

# Ensuring Quality of Life and Enhancing Rural Income: Role of Gram Panchayats

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## Abstract

The aim of this paper is to highlight the role of Gram Panchayats in ensuring quality of life and enhancing rural incomes. This paper also highlights budgetary allocation of those programs which are quite effective in improving quality of life and enhancing rural incomes. Study is based on secondary sources of data and mainly utilizes the data obtained from economic survey 2022-23 and relevant government reports. Presently, the percentage of the population living in India's rural areas stands at 65%. Various measures have been taken to enhance the quality of life in rural areas encompassing rural housing, drinking water, clean fuel, social protection, rural connectivity etc. Further, in order to enhance rural livelihoods programs like MGNREGA, NRLM, PMGSY, PMAY-G, PM-KISAN are also prominent. Most of these measures and programs are directly implemented through Gram Panchayats. The NSS data for 2019-20 shows a significant improvement in a number of indicators concerning the quality of rural lives. But data also reveals that average salary income has stagnant in rural India while it has been rising in urban India. It is well established that measures such as supporting farm income and increased public spending on rural infrastructure will have substantial impact on rural India income. The analysis of the performance of Panchayats in different states and reasons in India shows that Panchayats have been relatively more successful in contributing development in places where the literacy rate and education status were higher.

**Keyword: Development, Panchayati Raj System, Rural Development, Rural Income**

## Ensuring Quality of Life and Enhancing Rural Income: Role of Gram Panchayats

The concept of development has been defined by many in different ways. However, it can be generally considered that

- Development is about improvement in economic and social conditions of individual, communities and places.
- Development is associated with addressing the poverty, education, health, employment, infrastructure, basic amenities like, housing, drinking water, sanitation, etc.
- Development also includes the issues of equity and enhancing human capabilities.

In the 1990s, the concept of development took a paradigm shift and incorporated human development the key component. It argued that development is not merely economic growth; it is also about the people and their capabilities. It is associated with healthy life, easy access to education and decent standard of living.

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**Development at Village level:**

Development at a village level can be reflected by the facilities that a village has to enrich a human life and sustain the environment around it. The condition of water facilities, sanitation, housing, poverty, income generation, health, environment, education, employment etc reflects how developed a village is. In a nutshell, all these facilities determine the quality of life and level of income of the people of the villages.

**Why Panchayats?**

Panchayati Raj Institutions (PRIs) play a central role in planning and executing diverse rural development projects and schemes. In India, the emphasis on rural development has predominantly been driven by government initiatives rather than grass root efforts. PRIs facilitate people's active participation and engagement in shaping and implementing rural development programs.

The twin objectives of the Panchayati Raj System are to ensure economic development and social justice. This system promotes democratic decentralization, a type of governance in which effective participation of locals in decision making becomes an essential feature. Apart from taking part in decision making, the involvement of local people automatically enhances the efficiency and quality of service delivery in the villages. Citizen participation results in a demand for accountability and transparency from the elected leaders and officers. In addition to this, identification and selection of beneficiaries for different government programs has been an important objective of the Panchayati Raj System. In order to ensure food security, PRIs play an important role in the operation of the Public Distribution System (PDS) and Mid-Day Meal (MDM) scheme. The ambitious Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) and National Rural Livelihood Mission (NRLM), the two important programmes for income, employment generation and poverty reduction are directly implemented through Panchayats. The provision of reservations for women and SCs/ STs in the Panchayats and their consequential representation has played an important role in the empowerment of the weaker sections of the society and bringing social change in rural India. In fact, numerous ways and means of economic development and social change in rural areas are primarily implemented through gram Panchayats. Therefore, the broader and comprehensive objectives of Panchayati Raj System must be viewed in the economic, political and social development of rural people. PRIs have been instrumental in increasing employment opportunities and ensuring better wages for the rural population, thus improving their economic well-being. At present, improvement in the quality of school education, healthcare services, infrastructure facilities and ICT facilities etc. are among the important objectives of the Panchayati Raj System. Motivation behind the 73rd constitutional amendment was the fact that local type of governance was expected to be better able to identify and respond to the needs of villagers in terms of service delivery of public goods and services. It was also expected that it would be easy for local villagers to efficiently manage

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and monitor the activities of local politicians and rural elites (**Besley et al, 2007**), whose role is crucial in local decision-making.

