation in India with Reference to the 73rd Constitutional Amendment*, RURAL ORG. FOR APPROPRIATE DEV. (2018).

<sup>20</sup>D. Rajasekhar, *Decentralised Governance and Development in India: An Introduction*, in *Handbook of Decentralised Governance and Development in India* (Routledge, 2021), <https://www.taylorfrancis.com/chapters/edit/10.4324/9780429321887-2>.



(ULBs) as the third tier of governance in urban areas. It introduced Part IX-A (Articles 243P to 243ZG) and the Twelfth Schedule, providing constitutional status, structure, and responsibilities to municipalities across India.<sup>21</sup>

#### **A. Structural Composition and Typology**

The Amendment categorizes ULBs into three types, reflecting the size and nature of urban settlements:

Nagar Panchayat for transitional areas (rural to urban),

Municipal Council for smaller urban areas,

Municipal Corporation for larger urban areas.<sup>22</sup>

These institutions are to be directly elected for a five-year term, and elections must be conducted by an independent State Election Commission (SEC). In case of premature dissolution, fresh elections must be held within six months.<sup>23</sup>

By mandating this electoral continuity, the Amendment aimed to protect urban governance from arbitrary political interference by state governments.

#### **B. Reservation and Representation**

Mirroring the 73rd Amendment, the 74th Amendment mandates reservations for Scheduled Castes, Scheduled Tribes, and women in all ULBs. Article 243T provides for not less than one-third reservation for women, including within SC and ST categories.<sup>24</sup> This has led to the emergence of a significant cadre of women leaders in municipal governance, contributing to gender inclusivity in urban decision-making.<sup>25</sup>

#### **C. Functional Mandate under the Twelfth Schedule**

The Twelfth Schedule, introduced by the Amendment, outlines 18 functions that may be entrusted to municipalities. These include urban planning, water supply, sanitation, solid waste management, slum improvement, public health, and urban poverty alleviation.<sup>26</sup> Article 243W empowers state legislatures to devolve these functions to ULBs through laws. However, as with the 73rd Amendment, the actual transfer of functions varies widely between states, and in many instances, parastatal agencies such as Development Authorities and State Water Boards continue to dominate urban service delivery.<sup>27</sup>

#### **D. Financial Powers and State Finance Commissions**

Articles 243X and 243Y of the Amendment deal with municipal finance. ULBs may be authorized to levy taxes, duties, tolls, and fees. States are also mandated to constitute a State Finance Commission (SFC) every five years to

<sup>21</sup>INDIA CONST. arts. 243P–243ZG; Twelfth Schedule.

<sup>22</sup>BR Maurya, *Urban Local Government* 113 (Wisdom Press, 2022), <https://www.wisdompress.co.in/wp-content/uploads/2022/10/Urban-Local-Government.pdf>.

<sup>23</sup>S. Chattopadhyay, *Establishing Empowered City Governments in India*, in *Urban and Peri-Urban Spaces in India* (Springer, 2025), [https://link.springer.com/chapter/10.1007/978-981-97-8872-9\\_6](https://link.springer.com/chapter/10.1007/978-981-97-8872-9_6).

<sup>24</sup>INDIA CONST. art. 243T.

<sup>25</sup>SP Ali, *Democratic Decentralisation in India and Challenges of Rural Governance*, (2022), <https://www.researchgate.net/publication/391868006>.

<sup>26</sup>D. Rajasekhar, *Decentralised Governance and Development in India: An Introduction*, in *Handbook of Decentralised Governance and Development in India* (Routledge, 2021), <https://www.taylorfrancis.com/chapters/edit/10.4324/9780429321887-2>.

<sup>27</sup>G. Jha, *Impact of the 74th Constitution Amendment: An Approach for Strengthening Urban Local Self-Governments*, 44(2) URBAN INDIA (2024), [https://niu.in/sites/default/files/2025-07/2024\\_2\\_%20Impact%20of%20the%2074th.pdf](https://niu.in/sites/default/files/2025-07/2024_2_%20Impact%20of%20the%2074th.pdf).



recommend the distribution of financial resources between the state and ULBs.<sup>28</sup> Despite this framework, municipalities remain chronically underfunded, heavily reliant on grants-in-aid, and frequently lack revenue autonomy. Moreover, the failure to regularly constitute or implement the recommendations of SFCs has weakened fiscal decentralisation.<sup>29</sup>

