

# Contribution of Panchayat Raj System on Overall Development of Rural Sector in India: An Analysis on the Budget 2023-2024

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**Abstract:-** Recently we got to know about the budget of 2023-2024. This paper mainly deals with the budget that the Ministry of Rural Development has planned to improve the quality life of people living in villages and how they want to become the main agent for most development and welfare activities in rural areas of our country. Also dealing with the ideas of the Rural Development, it aims to enhance livelihood opportunities by giving them job opportunities, proper health care facilities, giving their children a proper education and provide vulnerable sections, and develop infrastructure for rural growth. The Department of Land Resources wants to make sure that degraded and rainfed cultivable lands are developed sustainably. Programmes like the Pradhan Mantri Gramme Sarak Yojana (PMGSY), Pradhan Mantri Awas Yojana (PMAY-G), and the Mahatma Gandhi National Rural Employee Guarantee Act (MGNREGA) are implemented by the Department of Rural Development. Overall, there will be more social programmes and financial initiatives for human development in 2023–2024. The primary research foundation is the socioeconomic growth of India's rural sector.

**Keyword:** *Infrastructure, Budget, Welfare, Vulnerable, Allocation, Agent, Finance.*

## I. CONCEPTUAL UNDERSTANDING

**Infrastructure-** physical structure like buildings. infrastructure can be defined as "internal facilities of a country that make business activity possible, such as communication, transportation and distribution networks, financial institutions and markets, and energy supply systems

**Budget-** estimation of income and expenditure for a period of time for a country. A budget is an estimate of income and expenditure for a future period as opposed to an account which records financial transaction. A budget is a financial strategy that describes projected earnings and spending for a given time frame. It is a tool used to monitor and manage expenditure and make sure that money is allocated sensibly in order to achieve financial objectives. Making a list of all sources of income and projecting expenses based on prior spending habits or future objectives are both part of budgeting. Prioritising expenses as part of the budgeting process often identifies areas where spending can be cut back or eliminated, allowing money to be

allocated for other vital needs. Individuals and organisations can make wise financial decisions that advance their short- and long-term financial goals by developing and adhering to a budget.

**Vulnerable-** exposed to attack or get harmed. Vulnerable is a state of being open to harm or susceptible to harm, harm, or unfavourable outcomes. It can refer to those who are exposed to dangers, threats, or harm in the form of individuals, groups, or even systems. Age, socioeconomic level, physical, emotional, or mental health issues, lack of support or protection, or any combination of these things might make someone vulnerable. Being weak or helpless does not automatically imply being vulnerable, yet being vulnerable does underline the need for protection, care, and monitoring. In order to promote safety, wellbeing, and resilience for individuals and communities, vulnerabilities must be identified and addressed.

**Allocation-** Allocation is the process of dividing up supplies, property, or money among several people, organisations, or endeavours. It entails allocating a specific resource's quantity to each entity or activity in accordance with a set of standards or norms. Allocating resources is meant to make sure they are used effectively and efficiently in order to accomplish desired goals. To best allocate resources, the process may include making compromises and prioritising demands. assigning resources to various initiatives in a charity organisation, assigning time to various activities, or distributing a budget to various divisions in a business are a few examples of allocation.

**Agent-** A person, group, or entity acting on behalf of another person, group, or thing is referred to as an agent. The word "agent" is frequently used in regard to legal or contractual arrangements when one party engages another to represent them. Agents may be charged with a variety of duties, including negotiating agreements, making choices, and managing financial transactions. They frequently receive some ability to act on the principal's behalf, but this power can be curtailed or cancelled as needed. Intelligent software agents, which are computer programmes created to carry out particular activities autonomously or on behalf of a user, may also be referred to as agents in various circumstances.

Finance- The management of resources such as money and property is referred to as finance. Planning, allocating, and managing financial resources like cash, investments, and other assets are all part of it. Both personal and company financial management depend heavily on finance. It includes things like setting a budget, investing, borrowing, lending, and risk management. Corporate finance, personal finance, public finance, and international finance are just a few of the many sub-disciplines that make up the always changing area of finance. Individuals, organisations, and even entire economies can succeed or fail based on their financial choices and plans.

➤ *Objective of Research*

The objectives of the current work are;

- To Analysis of development projects and budget allocation in rural villages.
- To identify the Benefits of national and state schemes and projects on rural households.

➤ *Methodology of the Study*

- Quantitative data-based study on monetary funds allocation.
- Qualitative research on developmental projects.
- Comparative study of budget allocation.

