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**Rural Non-farm Economy and Livelihood Enhancement
DFID – World Bank Collaborative Research Project**

Local Governance Institutions in Two District of Madhya Pradesh, India

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Contents		Page
List of Tables and Figures		1
Chapter 1 Background to the Study		3
1.1	DFID-World Bank Policy Research Programme	3
1.2	RNFE and Local Governance	4
1.3	Research Strategy of this Study in India	5
1.4	Objectives of this Report	5
1.5	Structure of the Report	6
1.6	Research Team	6
 Chapter 2 Research Design and Methodology		 7
2.1	Introduction	7
2.2	Selection of Districts	7
2.3	Selection of Blocks, Panchayat and villages	8
2.4	Sources of Information	10
2.5	Methods of data collection	11
 Chapter 3 State Initiatives to Constitute Formal Institutions of Local Governance		 12
3.1	Introduction	12
3.2	The National Agenda	12
3.3	Overview of State Act on PRIs	13
3.4	Changes in the Other Related Acts to further empower Panchayat Raj Institutions	18
3.5	Conclusions	19
 Chapter 4 Functioning of Formal Institutions of Local Governance		 21
4.1	Introduction	21
4.2	District Level Analysis	21
4.3	Janpad/Block Level Analysis	29
4.4	Village Level Analysis	31
4.5	Conclusions	33
 Chapter 5 Village Level: Socio-political Realities and Local Governance		 36
5.1	Introduction	36
5.2	Social and Political Profiles of Study Villages	36
5.3	Betul and Narsimhapur: A Comparison	43
5.4	Power Dynamics and its Influence on PRIs	44
5.5	Conclusions	46
 Chapter 6 Revenue Generation Potential of PRIs		 49
6.1	Introduction	49
6.2	Gram Panchayat and Gram Sabha	49

6.3	Janpad Panchayat (Block Level)	52
6.4	Zila Panchayat	54
6.5	Conclusions	54
Chapter 7	Village Level Development Activities	56
7.1	Introduction	56
7.2	Schemes and activities of selected Departments	56
7.3	Activities of the GramPanchayats and Gram Sabha	61
7.4	Conclusions	63
Chapter 8.	Other Institutions of Local Governance	64
8.1	Introduction	64
8.2	Traditional Institutions	64
8.3	Project/Scheme Based Institutions	66
8.4	Civil Society Organisations	68
8.5	Co-operatives	69
8.6	Conclusions	70
Chapter 9	Findings and Some Initial Policy Implications	75
9.1	The Context	75
9.2	Changing Political Interface and Empowerment	75
9.3	Power, Politics and Effectiveness of PRIs	76
9.4	Village Level Institutions	78
9.5	Lack of Economic Perspective	80
Annex 1	Rural Non-Farm Activities Identified in the Two Districts	82

List of Tables and Figures	Page
Table 2.1 Characteristics of Districts Selected for the Study	8
Table 2.2 Characteristics of Blocks Selected for the Study	8
Table 2.3 Shows Characteristics of Panchayat Selected	9
Table 2.4 Villages Selected for the Study	10
Figure 3.1 Showing the Tiered System of Panchayat Raj System and Of Government Administration	13
Box 3.1 Shows the Additional Powers of PRIs in Schedule V Areas	15
Box 3.2 Powers and Functions Devolved from the Gram Panchayat to The Gram Sabha	18
Table 4.1 Number of PRIs in Narsimhapur and Betul Districts	21
Table 4.2 Caste and Gender of Panchayat Representatives in Betul and Narsimhapur Districts	22
Table 4.3 Caste and Gender of Panchayat Presidents in Betul and Narsimhapur Districts	23
Table 4.4 Responsibility for Preparation of Annual Action Plan for Centrally Sponsored Schemes	26
Table 4.5 Implementation of the Panchayat Act at Janpad Panchayat Level In Betul and Narsimhapur Districts	29
Table 4.6 Implementation of the State Act at Gram Sabha Level In Betul and Narsimhapur Districts	32
Table 5.1 Socio-political Profile of Villages Studied in Narsimhapur District	37
Table 5.2 Characteristics of Influential Persons Identified in the Villages of Narsimhapur District	40
Table 5.3 Socio-political Profile of Villages Studied in Betul District	41
Table 5.4 Characteristics of Influential Persons Identified in the Villages of Betul District	43
Table 6.1 Compulsory and Optional Taxes that can be levied by the Gram Sabha and the Gram Panchayat in Madhya Pradesh	49
Table 6.2 Funds Available to the Gram Panchayat by Source and by Block	51
Table 6.3 Taxes that Can Be Levied by the Janpad Panchayat	52
Table 6.4 Funds Available to Janpad Panchayat by Source and by Block	53
Table 6.5 Funds Available to the Zila Panchayat	54
Table 7.1 List of State Departments that could be Involved in Rural Programmes	56
Table 7.2 Core Activity to be funded under SJGSY in Narsimhapur and Betul Districts	57
Table 7.3 Main Horticultural Crops Promoted in the Selected Districts	59
Table 7.4 Activity Focus of Gram Panchayat in Narsimhapur District	61
Table 7.5 Activity Focus of Gram Panchayat in Betul District	62

Table 8.1	Traditional Institutions by Village	64
Table 8.2	Shows the Committees Formed Under Different Government Schemes and Donor Aided Projects, by Village	66
Table 8.3	Civil Societies Operating in Study Villages	68
Table 8.4	Shows the Co-operatives Organised in the Study Villages	70

1 Background to the Report

1.1 DFID-World Bank Policy Research Programme

This study is part of a wider initiative on rural development taken by DFID and the World Bank in 1997. Discussions between senior staff of DFID's Rural Livelihoods Department (RLD) and the World Bank's Rural Development Department in October 1997 agreed on the importance that should be attached to the non-farm rural sector. This then became one of the principal themes for inclusion in the DFID-World Bank Collaborative Programme in Rural Development. To contribute to the foundation for joint work on this theme, working within terms of reference drawn up by DFID and shared with the Bank, in early 1998 RLD commissioned, under the Advisory and Support Services budget line, a project on Non-farm Rural Employment, undertaken by a consortium of UK institutions comprising NRI (leading and managing the consortium), UEA, IDS and RIO. This team undertook a desk study in February-April 1998 which sought to:

1. categorise non-farm rural employment in a manner relevant to policy design;
2. provisionally identify factors which influence employment patterns; and
3. provisionally identify types of pro-poor instrument and programme relevant to enhancing rural non-farm employment.