### **E. Institutional and Administrative Challenges**

Despite constitutional status, the functional autonomy of ULBs is curtailed by overlapping jurisdictions and bureaucratic dominance, especially in metropolitan areas. Many urban functions, such as housing, transportation, and infrastructure, are handled by state-controlled parastatals, leaving elected ULBs with minimal operational control.<sup>30</sup> Moreover, capacity constraints, especially in smaller municipalities, hinder effective service delivery and planning. The lack of professional staffing, urban planning expertise, and digital infrastructure further compounds these limitations.<sup>31</sup>

### **F. Performance and Critical Evaluation**

While the 74th Amendment provided a structural blueprint for urban governance, implementation has been uneven. Progressive states such as Kerala and Maharashtra have moved closer to the vision of empowered city governments, while others lag behind in devolving powers and finances.<sup>32</sup> The Amendment also failed to clearly define the role of mayors, who in many states remain ceremonial heads with little executive authority. Without clear accountability mechanisms, urban governance often suffers from fragmentation and inefficiency.

In the context of India's rapid urbanisation with over 35% of the population now living in urban areas the need for robust, democratic, and accountable local governments has never been more urgent. The 74th Amendment remains an incomplete project, whose success depends not just on constitutional provisions, but on sustained political will, administrative reform, and citizen engagement.

### **V. Evaluating the Impact of the Amendments**

The 73rd and 74th Constitutional Amendments were envisioned as transformative reforms that would institutionalize grassroots democracy and bring governance closer to the people. However, over three decades later, their impact presents a mixed picture marked by notable progress, but also persistent structural and functional deficits. Evaluating their impact across political, functional, fiscal, and administrative dimensions reveals both achievements and limitations.

### **A. Political Inclusion and Representation**

One of the most celebrated outcomes of the amendments has been the deepening of democracy through inclusive representation. The reservation of one-third of seats for women (and higher in many states), along with mandated representation for Scheduled Castes and Scheduled Tribes, has significantly broadened the base of political participation.<sup>33</sup> Today, over 1.4 million women hold elected positions in PRIs and ULBs across India, making it the

<sup>28</sup>INDIA CONST. arts. 243X, 243Y.

<sup>29</sup>A. Malik et al., *A Critical Analysis of the Constitutional Provisions Governing Fiscal Federalism in India*, LEX LOCALIS (2025), <https://www.researchgate.net/publication/396523539>.

<sup>30</sup>T. Brahmanandam, *Review of the 73rd Constitutional Amendment: Issues and Challenges*, 64(3) IND. J. PUB. ADMIN. (2018), <https://journals.sagepub.com/doi/abs/10.1177/0019556117735461>.

<sup>31</sup>S. George, V. Rao & M.R. Sharan, *Two Hundred and Fifty-Thousand Democracies*, WORLD BANK (2024), <https://openknowledge.worldbank.org/server/api/core/bitstreams/23539245-be07-43ae-8482-fa566de72e3f/content>.

<sup>32</sup>D. Rajasekhar, *Handbook of Decentralised Governance and Development in India*, supra note 6.

<sup>33</sup>INDIA CONST. arts. 243D, 243T.



highest number of elected women globally.<sup>34</sup> This has not only improved descriptive representation but, in some regions, has translated into better delivery of services and attention to gender-sensitive governance.<sup>35</sup> However, challenges persist, such as proxy leadership, where female representatives are often guided or controlled by male relatives, undermining genuine empowerment.<sup>36</sup>

### **B. Functional Devolution and Administrative Control**

While the Eleventh and Twelfth Schedules lay out detailed lists of functions to be devolved, the actual devolution of powers has remained uneven. In most states, PRIs and ULBs continue to function primarily as implementing agencies for centrally sponsored schemes, with limited autonomy in planning and execution.<sup>37</sup> Many key functions such as urban planning, housing, water supply, and transport remain in the hands of state-level parastatals, severely diluting the intended decentralisation.<sup>38</sup>

Further, administrative devolution remains constrained by the overbearing influence of the bureaucracy. Local elected representatives often lack authority over civil servants, who report to state departments, creating friction and institutional inertia.<sup>39</sup>

### **C. Fiscal Decentralisation and Resource Dependence**

Despite constitutional provisions for taxation powers and periodic State Finance Commissions (SFCs), most local bodies continue to suffer from chronic underfunding. According to the Reserve Bank of India, own-source revenue of PRIs and ULBs constitutes less than 1% of GDP, indicating limited fiscal autonomy.<sup>40</sup> Many SFCs have been irregularly constituted, and their recommendations are either diluted or not implemented at all.<sup>41</sup> The result is an overdependence on tied grants from state and central governments, which undermines local prioritization and planning.

