



LOCAL GOVERNANCE IN TELANGANA: A STUDY OF THE TELANGANA PANCHAYAT RAJ ACT, 2018

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Abstract

Local self-government is an important component of democratic decentralization because it enables citizens to participate directly in decisions concerning their communities. In rural India, Panchayati Raj Institutions provide an institutional framework through which local development, public services and community participation can be organized at the grassroots level. Telangana, following its formation as a separate state in 2014, adopted the Telangana Panchayat Raj Act, 2018 to provide a state-specific legal framework for rural local governance. This paper examines the major provisions and institutional significance of the Telangana Panchayat Raj Act, 2018, with particular attention to decentralization, Gram Sabha participation, financial management, accountability and rural development. It also examines Mall Gram Panchayat in Yacharam Block of Rangareddi District as a case illustrating the potential of local revenue generation and institutional initiatives to strengthen Panchayat self-reliance. The case is particularly significant because Mall Gram Panchayat secured first rank in the Atma Nirbhar Panchayat Special Award (ANPSA)-2025 of the Ministry of Panchayati Raj. The study is based primarily on documentary sources, including the Telangana Panchayat Raj Act, government reports and official information relating to Panchayat awards and rural development programmes. The paper argues that legal decentralization can strengthen grassroots governance, but effective local government ultimately depends on adequate financial resources, administrative capacity, transparency and meaningful citizen participation.

Keywords: *Local Governance, Panchayati Raj, Telangana Panchayat Raj Act 2018, Gram Panchayat, Gram Sabha, Decentralization, Rural Development, Local Revenue, Public Participation, Mall Gram Panchayat*

1. Introduction

Democratic governance becomes more responsive when decision-making institutions are located close to the communities whose needs they are expected to address. Local government therefore occupies an important position in the Indian democratic system. Rural local bodies provide an institutional mechanism through which citizens can participate in development planning, monitor public expenditure and communicate local priorities to elected representatives. The constitutional foundation for rural local self-government was strengthened by the 73rd Constitutional Amendment Act, 1992, which gave Panchayati Raj Institutions constitutional recognition and established a framework for democratic decentralization. The Panchayati Raj system operates through institutions at the village, intermediate and district levels, subject to the constitutional and legislative arrangements of individual states. Telangana was formed as a separate state in 2014. In order to establish a legislative framework for rural local government appropriate to the state, the Telangana Legislature enacted the Telangana Panchayat Raj Act, 2018. The Act, designated Act No. 5 of 2018, provides for the constitution of Gram Panchayats, Mandal Praja Parishads and Zilla Praja Parishads and for matters connected with these institutions. The importance of the Act extends beyond the creation of local institutions. Effective Panchayati Raj requires the integration of elected representation, administrative support, local revenue generation, development planning, accountability and citizen participation. The present paper therefore examines the Act from the broader perspective of grassroots governance and considers the experience of Mall Gram Panchayat as a contemporary example of local financial self-reliance.



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2. Objectives of the Study

1. To examine the significance of local governance and democratic decentralization in rural Telangana.
2. To examine the institutional framework established under the Telangana Panchayat Raj Act, 2018.
3. To analyse the role of Gram Panchayats and Gram Sabhas in local governance.
4. To examine the importance of financial management and local revenue generation.
5. To consider the role of Panchayati Raj Institutions in rural development and public service delivery.
6. To examine Mall Gram Panchayat as an illustrative case of Panchayat-level financial self-reliance.
7. To identify major challenges affecting the effective functioning of rural local government.

3. Methodology

The study follows a descriptive and documentary approach. It is based primarily on secondary sources, including the Telangana Panchayat Raj Act, 2018, government publications, Ministry of Panchayati Raj materials and information concerning National Panchayat Awards. The discussion of Mall Gram Panchayat is based on officially available information concerning its financial performance and recognition under the Atma Nirbhar Panchayat Special Award. The study does not claim to present the results of an independent household survey or primary field investigation. Consequently, observations concerning the case study are limited to information that can be supported through documentary sources.