A series of outputs was produced, and summarised in synthesis reports of June and October 1998.

With this foundation, DFID then established contact with research sponsored by the World Bank, co-ordinated by Dr Peter Lanjouw. Within the framework of the DFID-World Bank Partnership Programme, the two institutions initiated a sharing of the outputs of the two research groups, and then convened a workshop based on that work, in June 1999. The objectives of the workshop were to consider the implications of current understandings, as informed by this recent research, for policy and project interventions and for future research needs.

Subsequent discussions amongst the World Bank and a range of partner agencies in May 2000 resulted in agreement to follow up actions on the rural non-farm economy (RNFE) under five headings, one of which was research. That agreement is carried through into DFID's collaborative programme in rural development with the World Bank. One of four themes in this joint programme is "Rural Non Farm Economy and Livelihood Enhancement", within which is a Policy Research Initiative on the RNFE.

The purpose of this initiative is to inform and influence policy making processes for the RNFE within a poverty-focused rural strategy, by undertaking action research in selected countries. Ultimately, a contribution to World Bank and DFID policy beyond those particular countries is also sought. Following the discussions in the World Bank in May 2000 and after further consultation with World Bank, DFID and national staff, countries selected were Uganda; India - the States of Madhya Pradesh and Orissa; and Romania, Georgia and Armenia.

The focus of the applied research in India and Uganda specifically seeks to inform policy on two inter-related topics:

- ◆ factors which influence poor people's ability to engage in different types of RNFE activities, and

◆ the effect of local governance on the development of the RNFE.

Work in the three central and east European countries seeks to inform policy for the RNFE by improving understanding of the policy, institutional and infrastructure constraints on rural non-farm livelihoods in these transition economies.

The work in India was started in October 2001, and is ongoing. This report examines the role played by, and effectiveness of, local governance institutions in Madhya Pradesh, India. It is the result of a collaborative research programme between Natural Resources Institute (UK) and DEBATE (India).

1.2 RNFE and Local Governance

The emphasis on issues in Local Governance emanates from the realisation that while decentralisation (administrative, fiscal and/or political) is a strategy to increase democratic development, *per se* it could merely redistribute powers and functions from the central to the local level. By itself such redistribution may not be able to ensure that the institutions of local governance are able to advocate or facilitate or promote growth that is equitable and sustainable. The literature on the role and importance of RNFE on poverty alleviation has increased in recent years. At the same time the role, powers and functions of the institutions of Local Governance have also been documented in detail. However, relatively little is known of the role of the institutions of local governance and its impact on non-farm activities. This knowledge could prove effective in influencing policy on poverty reduction.

To address the gap in literature the present study has been designed to explore the following two hypotheses:

- ◆ *RNFE is susceptible to positive and negative influences depending on the characteristics of local governance; and*
- ◆ *Decentralisation may have beneficial effects on the RNFE by enabling forms of supportive local governance.*

The term Local Governance in the study refers to both formal and informal institutions of governance. The former includes, Panchayat Raj Institutions (PRIs), and the latter includes the civil society organisations, the private sector, and lending/donor agencies. This study adopts the definition of civil society developed by Tandon and Mohanty (2000)¹ and used by DFID-MP. Civil society is “defined as the space independent of the state and the market. It is conceptualised as the sum total of all individual and collective action intended for public good” (DFID-MP, 2002)².

RNFE includes activities that are outside the primary agriculture, forestry, animal husbandry and fisheries, whether carried out on one’s own farm or as labour on other’s farm. The main criterion for identifying non-farm activity is: does the activity add-value to the product, irrespective of the fact that the product has been generated as on-farm activity. For example, if cleaning of grains before they are sold fetches a different price than the grain that has not been cleaned, the activity ‘cleaning of grains’ will be a non-farm activity.

¹ Tandon. R. & Mohanty (2000) Civil Society and Governance: A Research Study in India. Cited in DFID-MP.

² DFID-MP (January 2000) Civil Society Organisations of Madhya Pradesh. Bhopal.

1.3 The Research Strategy of this study in India

Research in India has two components. One, examines the factors which influence people's ability to engage in different types of RNFE activities; and two, researches the effect of local governance on the development of the RNFE. A two-tiered research methodology has been developed for each of the components. The details relating to the first are discussed in NRI Report No 2694.

To test the above hypotheses, it is necessary to examine and understand the structure of local government institutions, of civil society, and of the private sector; their roles in local economic development; and people's perceptions of effectiveness of these organisation. The research strategy was therefore to undertake a top-down study in Phase I to analyse the structure of formal and informal institutions of local governance with the aim to assess their effectiveness. The first activity under Phase II (on going in both states) examines at the household level the impact of decentralised government on local economic activities; the effect of donor funded projects on the local economy and on local democratic institutions; and people's perception of who is the more effective agent of economic development. The second activity in Phase II is the Small Towns' Survey to assess the role of the private sector and higher order settlements in promoting RNFE.

This report is based on the Phase I top-down analysis of local governance institutions completed in Madhya Pradesh.

1.4 Objectives of the Report

The present study has been designed to achieve the following objectives:

- ◆ assess and analyse the current and future role of Local Governance in enhancing the development of economic activities;
- ◆ assess and analyse the current constraints of Local Governance in enhancing economic development locally; and
- ◆ assess and analyse the interface between the components of Local Governance, in the two chosen districts of Betul and Narsimhapur.

1.5 Scope of the study

The study was undertaken in two selected districts in the state of Madhya Pradesh³. In each of these districts two blocks and in each of the blocks two Gram Panchayats were selected for the field survey. In the selected Gram Panchayats one village was selected to study the local governance institutions. Thus, eight villages in the two districts were covered by this study. The analyses in this report at district, block and village levels examines the formal and informal institutions of local governance.

An inventory of non-farm activities in the eight villages was generated and is presented in Annex 1. This data will be analysed in conjunction with information from the household survey now being conducted. The analysis of the current and potential role of the private sector in promoting RNFE will be undertaken as part of the detailed household survey and the small towns' survey.