### **D. Capacity and Institutional Challenges**

Capacity constraints ranging from lack of trained staff, planning expertise, digital infrastructure, and awareness among elected representatives have affected the effectiveness of local governance.<sup>42</sup> In many rural areas, PRIs struggle to

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<sup>34</sup>YA Sheikh, *Democratic Decentralisation in India: An Overview*, INT'L J. SOC. SCI. (2014), <https://www.researchgate.net/publication/329415345>.

<sup>35</sup>SP Ali, *Democratic Decentralisation in India and Challenges of Rural Governance*, (2022), <https://www.researchgate.net/publication/391868006>.

<sup>36</sup>T. Brahmanandam, *Review of the 73rd Constitutional Amendment: Issues and Challenges*, 64(3) IND. J. PUB. ADMIN. (2018), <https://journals.sagepub.com/doi/abs/10.1177/0019556117735461>.

<sup>37</sup>D. Rajasekhar, *Decentralised Governance and Development in India: An Introduction*, in *Handbook of Decentralised Governance and Development in India* (Routledge, 2021), <https://www.taylorfrancis.com/chapters/edit/10.4324/9780429321887-2>.

<sup>38</sup>G. Jha, *Impact of the 74th Constitution Amendment: An Approach for Strengthening Urban Local Self-Governments*, 44(2) URBAN INDIA (2024), [https://niua.in/sites/default/files/2025-07/2024\\_2\\_Impact\\_of\\_the\\_74th\\_Constitution\\_Amendment.pdf](https://niua.in/sites/default/files/2025-07/2024_2_Impact_of_the_74th_Constitution_Amendment.pdf).

<sup>39</sup>S. George, V. Rao & M.R. Sharan, *Two Hundred and Fifty-Thousand Democracies*, WORLD BANK (2024), <https://openknowledge.worldbank.org/server/api/core/bitstreams/23539245-be07-43ae-8482-fa566de72e3f/content>.

<sup>40</sup>Reserve Bank of India, *State Finances: A Study of Budgets of 2022–23*, <https://rbi.org.in>.

<sup>41</sup>A. Malik et al., *A Critical Analysis of the Constitutional Provisions Governing Fiscal Federalism in India*, LEX LOCALIS (2025), <https://www.researchgate.net/publication/396523539>.

<sup>42</sup>B.R. Maurya, *Urban Local Government* 113 (Wisdom Press, 2022), <https://www.wisdompress.co.in/wp-content/uploads/2022/10/Urban-Local-Government.pdf>.



maintain records, hold regular meetings, or implement schemes due to administrative overload and insufficient human resources.

### **E. Participatory Governance and Accountability**

On the positive side, institutions like the Gram Sabha and Ward Committees have created forums for participatory governance. States like Kerala have institutionalized decentralized planning with remarkable outcomes.<sup>43</sup> Yet, in most regions, citizen participation remains symbolic, with meetings poorly attended and lacking meaningful deliberation.

## **VI. JUDICIAL INTERPRETATION AND CONSTITUTIONAL STATUS**

The Indian judiciary has played a cautious but important role in interpreting the scope and status of the 73rd and 74th Amendments. Courts have consistently upheld the constitutional validity of the amendments and reinforced the status of PRIs and ULBs as institutions of self-governance, but they have generally avoided mandating specific devolution of powers or functions.

### **A. Affirmation of Constitutional Status**

In *K. Krishnamurthy v. Union of India*, the Supreme Court acknowledged that the 73rd and 74th Amendments aimed to transform representative democracy into participatory democracy, particularly for disadvantaged groups.<sup>44</sup> Similarly, in *Rajendra Singh Rana v. Swami Prasad Maurya*, the Court emphasized that local bodies are constitutionally recognized structures and cannot be dissolved arbitrarily without adhering to due process.<sup>45</sup>

### **B. Limits of Judicial Enforcement**

Despite these affirmations, the judiciary has refrained from enforcing specific mandates regarding functional or financial devolution, citing the principle of legislative domain of the states under Articles 243G and 243W.<sup>46</sup> This deference has effectively left the extent of decentralisation to political will, rather than legal compulsion. For instance, in *State of Uttar Pradesh v. Pradhan Sangh Kshettra Samiti*, the Allahabad High Court observed that constitutional recognition of PRIs does not automatically translate into operational autonomy, unless states enact supporting legislation and ensure devolution in practice.<sup>47</sup>

### **C. Role in Upholding Democratic Processes**

Courts have intervened to protect electoral and democratic integrity of local bodies. In *Kishan Singh Tomar v. Municipal Corporation of Ahmedabad*, the Supreme Court held that elections to municipalities must be held within the stipulated five-year term, and failure to do so amounts to violation of the constitutional mandate under Article 243U.<sup>48</sup> This has ensured that elections cannot be indefinitely postponed by state governments under political pretexts.