The aim of this paper is to highlight the role of Gram Panchayats in ensuring quality of life and enhancing rural incomes. This paper also highlights the budgetary allocation main of those programs which are quite effective in improving quality of life and enhancing rural incomes. Study is based on secondary sources of data and mainly utilizes the data obtained from economic survey 2022-23.

Presently, the percentage of the population living in India's rural areas stands at 65%. Various measures have been taken to enhance the quality of life in rural areas encompassing rural housing, drinking water, clean fuel, social protection, rural connectivity etc. Further, in order to enhance rural livelihoods programs like MGNREGA, NRLM, Pradhanmantri Kisan Samman Nidhi Yojana are also prominent. Most of these measures and programs are directly implemented through Gram Panchayats. The NSS data for 2019-20 shows a significant improvement in a number of indicators concerning the quality of rural lives.

### **Quality of Rural Lives**

Based on the NFHS data, table 1 presents progress in the well-being of rural households during the period 2015-16 to 2019-20. Table depicts that household's access to electricity and improved drinking water sources have substantially reached its highest level. Jal Jeevan Mission (JJM) of tap water connection and Saubhagya Yojna of rural electrification have resulted in producing better outcomes in this regard. Instrumental success of Ujjawala scheme has been able to provide clean cooking fuel to 42.4% of rural households in the year 2019-20. Doubling of this ratio in a short span of four years is remarkable. As a result of the Government's endeavour to put SBM-G in highest priority, 64.95 % of the rural population has access to improved sanitation facilities in their house. However, people's interest in availing toilets facilities and proper use of toilets is questionable. Due to intervention of MGNREGA, NSAP, other social security schemes and SHGs presence in village premises, now 77.4% women have functional bank accounts. But data show that Panchayats are unable to provide adequate numbers of employment for rural women. Only 25.6% women worked in the last 12 months and received cash payment. Table shows that 86.7 % births are taking place in hospitals or under the supervision of trained medical staff. Appointment of Accredited Social Health Activist (ASHA) and Auxiliary Nurse and Midwife (ANM) in the service of primary health care has worked well in maternal care in rural areas. As is evident, these programs are directly implemented through the Panchayats; therefore, we infer that the practice of democratic decentralization has been successful in the delivery of essential services in the rural areas. But, the progress in rural lives may significantly vary across social groups and across the states depending on the functioning of the Panchayats and states effort in favour of rural development. However, detailed investigation of these issues is not the core objective of this study.

**Table 1: Progress in the socio-economic indicators of Rural India**

| S.N. | Indicators  | NFHS-4<br>( 2015-16) | NFHS-5<br>( 2019-20) |
|------|---|----------------------|----------------------|
| 1.   | HHs access to electricity (%)                                       | 83.2                 | 95.7                 |
| 2.   | HHs access to improved drinking water source (%)                    | 89.3                 | 94.6                 |
| 3.   | HHs access to clean cooking fuel (%)                                | 24.0                 | 43.2                 |
| 4.   | HHs using improved sanitation facility (%)                          | 36.7                 | 64.9                 |
| 5.   | HHs access to health insurance of at least one family member (%)    | 28.3                 | 42.4                 |
| 6.   | Institutional birth (%)   | 75.1                 | 86.7                 |
| 7.   | Women who worked in the last 12 month and received cash payment (%) | 25.4                 | 25.6                 |
| 8.   | Women having bank account that they use themselves (%)              | 48.5                 | 77.4                 |

**Source: NFHS-4, NFHS-5, Compiled from Economic Survey 2022-23, Government of India, page 203, HHs: Households,**

#### **Enhancing Rural Income through Budgetary Allocation**

The major programs through which rural India get adequate flow of income are Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Pradhanmantri Aawas Yojana (PMAY-G), DAY- NRLM and Pradhan Mantri Gram Sadak Yojana ( PMGSY).

These programs are instrumental in infusion of wage income and thereby reducing poverty in the rural India. In the interim budget 2024-25, the government increased the ministry of rural development budget to 1.77 lakh crore which is 12% greater than previous year budget. In this interim budget, allocation for MGNREGA was Rs. 86000 crore almost equal to the previous year revised expenditure and 43% greater than actual budget allocation. In this budget, government also announced that another 2 crore houses will be constructed under the Pradhan Mantri Aawas Yojana Gramin in the coming next 5 years. Budgetary allocation for this scheme is Rs. 54,500 crore. Under the Lakhpati Didi initiative which comes under DAY-NRLM each self help group (SHG) household is encouraged to take up multiple livelihood activities coupled with value chain interventions, resulting in a sustainable income of Rs. 100000 or more every year. The allocation for the NRLM is Rs. 15047 crore around

6% greater than last year budget. The allocation for the Pradhan Mantri Gram Sadak Yojana has come down in the budget 2024- 25. Rs. 12000 crore is allocated against Rs. 19000 crore in previous budget.