1.6 Structure of the report

Chapter 2 explains the methodology used in this study. Chapter 3 briefly describes the state initiatives taken to create the PRI system in MP. Chapter 4 analyses the formal institutions of local governance

³ The methodology for selecting districts, blocks and villages are described in Chapter 2.

to assess how effective they would be to promote non-farm activities. The Panchayat Raj has created new institutions that are changing the interface between the local government institutions and traditional power structures. Chapter 5 analyses the socio-political profiles at village level to understand the new forms of power sharing that are emerging and the way it is affecting the functioning of the PRIs. Much of the power of local government stems from its revenue generation potential and its ability to influence rural development schemes. Chapter 6 examines the potential for, and the actual revenue generation, at the three levels of Panchayat. Chapter 7 highlights the limited role that local government appears to play in rural development schemes. Chapter 8 examines the role and functions of other village level institutions of local governance. Chapter 9 sets out the findings and some initial policy implications.

2. Research Design and Methodology

2.1 It has been noted that there is considerable information on forms of local governance in India and on the growing role of non-farm sector in the rural economy (Fisher *et al*, 1997⁴). However, little is known of the relationship between local governance and the non-farm sector. Hence, to test the hypotheses set out and to identify policy options, this study relies heavily on primary data collected through fieldwork.

Designing this study involved several steps.

1. The selection of districts, blocks and villages to carry out the study.
2. Developing the two-tiered research strategy
3. Developing checklist for the top-down analysis.

These are described below.

2.2 Selection of Districts

Given the time and resources, two districts were selected for in-depth study. The selection of the districts was purposive in nature following wide ranging consultations with Government officials in MP, DFID- Delhi and MP. A visit to each of these districts was made before they were finalised for the study. The reasons for choosing Narsimhapur and Betul are as follows.

1. The DFID study on Rural Livelihoods being implemented by ODI is being carried out in the 3 districts of Tikamgarh, Ujjain and Mandla. Though the ODI and this project are different in scope there is some overlap. To avoid further overlap it was decided to avoid working these districts.
2. The District Poverty Initiative Programme (DPIP) a World Bank project is present in 14 non-tribal districts. It focuses on improving service delivery and enhancing income opportunities of SHGs in these districts. These districts have a more robust agrarian economy than the tribal districts. It was agreed with DFID and MP government that one of the selected districts should be a DPIP district.
3. The DFID project, Rural Livelihoods Mission is expected to work in the predominantly tribal districts of MP. DFID-Delhi's suggestion was to choose one predominantly tribal district to coincide with the Mission's regional focus; and the second district with a stronger agricultural economy, i.e., one of the DPIP district. The team was advised to avoid Chinaware and Jaguar as there was political unrest associated with the construction of the Armada Dam.
4. Logistically, from the point of view of project implementation, these districts were reasonably easier to access.

⁴ Fisher et al (1997) *The Forgotten Sector: Non-Farm Employment and Rural Enterprise in India*. IT Publications. London.

5. The Chief Secretary to the Chief Minister agreed with the suggestions made by DFID-India.

The broad characteristics of the districts of Narsimhapur and Betul are described below in Table 2.1.

Table 2.1 Characteristics of Districts Selected for the Study

Narsimhapur	Betul
Agriculturally prosperous	Mix of agriculture and forestry
Higher level of road connectivity	Lower density of roads
Comprise tribal and non-tribal population but does not have Schedule V area	6 blocks of the districts are categorised as Schedule V area. (i.e. officially designated as predominantly tribal).
Selected for DPIP project supported by World Bank	Selected for food Security Mission (Livelihood Mission) supported by DFID

2.3 Selection of Blocks, Panchayats and villages

2.3.1 Selection criteria

The selection criteria used to select blocks and Panchayats are (i) level of RNFE activity; and (ii) level of access to roads. The reason for using the first criteria is to examine if there is any difference in level of activity of local governance institutions and level of RNFE. Research has shown that road infrastructure and access to roads are important determinants of RNFE. Choosing blocks and Panchayats using the second criteria would allow this project to examine this relationship in the study area. These criteria were applied at each level. This meant that the study would cover two blocks and four Panchayats in each block.

2.3.2 Selection of the Block

In the districts of Narsimhapur and Betul, based on the Census 1991, blocks were categorised as High RNFE and Low RNFE. Once the blocks were so categorised the two were selected at random. As shown in Table 2.2 the two selected blocks in Narsimhapur are Gotegaon and Babe Chichli; and Betul block and Bhimpur in Betul district.

Table 2.2 Characteristics of Blocks Selected for the Study

District	Blocks selected	Criteria for selection
Narsimhapur	Gotegaon	<p><i>Categorised as High RNFE</i></p> <ul style="list-style-type: none"> - Good road access - Good Town access - High percentage of population in RNFE as per 1991 Census - DPIP block

	Chichli	<i>Categorised as Low RNFE</i> - Poor road access - Poor town access - Low percentage of population in RNFE as per 1991 Census - DPIP block
Betul	Betul	<i>Categorised as High RNFE</i> - Good road access - Good Town access - High percentage of population in RNFE as per 1991 Census
	Bhimpur	<i>Categorised as Low RNFE</i> - Poor road access - Poor town access - Low percentage of population in RNFE as per 1991 Census - Schedule V block

2.3.3 Selection of the Gram Panchayats and villages

An additional criterion was used to select the Gram Panchayats. It is important that surveys for both Access and Local Governance components cover the same villages. This was necessary to link the top-down Local Governance analysis by Debate with the village level analysis by Samarthan. However, in this case there is the possibility that both Samarthan and Debate could interview the same members of the target group. This could lead to over exposure and fatigue in responding earnestly during discussions and interviews. It was therefore decided that the selected Panchayats should cover more than one village. This meant that each of the study components could cover one village in the same Panchayat.

The following Gram Panchayats were selected for the study.

Table 2.3 Shows Characteristics of Panchayats Selected

District	Blocks selected	Panchayats selected	Criteria for selection
Narsimhapur	Gotegaon	Manegaon	- Low RNFE - High Access
		Jotheshwar	- High RNFE - High Access
	Chichli	Batesra	- High RNFE - Low Access
		Thalwada	- Low Access - Low RNFE
Betul	Betul	Devgaon	- High RNFE - High Access
		Janthapur	- Low RNFE - High Access

District	Blocks selected	Panchayats selected	Criteria for selection
	Bhimpur	Adarsh Dhanora	- High RNFE - Low Access
		Palaspani	- Low Access - Low RNFE

In each of the selected Panchayats two villages were selected. The villages were selected at random through draw of lots. The villages that were finally selected are listed in Table 2.4. The eight villages covered by Debate for this study are also shown below.