## **VII. CHALLENGES TO EFFECTIVE DECENTRALISATION**

Despite the constitutional entrenchment of local governance through the 73rd and 74th Amendments, effective decentralisation in India remains an unfinished project. One of the most persistent challenges is the lack of political will among state governments to devolve real power. While states are mandated to create PRIs and ULBs, the actual

<sup>43</sup>S. Chattopadhyay, *Establishing Empowered City Governments in India*, in *Urban and Peri-Urban Spaces in India* (Springer, 2025), [https://link.springer.com/chapter/10.1007/978-981-97-8872-9\\_6](https://link.springer.com/chapter/10.1007/978-981-97-8872-9_6).

<sup>44</sup>*K. Krishnamurthy v. Union of India*, (2010) 7 SCC 202.

<sup>45</sup>*Rajendra Singh Rana v. Swami Prasad Maurya*, (2007) 4 SCC 270.

<sup>46</sup>INDIA CONST. arts. 243G, 243W.

<sup>47</sup>*State of U.P. v. Pradhan Sangh Kshettra Samiti*, AIR 1995 All 356.

<sup>48</sup>*Kishan Singh Tomar v. Municipal Corporation of Ahmedabad*, (2006) 8 SCC 352



transfer of functions, funds, and functionaries often referred to as the “3Fs” is at their discretion, leading to incomplete or tokenistic devolution in many regions. Political elites at the state level often view empowered local bodies as a threat to their authority and consequently hesitate to give up administrative control.

Fiscal constraints are another major obstacle. Local bodies are often underfunded and financially dependent on higher levels of government. The failure to regularly constitute or act upon the recommendations of State Finance Commissions (SFCs), combined with poor revenue generation capacity at the local level, restricts autonomy and planning capacity. The inconsistent and inadequate devolution of funds hampers service delivery and project execution, making local governments ineffective in the eyes of citizens.

Moreover, the bureaucratic inertia and administrative centralisation continue to obstruct grassroots democracy. Functionaries posted to PRIs and ULBs often remain under the administrative control of state departments, resulting in divided accountability and weakened governance. This is compounded by capacity deficits, especially in rural and small-town areas, where elected representatives may lack formal education, administrative experience, or institutional support. As a result, decision-making remains top-down and consultative processes like Gram Sabhas and Ward Committees are often reduced to procedural formalities rather than forums for deliberative democracy.

Finally, the proliferation of parastatal bodies and special purpose vehicles (SPVs), especially in urban governance (e.g., under Smart Cities Mission), have further diluted the role of constitutionally mandated ULBs. These agencies often operate outside the democratic framework and undermine the autonomy and accountability of elected city governments. Without a coherent legal and institutional framework that places local governments at the centre of local governance, the promise of decentralisation remains structurally compromised.

### **VIII. CONCLUSION AND RECOMMENDATIONS**

The 73rd and 74th Constitutional Amendments were pathbreaking in their vision to transform India's governance architecture by empowering local bodies and promoting participatory democracy. They succeeded in creating a constitutional space for Panchayati Raj Institutions and Urban Local Bodies, fostering broader political inclusion especially for women, Scheduled Castes, and Scheduled Tribes. Yet, three decades later, these amendments have delivered only partial decentralisation. The structures are in place, but the substantive empowerment of local governments remains elusive due to hesitant functional devolution, weak fiscal autonomy, administrative constraints, and inadequate citizen participation.

To bridge this implementation gap, a multi-pronged strategy is essential. First, the Union and state governments must commit to comprehensive devolution by enacting enabling laws that clearly specify functions and fiscal powers to local bodies. This includes strengthening the role and regular functioning of State Finance Commissions and ensuring local governments have adequate and predictable financial resources. Second, capacity-building programs for local representatives and functionaries must be institutionalised, with training in planning, budgeting, digital governance, and inclusive service delivery. Third, there is a pressing need to democratize urban governance by reducing reliance on unelected parastatal agencies and empowering elected ULBs with executive authority and resources.

Finally, citizen engagement mechanisms such as Gram Sabhas, Ward Committees, and participatory budgeting should be strengthened through legal mandates and digital platforms to ensure transparency, accountability, and community ownership of governance. Only through such holistic reforms can the constitutional vision of grassroots democracy be translated into effective, responsive, and inclusive local governance. The decentralisation journey in India is far from over; it demands renewed political commitment, legal innovation, and civic participation to realise its transformative potential.

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