4. Evolution of Panchayati Raj in India

Local self-government in India has historical roots in village-level institutions. During the colonial period, efforts were made to develop local institutions, including Lord Ripon's 1882 Resolution on local self-government. After independence, democratic decentralization became an important subject of institutional reform. The Balwant Rai Mehta Committee emphasized the need for democratic decentralization and recommended a three-tier Panchayati Raj structure. Panchayati Raj institutions subsequently developed across different states, although their effectiveness varied because of differences in administrative arrangements, financial resources and political support. A major institutional transformation occurred with the 73rd Constitutional Amendment. Panchayats received constitutional recognition, regular elections became an essential feature, and constitutional provisions addressed reservation, tenure, State Election Commissions, State Finance Commissions and local planning. This constitutional framework established the basis for strengthening rural local government while leaving considerable responsibility for implementation to state legislation. Thus, the contemporary Panchayati Raj system represents an interaction between constitutional principles and state-specific legislation. The Telangana Panchayat Raj Act, 2018 constitutes an important part of this state-level framework.

5. Telangana Panchayat Raj Act, 2018

The Telangana Panchayat Raj Act, 2018 was enacted as Act No. 5 of 2018. Its long title identifies its purpose as providing for the constitution of Gram Panchayats, Mandal Praja Parishads and Zilla Praja Parishads and matters connected with them. The Act received the Governor's assent on 29 March 2018. The legislation provides a statutory framework for rural local government in Telangana. It replaced the earlier legislative framework applicable to the state and sought to organize Panchayati Raj institutions in accordance with Telangana's administrative requirements. The Panchayati Raj structure can broadly be understood through three institutional levels:

5.1 Gram Panchayat

The Gram Panchayat represents the village-level institution and constitutes the most immediate level of rural local government. It deals with matters relating to local administration, civic amenities, development and other responsibilities assigned under law.

5.2 Mandal Praja Parishad



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The intermediate-level institution operates at the Mandal level and provides a link between village-level Panchayats and district-level Panchayati Raj institutions.

5.3 Zilla Praja Parishad

The district-level Panchayati Raj institution provides a wider framework for coordination and development administration at the district level.

6. Major Features of Local Governance under the Act

The three levels are intended to facilitate decentralized decision-making while providing institutional mechanisms for coordination across different geographical scales.

6.1 Democratic Decentralization

The fundamental objective of Panchayati Raj is to bring government closer to citizens. Decentralization enables local institutions to identify community priorities and participate in the implementation of development activities. It also creates opportunities for citizens to hold elected representatives and local officials accountable.

6.2 Role of the Gram Sabha

The Gram Sabha is an important institution of participatory democracy at the village level. It provides a forum in which eligible residents can participate in discussions concerning local development and Panchayat activities. Through such participation, local people can express priorities, question decisions and monitor development activities.

The effectiveness of the Gram Sabha, however, depends not merely on the holding of meetings but on the quality and inclusiveness of participation. Regular meetings, access to information and public awareness are therefore essential for meaningful grassroots democracy.

6.3 Administrative Support

Local elected representatives require administrative assistance to perform their responsibilities effectively. Panchayat-level officials and secretarial support are important for record maintenance, implementation of programmes, financial administration and communication between local institutions and higher levels of government.

6.4 Transparency and Accountability

Accountability is central to effective local governance. Financial records, development plans, expenditure information, audits and social accountability mechanisms can help citizens understand how public resources are being used. Digital governance can further improve access to information and administrative efficiency.

6.5 Rural Development

Panchayats have an important role in improving village-level infrastructure and public services. Areas such as sanitation, roads, drinking water, environmental management and implementation of welfare and employment programmes require coordination between Panchayats and other government agencies.