Table 2.4 Shows the Villages Selected for the Study.

District	Blocks selected	Panchayats selected	Villages selected/ covered by this report
Narsimhapur	Gotegaon	Manegaon	Paraswad (Debate) Manegaon
		Jotheshwar	Jhoteswar (Debate) Mawai A
	Chichli	Batesra	Batesra (Debate) Bandesur
		Thalwada	Dahalwada (Debate) Thalwada
Betul	Betul	Devgaon	Devgaon Chowki (Debate)
		Janthapur	Ratanpur (Debate) Bundala
	Bhimpur	Adarsh Dhanora	Adarsh Dhanora Hidli (Debate)
		Palaspani	Palaspani Khatapani (Debate)

Thus the study was conducted in four villages of four Gram Panchayats in selected two blocks of each district.

2.4 Sources of Information

The sources of information for the study were both secondary and primary in nature.

Secondary Sources

The secondary sources of information include:

- (i) Madhya Pradesh Gram Swaraj and Panchayat Raj Act, 1993 (MPGSPR Act).
- (ii) Rules framed under the MPGSPR, Act.
- (iii) Orders passed by different departments to give effect to the provisions of the act and rules.
- (iv) Guidelines of different schemes and programme.
- (v) Provisions relating to the functioning of the District Planning Council and District Government.

Primary Sources

The primary source of information included:

- (i) Income expenditure statement of the Zila, Janpad and Gram Panchayat
- (ii) Minutes of the meeting of Gram Sabha
- (iii) Head of departments involved in RNFE
- (iv) Panchayat representatives
- (v) Panchayat functionaries
- (vi) Persons involved in RNFE activity
- (vii) Members of Gram Sabha
- (viii) Bank officials
- (ix) NGO representatives
- (x) Project representatives
- (xi) Representatives of CBOs

2.5 Methods of Data Collection

The method of collecting information from primary sources involved:

- (i) Semi-structured interviews from government officials, Panchayat representatives and functionaries, bank officials, NGO functionaries, project representatives
- (ii) Semi-structured interviews and focus group discussions were held with persons involved in carrying out RNFE activities and members of Gram Sabha.
- (iii) Visits to the local *hats* and markets and interviews with the entrepreneurs.
- (iv) Participatory Rural Appraisal exercises were also used to understand the socio- economic structures and power structure of the villages.

3. State Initiatives to Constitute Formal Institutions of Local Governance in MP

3.1 Introduction

In India, the formal institutions of local governance in rural areas are referred to as Panchayat Raj Institutions (PRIs). The national policy on PRIs underwent a major change with the enactment of the 73rd constitutional amendment in 1993. The amendment accorded constitutional status to Panchayats and provided them permanency of existence. The provisions of the amendment are directed towards the state governments to enable them to frame appropriate legislation within their state. Later in 1996 the Panchayat Extension Act for Schedule Areas³ was passed as an annexure to the 73rd amendment. This is commonly known as Schedule V.

The government of Madhya Pradesh was one of the first states in the country, after the 73rd constitutional amendment, to legislate and conduct election for Panchayats. The first round of elections was held in 1994 and the second round in 2000. It is almost 8 years since the state has enacted the act on PRIs. During this period the act has undergone 14 amendments (till December 2001).

This chapter first briefly describes the national agenda⁴. The state laws in MP have gone much further than the national legislation. These are discussed in sections 3.3 and 3.4 of this chapter. Based on primary data, Chapter 4 analyses the progress made in implementation of the state acts and initiatives to assess how effective these institutions would be as promoters of economic activities.

3.2 The National agenda

In 1993 the National Parliament passed the 73rd and the 74th amendments related to establishment of local governments in rural and urban areas, respectively. These amendments contained provisions that were mandatory and discretionary in nature. In case of mandatory provisions the state governments did not have any choice. These were to be incorporated in the state act as such. For example, the mandatory clauses provided that there shall be a three-tier structure of Panchayat institutions for states with population above 20 lakhs (see Figure 3.1). There were similar provisions that related to the manner of election to seats of Panchayats reservation in membership, term of Panchayats etc.