## II. INTRODUCTION

In 1992, India's Panchayati Raj system of local self-government was established in order to promote democratic decentralisation and local level governance in rural areas. "Panchayati Raj" is a term that describes the "rule of the five" or the "rule by village councils," where "Panchayat" is a term for a group of five individuals. Each village or collection of villages elects a Panchayat under the Panchayati Raj system, which is in charge of local governance, development planning, and the execution of rural development initiatives. The Panchayat is led by a Sarpanch or Panchayat President and is made up of delegates from each village or ward under its purview. In India, the term "rural development" refers to the process of raising the standard of living and economic prosperity of those who reside in rural areas. The Panchayati Raj system offers a platform for community empowerment, local planning, and participatory decision-making, making it a crucial instrument for accomplishing rural development goals. Through its annual budget, the Indian government allots money for rural development. Various programmes and schemes aimed at enhancing rural infrastructure, agriculture, healthcare, education, and social welfare are included in the budget. The funds are distributed to the State Governments, who then distribute them to the Panchayats for execution. The Ministry of Rural Development is in charge of carrying out various programmes and projects.

The Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) for rural skill development, the Pradhan Mantri Awaas Yojana (PMAY) for rural housing, and other new schemes and programmes have all been introduced in the recent years as the Indian government has increased its focus on rural development. In general, the

Panchayati Raj system and rural development programmes are essential to achieving inclusive and sustainable development in rural regions, which is essential for India's overall socio-economic growth.

➤ *Analysis of development projects and budget allocation in rural villages*

Ministry of Panchyati raj is responsible for welfare and social wellbeing of rural households. Here is the author's analysis on development projects with respect to budget allocation.

The Ministry of Rural Development has allocated ₹ 1,38,204 crore in 2022-2023. This is an 11% decrease in money allocation with compare to 2021-22.<sup>1</sup> Dept. of Land Resources have allocated ₹ 2,259 crore, which is 52% increase with compare to 2021-22 budget. 1 lakh crore was allotted to states for Pradhan Mantri Sadak Yojana for development of road and transportation facility that will connect every household to cities and market. This will boost rural economy and open up new business opportunities.

Road connectivity will be improved, educational access to children's and 'kisan drones' will be promoted for easy irrigation. The rural development dept initiated programs aiming alleviation of poverty, to provide basic services, job creation and housing development. Since 2012, the budget allocation has increased average of annually 10.5%, From 2020-2021.

This is due to additional expenditure on the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) and transfer of money to account holders by Prime Minister Yang Dan Yojana.

The Standing Committee of Rural Development (2020) found that ministry fund was much lower than the ministry's requirement. Such funding shortfalls may delay the program. However, in 2021-2022, the Commission stated that there is an accrual of Rs 40294 cr. of unused fund for all programs.

This may raise questions about the use of funds.

➤ *Benefits of national and state schemes and projects in rural households*

➤ *Different schemes and projects*

MGNREGS estimation is 54% of the budget expenditure in 2022-2023. This is followed by the rural household schemes of Pradhan Mantri Awaas Yojana-Grameen (PMAY-G) i.e.- 15% and Pradhan Mantri Gram Sadak Yojana (PMGSY) i.e.- 14%

The Standing Committee (2022) found that paying little or no unemployment benefits is serious violation of the

<sup>1</sup> <https://timesofindia.indiatimes.com/business/budget/rural-ministry-mgnregs-witness-cut-in-allocations-in-budget/articleshow/97527583.cms> visited on 01/03/2023 at 2:06 pm

MGNREG Act.<sup>2</sup> Measures to monitor the implementation of the provision of unemployment benefits is violated.

To mitigate the problem and issue, the centre raised helping hand with state governments. A new MNREGA fund is allotted specially by the states to mitigate the issue of unemployment under this Act.

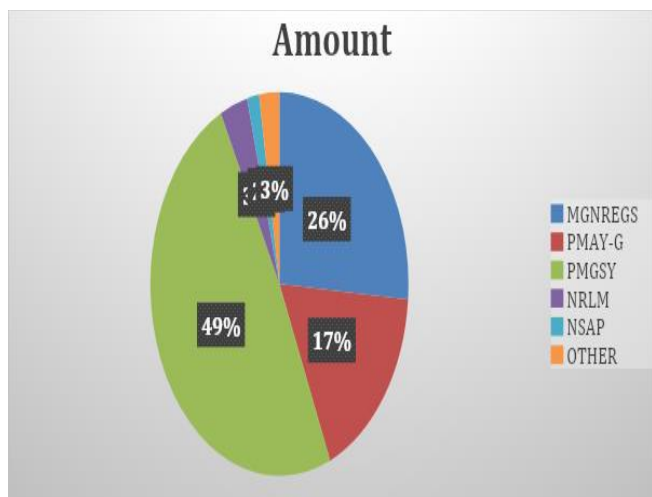


Fig1. It shows about the amount of money used in this schemes.

➤ *PMAY-G*

In PMAY-G<sup>3</sup>, Rs 1,20,000 allotted for flat land and Rs 1,30,000 allotted for hilly land. This scheme gives financial assistance to rural BPL households to build residential buildings. The Standing Committee on Rural Development (2019) stated that the monetary assistance provided was disproportionate to inflationary rising costs of construction, raw materials, and other aspects of housing construction.

