

**Decentralization and Citizen Participation: Strengthening Local
Governance in Rural India**

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Abstract

This research project looks into the transformative implications of democratic decentralisation and institutionalised public involvement for local governance in rural India. The governance structure of India has been transformed from a centralised administrative model to a multi-tiered system following the 73rd Constitutional Amendment Act of 1992 and the Panchayati Raj Institutions (PRIs) have been recognised as a new tier of local self-government. In this paper we explore the dual processes of political and fiscal decentralisation and highlight the significance of Gram Sabha as a forum of direct democracy and the participation of the disadvantaged groups – women, Scheduled Castes and Scheduled Tribes as they engage in decision making. The paper emphasises the importance of AI-powered meeting summarisation tools like SabhaSaar and digital governance projects like eGramSwaraj in enhancing accountability and transparency in rural administration, as per the data from 2024-2026. This essay explores the importance of social audits in preventing elite capture and improving the implementation of key welfare programmes such as the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). The study reveals systemic barriers including bureaucratic delays, patriarchal mediation (the phenomena of ‘Sarpanch Pati’) and dependence on central funds for finances even when there has been considerable progress in digital traceability and procedural representation. Comparative examination at the state level shows that certain states like Kerala and West Bengal have been successful in institutionalising community based planning while others are caught up in “malignant” institutional structures that prevent real devolution. But research suggests that the move from superficial involvement to substantive empowerment, driven by the development of the subsidiarity principle, autonomous supervisory mechanisms and enhanced web literacy, will improve rural government. India’s grassroots movement is an example of an inclusive global paradigm of marrying state-led initiatives with community-centric sustainable development prioritising local community autonomy.

Keywords: Local Government, Decentralization, PRIs, Empowerment

Introduction

The Philosophical and Theoretical Framework of Decentralization: The principle of subsidiarity, that public obligations should be performed by the lowest competent level of

government, lies at the heart of decentralisation in the Indian setting. In a country like India, the transition to decentralised government is not merely an administrative decision but a democratic need to promote social equity and inclusive growth, given its demographic and ecological variety. Rural governance is a complicated process of delicate linkages between traditional authority, local administrations and civil society. It covers the institutions, procedures and processes for the delivery of services and the making of decisions in rural areas. This change is philosophically rooted in the 'Capability Approach' which holds that growth stems from the enhancement of human agency and freedom. Decentralisation puts the person at the centre of authority and ensures that the people are not passive consumers of the initiatives of the government but active players in their own developmental processes. It acknowledges that local communities are best placed to identify needs, develop treatments and implement solutions relevant to their setting since they possess vital tacit knowledge of their social and ecological surroundings.

Historical Genesis of Panchayati Raj Institutions

The evolution of local self-government in India has a long history from the ancient times to the constitutional requirements of the present. The "Gram," or village unit, has been the hub of regional government since the Vedic era. There are six ancient works, such as the Rigveda and Chanakya's Artha-shastra, which testify to the existence of village assemblies that used to settle disputes and manage local resources, often under the leadership of a village head or "Adhyaksha. In spite of the centralised nature of imperial courts, these villages had a relatively stable status of essentially autonomous units of self-governance during the Mauryan and Gupta periods. The British colonial administration had disturbed the ancient structure by centralising the collection of income from land and judicial power. Yet, changes in the late 19th century, such as Lord Ripon's Resolution of 1882, attempted to revive local bodies by introducing elected governments. But these modifications were mostly in the service of colonial interests. The vision of other Constitution builders for a more centralised development was at variance with Mahatma Gandhi's idea of 'Gram Swaraj' (village self-rule) after independence. Hence, village panchayats were initially made non-justiciable Directive Principles of State Policy (Article 40) which led the state to establish them as self-governing bodies without a mandatory legal framework.

The formal advocacy for a three layer structure started with Balwant Rai Mehta Committee, 1957. The organization promoted democratic decentralisation to better the implementation of the Community Development Program. This resulted in the setting up of Panchayati Raj in Rajasthan in 1959. But additional problems beset those bodies in the 1960s and 1970s, like lack of financial resources, irregular elections, and overregulation by bureaucracies. In the absence of constitutional status, eleven PRIs could not function as effective foundations of rural democracy before the 73rd Constitutional Amendment Act, 1992.