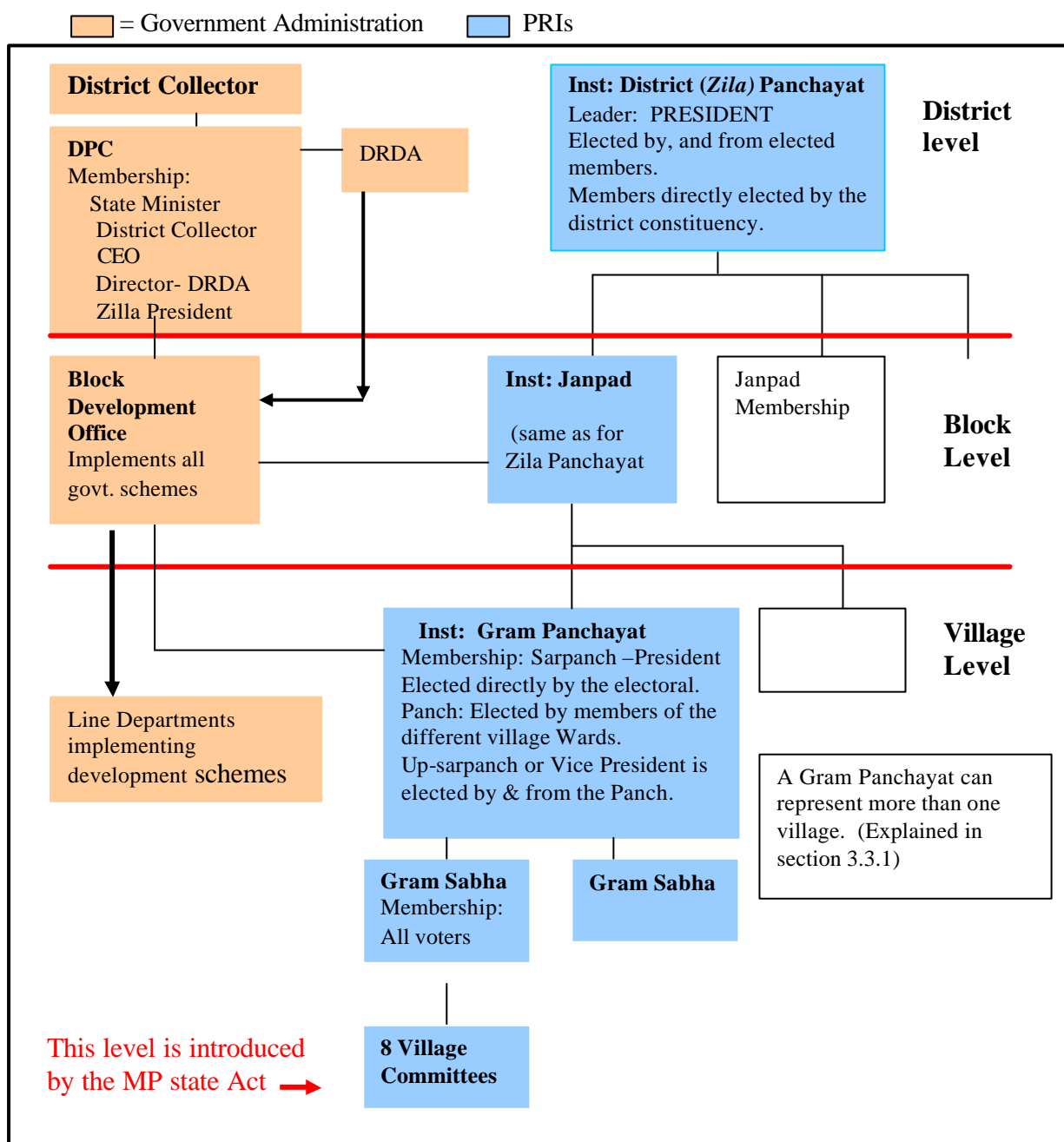
The discretionary provisions were recommendatory in nature and provided choices to the state governments. The discretionary provisions related to the extent of powers that could be given to the Gram Sabha by each state. Each of the state governments has adopted these discretionary provisions in varying degrees in their state acts. The next section reviews the extent to which Madhya Pradesh has taken forward the national agenda on local governance in their state act.

³ Those areas officially designated as 'tribal' are referred to as Schedule Areas.

⁴ For details see 73rd and 74th Amendments. Government of India, (1990).

The 73rd and the 74th amendment are complimentary in nature. Consequently, this study takes in to account those provisions of the 74th amendment that are relevant to reviewing the Panchayat Raj Institutions in MP.

Figure 3.1 Showing the Tiered system of Panchayat Raj System and of Government Administration



3.3 Overview of State Act on PRIs

The state government passed the Madhya Pradesh Gram Swaraj and Panchayat Raj Act (1993) to increase the powers of the elected bodies at both village and Panchayat levels. This act related largely to defining the role, powers and functions devolved to the Gram Sabha (termed as the system of Gram Swaraj) and the role, powers and functions of Panchayat Institutions. Initiatives were also taken to change other acts related to the functioning of PRIs; to the constitution and functioning of District

Planning Committee; and to institutional changes in the line departments at the district and sub-district level. Each of these is also discussed below.

3.3.1 Functioning of the Panchayat Institutions

As required by the 74th Amendment, there is a three-tier structure of PRIs in the state.

1. Zila Panchayat (ZP) at the district level;
2. Janpad Panchayat (JP) at the block level; and
3. Gram Panchayat (GP) is constituted at the village level.

The ZP and JP are co-terminus with the notified district and block respectively. However, the GP is defined with respect to population- one Gram Panchayat for a population of 1000 persons. Effectively there could be one or more villages within one Gram Panchayat depending on the population size of the villages. All the Panchayats selected for this study cover at least two or three villages, with an average population of each at around 500.

Membership

All the members of each of the three tiers of Panchayat are directly elected. The number of members at the ZP and JP range between 10 to 35 and 10 to 25, respectively, depending on the population of the district/block. The members to ZP and JP are directly elected from their respective constituency. The constituency for JP is defined for a population of 5000 and for ZP over a population of 50,000 persons. At the GP level wards are defined for every 100 persons. Each ward elects a Panch. The number of members of the GP ranges from 10 to 20 members.

The President and Vice-President of the ZP and JP are elected by, and from the elected members, where as the President at the GP level, called the Sarpanch, is elected directly by the electorate of the GP. The Vice-President (Up-Sarpanch) at the GP level is elected by, and from the members of the GP.

Panchayats at each level are elected for a period of five years. In case of vacancy of the membership or post, such vacancy is filled within six months.

There is provision for reservation in membership and of post (President and Vice-President) for the scheduled caste, the scheduled tribe and other backward classes. In non-schedule areas the reservation is in proportion to the population of these groups in the district/block/village. In scheduled areas the post of the President at ZP/JP/GP are reserved for the schedule tribes. There is additional reservation for women (one-third) in membership as well as for the post of president in both the scheduled and non-scheduled areas.

At each level, members of the Panchayat are expected to meet at least once every month with the presence of 50 per cent of members in the GP and one-third in the JP and ZP of the members constituting the required quorum. There is however provision for reconvening the adjourned meeting of the Panchayat where the provision of quorum does not apply. It will be seen later that this provision has been used by the leaders to by-pass wider participation.

The state act of PRIs also requires the constitution of standing committees at each level. There are three standing committees at the GP and seven at the JP and ZP levels (details below). Each of the

standing committees prepare their respective annual plan and budget that is approved by the general assembly of the Panchayat.

The GP is assisted by a Panchayat Secretary who is either a government functionary or a person selected by the GP and approved by the Gram Sabha(s) of the Panchayat. The JP and ZP are assisted by the Chief Executive Officer who is appointed by the government for the purpose.