7. Financial Management and Panchayat Self-Reliance

Financial capacity is one of the most important determinants of effective local government. A Panchayat may have formally assigned responsibilities but remain dependent on higher levels of government if it lacks adequate financial resources. Local revenue can be generated through taxes, fees, service charges and other permitted sources. Effective revenue administration requires accurate records, transparent collection procedures and appropriate use of public assets. Financial self-reliance does not imply complete independence from state or central government grants. Rather, it refers to the capacity of a Panchayat to



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mobilize and manage a meaningful proportion of its own resources while using government transfers effectively. The experience of Mall Gram Panchayat demonstrates the importance of this dimension of local governance. The Ministry of Panchayati Raj records that Mall Gram Panchayat generated approximately ₹95 lakh in own-source revenue during 2023–24, representing a substantial increase over the previous year. The official profile identifies special taxes and service fees as sources of revenue and reports significant earnings from the weekly cattle market and shopping complexes.

8. Rural Development Programmes and Panchayat Governance

Panchayats function within a broader network of government programmes intended to improve rural livelihoods and infrastructure. In Telangana, programmes such as Palle Pragathi have emphasized village sanitation, greenery and infrastructure. Rural employment programmes such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) also have important implications for local development and livelihood security. The effectiveness of such programmes depends partly on local institutional capacity. Panchayats have to coordinate planning, implementation, monitoring and communication with citizens. Consequently, Panchayat governance should not be viewed only in terms of elected bodies; it also involves administrative institutions, government programmes and community participation.

9. Case Study: Mall Gram Panchayat

Mall Gram Panchayat is located in Yacharam Block of Rangareddi District, Telangana. The Panchayat provides an important contemporary example of how local institutions can pursue financial self-reliance through the mobilization of own-source revenue.

9.1 Institutional Context

The case is particularly significant because Mall Gram Panchayat was ranked first under the Atma Nirbhar Panchayat Special Award (ANPSA)-2025. The Ministry of Panchayati Raj introduced the award to recognize Panchayats that demonstrate efforts towards self-reliance through augmentation of own-source revenue. Mall Gram Panchayat was ranked first nationally in this category and received a financial incentive of ₹1 crore.

9.2 Own-Source Revenue

According to the Ministry of Panchayati Raj's official profile, Mall Gram Panchayat had 1,581 households and a population of 3,211. During 2023–24, it collected approximately ₹95 lakh in own-source revenue, equivalent to about ₹2,954 per capita. The documented sources included special taxes and service fees. The Panchayat also earned approximately ₹67 lakh from its weekly cattle market and ₹3.75 lakh from shopping complexes. These figures demonstrate the potential importance of locally generated revenue in strengthening Panchayat-level financial capacity. The case also suggests that effective use of local assets can become an important component of Panchayat resource mobilization.

9.3 Significance of the Mall Case

The significance of Mall Gram Panchayat lies not simply in the receipt of an award but in the broader governance principle represented by the case. A Panchayat with stronger own-source revenue capacity may have greater scope to respond to local priorities, maintain assets and undertake development activities. At the same time, one successful Panchayat should not automatically be treated as representative of all Gram Panchayats in Telangana. The Mall case is therefore best understood as an illustrative example rather than as evidence that the same outcomes have been achieved uniformly across the state.

10. Public Participation and Accountability

The effectiveness of decentralization ultimately depends on citizen participation. Local government becomes more democratic when residents are able to access information, participate in Gram Sabha



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proceedings and question decisions relating to public resources. The case of Mall Gram Panchayat highlights the importance of community participation in local governance and identifies the Gram Sabha as a forum through which villagers can engage with Panchayat activities. For such participation to be meaningful, information concerning plans, revenue, expenditure and development activities should be made accessible to citizens. Transparency mechanisms and digital systems can complement traditional forms of public participation.