Committee/Milestone	Year	Key Recommendations and Outcomes
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Balwant Rai Mehta Committee	1957	Proposed a 3-tier structure; led to the birth of Panchayati Raj in 1959
Ashok Mehta Committee	1977	Recommended a 2-tier system and political party participation
G.V.K. Rao Committee	1985	Emphasized the role of PRIs in rural development and planning
L.M. Singhvi Committee	1986	Advocated for constitutional status and judicial tribunals for elections
73rd Constitutional Amendment	1992	Mandatory 3-tier system; reserved seats; State Finance Commissions

The Constitutional Architecture of the 73rd Amendment

The 73rd Constitutional Amendment Act was passed on 24th of April, 1993 and it was a major step in India's democratic development. The Eleventh Schedule was introduced to the Constitution (Articles 243 to 243-O) and Part IX was added to the Act to provide a standard frame of government across the country. The framework envisages a three-tier structure of Panchayati Raj Institutions in all States with a population of more than 20 million. This system is constituted of Gram Panchayat at the village level, Panchayat Samiti at the block or intermediate level and Zila Parishad at the district level. The Eleventh Schedule has 29 items which the state legislatures can devolve to the Panchayats, including key sectors such as agriculture, land improvement, minor irrigation, animal husbandry, rural housing, drinking water and elementary education. This devolution is intended to provide local entities with tools to develop economic growth and social equality policies. "Sixth amendment is a must as it provides for regular elections every 5 years by an impartial State Election Commission. This prevents the arbitrary dissolution of local units that had bedevilled the system in past decades.

Tier of Government	Administrative Unit	Leadership Structure	Primary Governance Focus
Zila Parishad	District	Chairperson (Adhyaksha)	District planning, coordination, and resource allocation

Panchayat Samiti	Block/Intermediate	Chairperson (Pramukh)	Block-level scheme implementation and inter-village coordination
Gram Panchayat	Village	Sarpanch/Pradhan	Basic civic services, sanitation, water, and local asset management

The Gram Sabha: The Engine of Direct Democracy

The Gram Sabha comprises all the persons registered as voters in the electoral lists of the village. The Panchayati Raj system is based on the Gram Sabha. Gram Sabha is the most democratic and inclusive institution at the grassroots level. It provides a platform for direct participation unlike the elected tiers under PRI system. It is intended to serve as the main institution that guarantees the deliberative nature, transparency and accountability of local governance. There are minor differences in the powers and tasks of Gram Sabha among the states, but they generally include the approval of annual plans, budgets and development projects brought before them by the Gram Panchayat. It is vital for the identification of beneficiaries for various welfare schemes including housing under PMAY-G and employment under MGNREGS. This method is intended to ensure that resources are fairly allocated and to decrease nepotism. The Gram Sabha is also supposed to conduct social audit of all development projects and provide a public platform to the villagers to raise their concerns and keep their elected representatives accountable.

Tribal areas are governed with additional powers for the Gram Sabha to protect cultural identity, manage community resources and settle local disputes under the PESA (Panchayats Extension to Scheduled Areas) Act. This authority stems from established customs. This expert empowerment acknowledges the distinct socio-cultural milieu of tribal people and equips them with legal tools to oppose external exploitation.

Social Inclusion and the Dynamics of Representation

The 73rd Amendment has brought about a considerable change in the demographic profile of the rural leadership through its reservation policy. The Act has provided reservation of one third of all seats and chairperson positions for women and population based reservation for Scheduled Castes (SCs) and Scheduled Tribes (STs) and has created a framework for over 3 million elected representatives (of which about 1.4 million are women). Since then, many states have increased the proportion of reservation for women to 50% and this has helped in hastening their progress in the public domain. Yet moving from descriptive representation (holding office) to substantive empowerment (really wielding power) is fraught with enormous challenges. The “Sarpanch Pati” issue is sometimes a result of patriarchal norms, when husbands or male relatives are to unofficially fulfil official tasks and the chosen lady is to act as a figurehead. This male mediation is typically a result of the paternalistic attitudes of male