The powers and functions of the Panchayats at each of the levels relate to the following:

- (i) Preparation of annual plans and budget. The plan and budget are approved by the Gram Sabha in case of GP and by the general assembly of the Panchayat in case of JP and ZP. These are to be transmitted to the upper level of Panchayat for consolidation and integration with the respective plan and the budget. In case of ZP the plan and the budget is to be sent to the District Planning Committee to be integrated with similar plans and budgets prepared by the urban bodies, in to the district plan.
- (ii) Re-allocating the funds made available by the central/state government to the lower level of Panchayat/Gram Sabha.
- (iii) Each level of the Panchayat has the responsibility to monitor and coordinate the activity of the lower level of Panchayat/Gram Sabha.
- (iv) Exercise control over government functionaries transferred to each of level of Panchayat.
- (v) GP has the mandate to establish, manage and regulate markets and *melas*.
- (vi) JP has the responsibility to provide relief in case of distress caused by fires, floods, drought, earthquake, scarcity, locusts, swarms, epidemics and other natural calamities.
- (vii) ZP can advise the state government on protection of environment, social forestry, family welfare, welfare of the disabled, destitute women, youth, children and weaker sections of the society.

Special Provisions for Schedule Areas (Schedule V)

The provisions of the Panchayat Extension in Schedule Areas act have been incorporated in the state act on Panchayats. The special provisions relate to all levels of Panchayats and the Gram Sabha. These are presented in Box 1.

Box 3.1: Shows the Additional Powers of PRIs in Schedule V Areas .

Gram Sabha in the schedule areas have the additional powers to:

- (i) practice and follow traditions and customs and to undertake measures for their protection and conservation;
- (ii) protect, conserve and manage community resources according to their customary practices;
- (iii) dispute resolution according to their customary mode;
- (iv) management of natural resources, and *hat*, fair and cattle fair; and
- (v) exercise control expenditure and the source of expenditure.

GP in the schedule areas have the additional powers to:

- (i) exercise control over expenditure and source of expenditure in the local plan including the tribal sub-plan; and
- (ii) management of local market, fair and cattle fair.

JP and ZP in schedule areas have the power to:

- (i) own and manage minor water bodies;
- (ii) control over institutions and functionaries of social sector transferred to Panchayats; and
- (iii) exercise control over expenditure and source of expenditure in the local plan including the tribal sub-plan.

3.3.2 Powers and functions specific to the Gram Sabha

Gram Sabha is defined with respect to a “village”. The persons enrolled in the electoral roll of the village define the membership of Gram Sabha in the village.

Over a period of eight years the government of Madhya Pradesh has undertaken steps that have gradually established, in law, the primacy of Gram Sabha within the system of rural local governance. In the first state act in 1993, the Gram Sabha was an essentially a recommendatory body to the Gram Panchayat. In 1994, the state act was amended and the Gram Sabha was entrusted with the powers to approve the plan and annual expenditure of the Gram Panchayat. Later on in 1999, the Gram Sabha in all the villages were endowed with powers to exercise control over natural resources; over institutions and functionaries involved in social sector; and over government functionaries transferred to the Panchayat sector. The latest amendment in January 2001 has recognised the Gram Sabha as a legal entity with its own seal and succession and has empowered it with specific powers and functions (refer para 3.2.1 of the Act). However, this multiplicity of legislation has caused much confusion among the people and the elected members. This is discussed below.

The devolution of powers and functions to Gram Sabha has been accompanied by enabling orders from each department that has effectively transferred administrative function to the Gram Sabha under different activities carried out by the departments. The Gram Sabha have also been empowered to open their bank accounts so that the state can transfer resources to each of these units under different schemes and programmes.

Thus constitutionally, the Gram Sabha is recognised as an active and empowered body to take decisions concerning the village.

Some of the rights and responsibilities of the Gram Sabha are as follows:

- ◆ In Madhya Pradesh Gram Sabha has been recognised as a legal entity. It implies that the Gram Sabha can acquire and sell property; it can sue and be sued, and enter in to contracts with people and institution in its own name.
- ◆ Gram Sabha is expected to meet at least once every month. For a meeting of the Gram Sabha to be legitimate it should have a minimum quorum of 20 per cent of the membership of the Gram Sabha. The additional requirement for the meeting to be legal is the presence of women (one-third of the quorum) and of scheduled caste and scheduled tribe members in proportion to their population in the village. The meeting of the Gram Sabha is to be chaired by Sarpanch/Up-Sarpanch/Panch of the Gram Panchayat of the village.
- ◆ With the Gram Swaraj Act each revenue village is to have a Gram Sabha. To enable the Gram Sabha to carry out its function eight standing committees have to be constituted in each village. The Gram Sabha elects the members of these committees for a period of five years. There is provision of reservation for women and scheduled caste, scheduled tribes and other backward classes in the membership of the committee. The eight committees are:
 1. Gram Vikas Samiti (Village Development Committee)
 2. Sarvajanik Sampada Samiti (Public Resources Committee)
 3. Krishi Samiti (Agriculture Committee)
 4. Swasthya Samiti (Health Committee)
 5. Gram Raksha Samiti (Village Security Committee)
 6. Adhosarovachna Samiti (Infrastructure Committee)
 7. Shiksha Samiti (Education Committee).
 8. Samajik Nyay Samiti (Social Justice Committee)

The Gram Vikas Samiti is constituted with the membership of the Presidents of the other seven committees, the Sarpanch and the Up-Sarpanch of the Gram Panchayat. The responsibility for finalising the annual plans and budgets of each of the committees and consolidating them in to a village plan/budget as well as seeking approval of the Gram Sabha is vested with the Gram Vikas Samiti.

The Secretary of the Gram Panchayat is also the Secretary of the Gram Sabha and the Gram Vikas Samiti. In the instance when there are more than one village in the Gram Panchayat, the secretary of GP is the secretary of all the villages covered by the Panchayat. The other standing committees nominate their respective secretaries.

- ◆ The Village Fund: this includes cash, grain, material and labour. The account of each of these funds is maintained by the Treasurer, who is selected by the Gram Vikas Samiti and the Gram Sabha approves his appointment.
- ◆ Powers have been devolved from the Gram Panchayat to the Gram Sabha giving considerable responsibility and control over management of its resources. These are listed in Box 2.