A large share of expenditure incurred in these programs goes directly in the form of wage labour. At the same time, the expenditure incurred on other items generates multiplier effect. The combined effect results in income enhancement of the rural people.

**Table 2: Budgetary Allocation and Rural Development Programs**

|          | 2024-25 | 2023-24 | % Increase/decrease |
|----------|---------|---------|---------------------|
| MGNREGA  | 86000   | 60000   | 43%                 |
| PMAY-G   | 54,500  | 54,487  | No Change           |
| DAY-NRLM | 15047   | 14129   | 6%                  |
| PMGSY    | 12000   | 19000   | Significant low     |
| PM-Kisan | 60,000  | 60,000  | unchanged           |

Source: Economic Times Spotlight, Feb 01, 2024.

### **Rural India Income**

After looking at the budgetary allocation on various rural development programs, it would also be relevant to see what impact it has had on the income of people of rural areas. According to a recent data from Periodic Labour Force Survey, average income of salaried person in rural India has stagnated at Rs. 14,700/month ending Q1FY23 while this figure stands at 21,647 for urban India. However, daily wages of rural casual labour has increased from Rs 302/day in Q2FY21 to Rs. 368/day in Q1FY23. It is concluded that average salary income has stagnant in rural India while it has been rising in urban India (Business Standard.com retrieved on 15.03.2024).

### **Income of Farmers**

As per the situation assessment survey (SAS) of agriculture households in rural areas of the country conducted by National Statistical Office (NSO), during the agriculture year July 2018-June 2019, the average monthly income per agricultural household in India is Rs. 10,218 (NSS report 2019). Income includes income from wages, income from leasing out of land, net receipt from production, net receipt from farming of animals and net receipt from non-farm business. In the interim budget 2024-25, government kept unchanged the outlay of the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN), a flagship cash transfer scheme, by allocating Rs. 60,000 crore for the current fiscal (Table1). Under this scheme, 11.8 crore farmers are given direct financial assistance. Under the PM-KISAN scheme, the government provides direct cash transfer of Rs. 6000 per year in three equal four-monthly installments.

Furthermore, 4 crore farmers would receive crop insurance coverage. The ministry of agriculture and farmers welfare has been allocated a budget of Rs. 1.27 lakh crore (bankbazaar.com, retrieved on 15.03.2024).

It is well established that measures such as supporting farm income and increased public spending on rural infrastructure will have substantial impact on rural India income.

## **Discussion**

Data reveals that Panchayats have done well in ensuring quality of rural lives and enhancing rural income. We have presented here all India data regarding progress in desired outcome of rural development. But in this study, variation among states regarding Panchayat achievements has not been discussed. On the basis of various literatures, it is an established fact that few states have done exceptionally well but most of the states are lagging behind. In this section we discuss here about few relevant determinants which cause such differences.

In a market economy, improvement in the standard of living of the people requires the people participate in market activities, both product and factor markets. Disadvantaged sections do not have any assets and they can earn their incomes out of selling their labour and sweat. The analysis of the experience of Panchayats in delivering public services shows that they are relatively successful in areas where the asset distribution is relatively more even. Given that land is the major asset owned by rural households, Panchayats are more successful in delivery public services in places where land reforms have been effective in ensuring the land to the cultivators. Generally, West Bengal is considered to be a state with more effective land reforms. If the people do not have land or other assets and the only asset the people have is labour, it is important to enable them to increase their capabilities to enhance their freedom, education and skill development. It can enhance productivity and income of the people. The analysis of the performance of Panchayats in different states and reasons in India shows that Panchayats have been relatively more successful in contributing development in places where the literacy rate and education status were higher. Kerala presents the most successful case of Panchayats contributing to development in India. High literacy rate and high degree of political awareness of the people in the state has enabled much greater participation in local governance than that is seen in other states (Rao 2011).

## **Conclusion**

It is clear that role of gram Panchayats in promoting rural development cannot be underestimated. Just to erase the variation among the states and low performance of Panchayats in some states, it is necessary to train the elected representatives. Budgetary allocation in rural areas must be enhanced. Government needs to invest heavily in human capabilities of the rural areas.

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