bureaucrats who prefer to communicate with male intermediates, as well as the limits on women's physical mobility and literacy. Nevertheless, research from 2026 demonstrates that political agency is typically created through "practice." Marginalised women, particularly Dalit and Adivasi women with experience in political engagement and group employment, sometimes show more procedural autonomy over time than women of the upper castes. The National Rural Livelihoods Mission (NRLM) has effectively enabled women leaders to navigate state institutions and show their power through peer learning, engagement with administrative processes, and participation in Self-Help Groups (SHGs).

Inclusion Dimension	Legal Mandate	Observed Reality and Trends (2025-2026)
Gender Reservation	33% to 50% seats reserved for women	Significant entry of women; "Sarpanch Pati" issues persist but are declining with experience
Caste Reservation	Proportionate to population (SC/ST)	Empowerment of Dalit women often creates a "dual-agency" of caste and gender
Tribal Empowerment	PESA Act provisions	Enhanced control over natural resources and traditional customs

Fiscal Devolution and Resource Management

Funding for PRIs to accomplish their missions is crucial for the improvement of local governance. To solve this issue, the 73rd Amendment mandated the establishment of State Finance Commissions (SFCs) every five years to examine the financial health of the Panchayats and to provide the criteria for allocating taxes, duties and grants-in-aid. At present the Panchayats depend mainly upon funds allocated by National and State Governments. The 14th Finance Commission has directly transferred more than INR 2.87 lakh crore to the Gram Panchayats from 2015 to 2020. The budget of the Ministry of Rural Development for 2025-2026 is INR 1,90,406 crore, which indicates a large investment in rural infrastructure. Despite these big inflows, many PRIs cannot mobilise their own resources through local taxes (e.g. property or professional taxes) due to the constraints of their fiscal autonomy. This dependence often leads them to become "passive executors" of state-imposed schemes, rather than independent architects of local development.

The Digital Revolution in Rural Governance (2024-2026)

Current Era (2024-2026): Technology has been deployed by the Indian Government to bridge the transparency gap in rural administration. The "Digital India" program has brought several platforms in the Panchayati Raj sector, which has changed the way local authorities function, manage finances, and interact with constituents.

eGram-Swaraj and Financial Transparency

The eGram-Swaraj platform has been linked with the Public Financial Management System (PFMS) for digitising the planning, accounting and expenditure activities of Panchayats. By 2026, cumulative online payments via eGram-Swaraj topped ₹3 lakh crores (about US\$ 32.45 billion). The process permits the tracking of funds in real-time, therefore decreasing the risk of fraud and leakage that was associated with prior paper-based and cash-centric systems. Payments go directly to merchants and service providers.

AI-Powered Deliberation: SabhaSaar

SabhaSaar, an AI-powered meeting summarisation tool, is a significant institutional breakthrough. SabhaSaar which began in 14 languages and will reach 23 by 2026, creates automatic, structured minutes of Gram Sabha meetings instantly. This technology removes human bias from documentation and guarantees accurate and preserved records of community choices, preventing local elites from retrospectively changing meeting recordings. By early 2026, this tool was being used by about 111,000 Gram Panchayats to record their democratic activity.

SVAMITVA and Land Rights

The SVAMITVA program has brought a revolution in land governance, offering legal property certificates to the rural population through the use of drone-based mapping. By the end of 2025, 19 drone surveys were done in 328,000 communities and millions of property cards issued. These cards provide rural people with secure property paperwork that enables them to receive bank loans and resolve long-standing property disputes, empowering them.