Box 3.2 Powers and Functions Devolved from the Gram Panchayat to the Gram Sabha

1. Approve annual plan of the Gram Sabha and the Gram Panchayat;
2. Selection of beneficiaries for the schemes implemented by different departments;
3. Manage and exercise control over natural resources;
4. Monitor the performance of village level functionaries of various line departments and the manner of implementation of schemes;
5. Management and maintenance of public land, property, grazing land, ancient and historical monuments, and cattle ponds;
6. Maintain records of births, deaths, marriages, and cattle;
7. Ensure basic services for sanitation, conservancy and abatement of nuisance;
8. Construct and maintain public wells, ponds and tanks for domestic use; sources of water for bathing, washing and supply of water for domestic animals; village roads, culverts, bridges and bunds; public streets, latrines, drains and other public places; and filling of un-used wells, unsanitary ponds, pools, ditches and pits;
9. Regulate matters relating to construction of houses, toilets, drains, entertainment shows, shops, eating places, places for disposal of dead bodies, carcasses, slaughter of animals, sale and preservation of meat, use of water from rivers, streams and minor water bodies, establishment of workshops, factories and other industrial units, and offensive and dangerous trade;
10. Provide assistance in prevention of contagious diseases, inoculation and vaccination, census operations and various surveys conducted by government;
11. Assist and promote activities related to the disabled and destitute, Panchayat forests, youth welfare, family welfare and sports; and
12. Undertake social audit and certify the audit of work undertaken by the Gram Panchayat

In addition to these powers and functions, the state government has also devolved the functions of 22 line departments to the Gram Sabha. To support this devolution the government has also issued guide lines that stipulate the distribution of functions, schemes of different departments to the standing committees of the Gram Sabha. The rules relating to preparation of annual budget have been framed to enable the Gram Sabha to undertake annual planning and budgeting in their village.

It is clear that wide ranging powers have been given to the Panchayat institutions and particularly to the Gram Sabha. This has important implications for promoting of non-farm activities. How the devolved powers have been used; by whom and to what purpose are examined in the next chapter.

3.4 Changes in Other Related Acts

The functions of Panchayats are not only controlled by the provisions of the state act on Panchayat, but are subject to the provisions of other acts as well. To make these acts consistent with each other and to create an enabling environment for Panchayats to function in, the state has made corresponding amendments to other acts and rules. They relate to four different domains of PRIs. These are discussed below.

1. Amendments to Acts related to village/Gram Sabha

- (a) The rules relating to the implementation of the Forest act have been amended to enable the Gram Sabha to declare minimum support price (in other words the minimum price that the trader can demand) of de-nationalised non-timber forest produce. Similar powers have been extended to the GP for villages within its area and to JP for all the villages within its area.

- (b) The state act transferred some of the powers from officials in the Land Revenue Department to the Gram Sabha. These powers relate to settling land-related disputes. Similarly, the powers to appoint a *Kotwar* (the village guard), to survey of land, to resolve un-disputed mutation and division of undisputed land have been transferred to the Gram Sabha. These changes are expected to reduce procedural delays.
- (c) The Money Lending Act has been suitably amended to empower the Gram Sabha in schedule areas to grant license to moneylenders operating in their area and to determine the rate of interest that will be charged by such persons/institutions. Previously usurious rates were set by the money lenders.
- (d) The Excise Act has been amended for Schedule Areas to enable the tribal communities to undertake traditional preparation and storage of liquor subject to limits specified in the Act.
- (e) The Mining Act has been amended to give ownership rights over minor minerals to the Gram Sabha. This allows the Gram Sabha to lease out natural resources to local villagers.

2 District Planning Committee (DPC)

The 74th Amendment requires the DPC to be constituted and enjoins it to consolidate plans prepared by the rural and urban bodies as the Draft Development Plan for the District. The rural plan is led by the ZP; the urban plans by respective urban bodies in the district.

The constitutional amendment gives discretion to the state government in defining the composition of the DPC and to provide additional powers to it. In Madhya Pradesh, the DPC is headed by a Minister of State (generally a regional leader) nominated by the state government, with the District Collector as the Secretary. The DPC has been endowed with considerable financial and administrative powers over departments and its functionaries. With the Minister as its Chairperson and the District Collector as its Secretary, the DPC has greater 'administrative clout' than either the Zila Panchayat or any of its constituting urban bodies.

From 2001- 02 the DPC in each district has been made responsible for the preparation of district plan for resources earmarked for the district by the state for each financial year.

3 Institutional changes in Line Departments

The state government in 1996 announced the Guiding Principles Related to Decentralisation of Powers, Responsibility and Programmes in the state. These principles stated the intention of the state to develop PRIs as institutions of local self-governance (as against units of line management). Within PRIs the ZP is to emerge as District Government, the JP as ZP's main implementing agency. The GP is to be given the managerial control of such agencies that work within the village/Panchayat jurisdiction.

To achieve the above objectives 18 departments at the district and sub-district level were divided in to the Panchayat sector and the State sector. The functions and the functionaries of each of these departments were transferred to Panchayat sector; except functions and functionaries that were involved in research and training. Additionally, the budgets related to rural areas for the functions that have been transferred would be gradually transferred to Panchayats.

4 Institutional Convergence: Merger of District Rural Development Authority (DRDA) with Zila Panchayat

In pursuance of the order of Government of India to reorganise the DRDA in the districts by bringing the DRDA under the aegis and control of the Zila Panchayat, the government of Madhya Pradesh went a step further and brought about an effective merger of the DRDAs with the Zila Panchayat. The merger imparted legal sanctity to the relationship between the DRDA and Zila Panchayat and also theoretically allows them to exercise greater fiscal powers over the development expenditure in the district.

To sum up, it is clear that the state government in Madhya Pradesh has devolved wide ranging powers and responsibilities to the formal institutions of local governance. Some of these relate to management of local natural resource and of certain funds; planning for local development; and monitoring the performance of functionaries of line departments. The state Acts have theoretically made the Panchayats potentially very powerful in local politics and as agents of development. Next chapter examines how effective these institutions have been in exercising the devolved power and in executing the stipulated functions.

4. Functioning of Formal Institutions of Local Government

4.1 Introduction

The process of decentralisation in MP has involved the transfer of resources, tasks and decision making to lower-level authorities who are (a) democratically elected; and (b) expected to be largely independent of the state and central government. The contention is that local control, sufficient funding and accountability of elected representatives will lead to more equitable use of resources, improved social and economic development and hence alleviate poverty. There are two underlying assumptions here. One, those representatives at lower levels will be able to *use* the power devolved; and two, and power and resources devolved will be *better used* at the local level. However, the usage depends on the nature of local politics. Harris (1999: 3371) notes that MP is classed as low income state where upper caste/class dominance has persisted and Congress has remained strong in the context of a two party system “reflecting traditional dominance rather than politics of accommodation vis-à-vis lower classes”. In 2002, the state politics is still dominated by Congress. It is in this wider context that the analysis of formal institutions is undertaken.