11. Advantages of Decentralized Rural Governance

1. **Closer government:** Decisions can be connected more directly to local needs.
2. **Citizen participation:** Gram Sabha and other local forums provide opportunities for public involvement.
3. **Improved accountability:** Citizens can monitor elected representatives and local institutions.
4. **Better local planning:** Development priorities can be identified according to village-level conditions.
5. **Financial mobilization:** Panchayats can develop mechanisms for generating own-source revenue.
6. **Social inclusion:** Constitutional and statutory provisions concerning representation can increase the participation of women and historically disadvantaged groups.
7. **Rural development:** Local institutions can contribute to sanitation, infrastructure, employment and welfare implementation.

12. Challenges

12.1 Financial Dependence

Many local bodies continue to depend substantially on transfers from higher levels of government. Limited own-source revenue can restrict their capacity to address local priorities.

12.2 Administrative Capacity

Shortages of trained personnel and technical expertise can affect planning, implementation, accounting and monitoring.

12.3 Public Awareness

Decentralization is most effective when citizens understand the functions of Panchayats and participate actively in Gram Sabha processes. Limited awareness can weaken social accountability.

12.4 Political and Institutional Constraints

Local institutions operate within wider political and administrative structures. Political influence, bureaucratic constraints and inadequate coordination can affect the autonomy and effectiveness of Panchayats.

12.5 Uneven Performance

The experience of Panchayats varies considerably. The success of Mall Gram Panchayat demonstrates what may be possible under favourable conditions, but it should not be generalized without comparative evidence from other Panchayats.

13. Findings and Discussion

The study indicates that the Telangana Panchayat Raj Act, 2018 provides an important legal foundation for rural local government in Telangana. The Act institutionalizes the three levels of Panchayati Raj and provides a framework within which local governance can operate. Three broader findings emerge from the analysis. First, **legal decentralization is necessary but not sufficient**. The existence of elected Panchayats does not automatically guarantee effective decentralization. Local institutions require administrative capacity, financial resources and functional autonomy. Second, **financial self-reliance is an important dimension of effective local government**. The Mall Gram Panchayat case demonstrates that local revenue mobilization can substantially strengthen the financial position of a Panchayat. Its



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recognition under the ANPSA-2025 provides official evidence of the national significance attached to Panchayat-level own-source revenue generation. Third, **participation and accountability remain essential**. Financial resources and administrative powers are meaningful only when local institutions operate transparently and citizens have opportunities to participate in decision-making and monitoring.

14. Suggestions

1. Panchayats should be supported in developing sustainable own-source revenue systems.
2. Capacity-building programmes should strengthen the financial, administrative and technical skills of Panchayat representatives and officials.
3. Gram Sabha participation should be encouraged through greater public awareness and timely disclosure of relevant information.
4. Digital systems should be used to improve revenue collection, record management and public access to information.
5. Social audits and financial audits should be strengthened.
6. Panchayats should be encouraged to make productive use of community and public assets while ensuring transparency in their management.
7. Successful practices from Panchayats such as Mall should be documented and adapted to local conditions rather than simply replicated without assessment.
8. Comparative studies of Panchayats across Telangana should be encouraged to identify the institutional and socioeconomic factors associated with successful local governance.

15. Conclusion

The Telangana Panchayat Raj Act, 2018 represents an important legislative foundation for rural local governance in the state. By providing an institutional framework for Gram Panchayats, Mandal Praja Parishads and Zilla Praja Parishads, it supports the broader objective of democratic decentralization. The effectiveness of Panchayati Raj, however, depends on more than the existence of legislation. Financial capacity, administrative support, transparency, accountability and citizen participation are equally important. The case of Mall Gram Panchayat illustrates the potential contribution of own-source revenue to Panchayat self-reliance. Its first-place recognition under the Atma Nirbhar Panchayat Special Award-2025 and its documented own-source revenue performance demonstrate the importance of local financial mobilization. The broader lesson is that decentralization should be accompanied by adequate resources, institutional capacity and democratic accountability. Strengthening these dimensions can enable Panchayati Raj Institutions to become more responsive and effective instruments of rural development and grassroots democracy in Telangana.

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