Digital Initiative	Primary Function	Reach and Impact (2025-2026)
eGramSwaraj	Digital accounting and planning	₹3 lakh cr payments; 2.55 lakh GDPs uploaded
SabhaSaar	AI meeting summarization	1.11 lakh GPs used tool; supports 23 languages
SVAMITVA	Drone-based land mapping	3.28 lakh villages mapped; 2.76 cr property cards
AuditOnline	Online financial auditing	Enlisted 12,136 auditors for transparent oversight

Social Audits and Public Accountability Mechanisms

Within the MGNREGS implementation framework, social audits have emerged as an effective instrument of improving local accountability. Unlike standard audits that are primarily based on financial compliance, social audits involve the community in making sure that the work that has been reported is the real state on the ground. For the social audits to work, the “implementation quality” of the process is important. This includes characteristics like the participation of the community, the autonomy of the social audit unit and the speed of the

process. In states like Andhra Pradesh and Telangana, social audits with the support of civil society have made a significant contribution to increasing the access of information by the public and a steep decline in manipulation of data. Such audits enhance perceived transparency and so increase the accountability of Panchayat officials by exposing them to direct public scrutiny.

Program Impact	Pre-Audit Condition	Post-Social Audit Outcome
MGNREGS Implementation	High data manipulation; elite capture	Improved wage disbursement; worksite verification
Welfare Targeting	Nepotism in beneficiary selection	Transparency in lists for housing and pensions
Grievance Redressal	Bureaucratic delays; ignored complaints	Real-time redressal; public accountability

Comparative State Performance and Institutional Variations

The process of decentralisation in India is usually characterised by wide geographical variations, sometimes mainly induced by the political will of the state governments and the form of local institutions.

The Kerala Model, with its “People Plan Campaign, is a pioneer in democratic decentralisation. This has resulted in a very fine deliberative democracy in Kerala where almost 40% of the state's development budget is given to local bodies and Gram Sabhas have real powers in planning and budgeting. This paradigm emphasises monitoring led by the community and social investment leading to better developmental outcomes in education and health. The Gram Sansad and West Bengal Gram Sansad is an important characteristic of the three-tier system of West Bengal. It is a consultative body at the level of the electoral ward.

The state has further decentralised the village assembly into smaller units to increase localised participation, by ensuring that development plans are made to suit the specific needs of the community before being consolidated at the Gram Sabha level. Challenges in different States: Research in 2025 finds several states plagued by “malignant” institutional arrangements. These frameworks have been poorly established by officials of state that have benefited from centralised authority over lucrative resources such as water and forests.

These governments are in effect subverting the democratic goals of the 73rd Amendment by not securing true decentralisation of power to village councils and by continuing to maintain significant bureaucratic control. In these settings, 12 local authorities are generally not keen to work with elected Panchayats. There is no excitement for decentralisation.

Structural Barriers and the Road Ahead

Even amongst significant digital and constitutional advancements, the efficiency of rural government in India continues to be obstructed by a host of challenges.

Bureaucratic Hegemony:

1. The administrative bureaucrats are generally more powerful than the elected members, and the running of PRIs is under their control. This creates conflict and weakens the autonomy of local bodies and undercuts democratic decision-making.
2. Elite Capture: In locations where social structures are entrenched, Gram Sabhas are often dominated by local elites who repress the views of the disadvantaged and marginalised, and misappropriate resources.
3. Digital and Literacy Inequalities: While digital technologies offer transparency to competent users, there is the possibility of a ‘digital divide’ that might further marginalise less literate individuals and those in remote areas with poor connectivity.
4. Fiscal Dependency: The absence of “own-source revenue” makes Panchayats dependent on state and central governments for financial support, limiting their capacity to handle local issues or innovate beyond predefined schemes.

Conclusion:

Strengthening the Roots of Democracy

This is a continuous effort to improve local governance in rural India, matching constitutional ideals with tough social realities. The 73rd Amendment provided the legislative basis and the digital revolution of 2024-26 has provided the instruments for transparency and accountability. But real Gram Swaraj requires something more than reserved seats or technology inventions. Meaningful decentralisation requires a real transfer of political, administrative and fiscal power to the grassroots. This demands continual infusion of social audit in all welfare programs, increased computer literacy among women and marginalised groups and ensuring that the bureaucratic architecture is supportive of elected local leaders and not the other way round. By developing the idea of subsidiarity and cultivating a culture of active citizen participation, India can ensure its rural administration is not just representative but also really transformative, setting a standard for participatory democracy around the world.

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