The Standing Committee for Development (2020-21) stated different support for building houses in rural and urban areas (about Rs 2,50,000 support per house). The ministry should recommend increasing the support to give under the PMAY-G program and coordinating human support in rural and urban areas.

<sup>2</sup> <https://www.deccanherald.com/opinion/panorama/mgnrega-has-its-defects-but-is-still-important-for-rural-economy-1093094.html> visited on 01/03/2023 at 3:09 pm

<sup>3</sup> <https://pmayg.nic.in/netiyHome/home.aspx> visited on 01/03/2023 at 5:13 pm

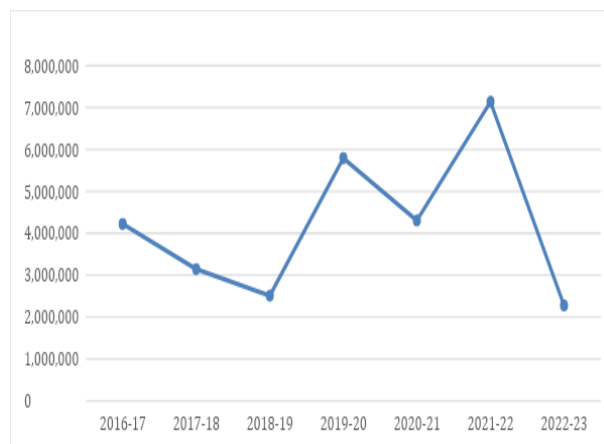


Fig2. It depicts the graph amount of money used in projects every year.

➤ *Pradhan Mantri Jan Dhan Yojana*

PMJDY<sup>4</sup> was initiated in August 2014 to increase bank penetration, promote financial inclusion and provide all households across country with at least one bank account. As in 2022, 44.58 million bank accounts have been opened under PMJDY. Sixty-seven percent of these accounts opened at rural and semi-urban bank branches. The remain 33% are in metropolitan citizen. It made a deposit of Rs 1.58 crore and issue a Rupay debit card worth Rs 31.38 crore

➤ *National Rural Livelihood Mission*

The National Rural Livelihoods Mission (NRLM) target to reduce poverty with promotion of diverse and profitable self-employment and skilled wage employment opportunities. For 2022-2023, it was allocated Rs 133.6 crore. This is a 14% increase over the revised estimate for 2021-2022.

➤ *Pradhan Mantri Krishi Sinchayee Yojana*

Integrated watershed management programs aim to promote the rain-fed portion of net arable land and arable fallow land. Activities of the watershed development component include sewage treatment, soil and water protection, rainwater harvesting, and afforestation.

The budget allocated Rs 20 crore for 2022-2023, a 64% increase over the revised estimate for 2021-2022.<sup>5</sup> Note that the budget amount has not been exhausted in the last five years.

The Rural Development Standing Committee (2020, 2021) stated that slow completion of projects under the programme. As of 2022, there are 1,139 projects in progress, in various stages of implementation. The Standing Committee (2021) stated that some state projects have been delayed due to lack of state government focus and delays in releasing central funds to state-level rural development authorities.

<sup>4</sup> <https://pmjdy.gov.in/> visited on 02/03/2023 at 7:34 am

<sup>5</sup> <https://pmksy.gov.in/> visited on 02/03/2023 at 3:46 pm

Here while research, I discovered that the state committee recommended accelerating the pace of project progress to the centre. Centres should work with national focal points to keep projects on track.

### III. CONCLUSION

Inclusive rural development is a more specific idea today than it was in the past. In general, inclusive rural development refers to raising the standard of living for everyone living in rural areas. More specifically, inclusive rural development encompasses the economic, social, and political components, which are all related yet distinct from one another. Rural entrepreneurship, in addition to bolstering the agricultural sector, is essential to India's economic development, especially in the rural economy. Through lowering underemployment, unemployment, poverty, migration, and economic inequity, it contributes to the growth of agriculture by giving equal opportunities of jobs to rural people with little investment and improving real incomes for the populace.<sup>6</sup> In order to improve rural areas, the government should review numerous rural development initiatives and programmes. Lack of money accumulation, risk-taking, and new invention make it difficult for rural entrepreneurship to take off. The promotion of that women and the rural population can participate in should be included in rural development initiatives that include invest in infrastructure development, education, health services, and agriculture. The process of turning a developing country into a developed one involves rural development and rural entrepreneurship. In order to create productive employment and lessen the growing divide between the rural and urban areas, rural entrepreneurship promotion is crucial. The development of rural entrepreneurship, and ultimately rural development, will be facilitated by monitoring rural development programmes by providing the right information at the right time, timely and adequate credit, and ongoing motivation of bankers, Panchayat union leaders, and volunteer service organisations.

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