The State Act (1993) notes that the basis of equitable development is promotional representation. It stipulates the ratio of elected representatives (See Box 3.1). This chapter first looks at the membership of caste and gender at all three levels of local government. PRIs are expected to influence development through their role in planning and implementation of development schemes; their greater control over government functionaries and line departments; and of their own natural resource base. Hence, this chapter assess the performance by investigating the following aspects:

- ◆ Role of PRIs in preparation of Plans, including planning for Centrally Sponsored Schemes;
- ◆ extent of PRIs involvement in the implementation of development schemes;
- ◆ control of elected members over government officials;
- ◆ coordination with line departments; and
- ◆ relationship of the Zila Panchayat with DPC.

The analysis under each of the above heads, is based on discussions with Panchayat representatives, government officials, and the members of Gram Sabha on their own role; and the support that have been provided by functionaries of other institutions. Each of these aspects is discussed for the three institutional levels.

4.2 District Level Analysis

4.2.1 Membership: Caste and Gender Representation

Table 4.1 shows the structure of Panchayat institutions at different levels in Narsimhapur and Betul.

Table 4.1 Number of PRIs in Narsimhapur and Betul Districts

District	Zila Panchayat	Janpad Panchayats	Gram Panchayats	Gram Sabhas
Narsimhapur	1	6	422	1040
Betul	1	10	550	1296

Source: Directorate of Panchayat and Social Welfare, Government of MP.

In Betul, a Schedule V Area has 6 Janpad Panchayats, 276 Gram Panchayats and 689 Gram Sabha have been classified as. According to the reservation rules set out in the national amendments and the state acts, there should be a third of women membership at all levels. The membership profile of the Panchayats is shown in Table 4.2.

Table 4.2 Caste and Gender of Panchayat Representatives in Betul and Narsimhapur Districts

District	Zila Panchayat		Janpad Panchayat		Gram Panchayat	
	Total	Women	Total	Women	Total	Women
Narsimhapur	12	4 (33%)	106	41 (39%)	5231	1907 (36%)
SC	2		21	08	893	300
ST	3	1	17	07	805	263
OBC	5	1	49	17	1246	414
Others	2	2	19	09	2287	930
		-				
Betul	19	8	189	69	8766	2897
SC	2	2	16	NA	839	252
ST	9	3	82	NA	4381	1430
OBC	4	1	53	NA	1196	417
Others	4	2	38	NA	2350	798

Source: Directorate of Panchayat and Social Welfare, Government of MP.

Tables 4.2 and 4.3 show that at all three levels of the Panchayat membership of women is above one-third the total membership. Interviews and discussions show that, on a positive note, this process has opened up opportunities for women to learn and explore. It has also created the scope for developing women role models at the local level. However, power relations have changed very little. Elected women, members of the schedule caste and schedule tribes are generally a front for the traditional power base. The husband of the elected woman member holds the true power. The team found that in districts of mixed population, like Narsimhapur where the traditional power structure is dominated by general castes, the election of members for the reserved seats are not always straight forward. In such non-schedule areas, very often the elected schedule caste/tribe member is a front for the established power base. This politics of co-option is possible because of lack of accountability between elected member and the electorate. This is less of a problem in Betul, a predominantly tribal district.

Table 4.3 Caste and Gender of Panchayat Presidents in Betul and Narsimhapur Districts

District	Zila Panchayat President		Janpad Panchayat President		Gram Panchayat President	
	Total	Women	Total	Women	Total	Women
Narsimhapur	1	-	6	2	422	142
SC	-	-	1	1	73	24
ST	-	-	1	1	61	20
OBC	1	-	3	-	107	36
Others	-	-	1	-	181	62
Betul	1	-	10	4	550	185
SC	1	-	1	1	35	9
ST	-	-	7	3	342	121
OBC	-	-	1	-	69	26
Others	-	-	1	-	104	29

Source: Field study (2001).

4.2.1 The Zila Panchayat

As noted earlier some of the principle devolved functions of the ZP are to prepare annual plans for the district, for centrally sponsored schemes, to liaise with the DPC and to co-ordinate with line departments. This section shows there is considerable difference in the interpretations of the functions and roles of the Panchayats by line departments and the elected members, and hence of their expectations.

There were 19 members in Betul Zila Panchayat and 12 in Narsimhapur. In Betul and Narsimhapur the post of Zila Panchayat Chairperson has been reserved for Scheduled Caste and Other Backward Caste, respectively.

1. Preparation of Plans

Provisions of the act: The state act on Panchayat Raj enjoins the Zila Panchayat to *prepare annual plans for economic development and social justice of the district and to ensure coordinated implementation of such plans in respect of the matters transferred to Panchayats* (sec 52 (i)).

In addition the Zila Panchayats (Budget Estimates) Rules 1997 has provided for the following to enable the ZP to plan and prepare its budgets every year:

- ◆ the various departments of the government should indicate to the Zila Panchayat the amounts likely to be allotted for various assigned to it. Such intimation is to reach the ZP offices by 10th August every year.
- ◆ CEO and the ZP are to prepare a statement of funds likely to be made available to the ZP, including Grants-in-aid, from various departments under different programmes and communicate the same to each of the standing committees of the ZP by 15 October every year. This would enable the standing committees to undertake detailed exercise for planning for each programme and submit their annual plan to the general assembly of the ZP by 30 November every year.

- ◆ The process of scrutiny of the budget, statement of proposed allocations and approval of the budget takes place by 31 January when it is communicated to the Prescribes Officer for approval.
- ◆ ZP receives the approval of the budget by 15 March every year.

Perceptions of ZP Representatives:

The study team conducted interviews with ZP representatives. The views expressed are summarised below.

- ◆ ZP representatives noted that they were not informed about the probable funds available to them in a year.
- ◆ The information to ZP members (including the members of the standing committees) is generally provided piecemeal. The officials from the relevant departments circulate the planning target that has been communicated to them by the office at the state level and only seek the approval of the committee. The members are not consulted in setting the target nor do they discuss the relevance of targets. When asked for more information the officials frequently said that it has been decided by the state and they do not have the remit or the power to change it. This is true in case of schemes and programmes that have been transferred to the Panchayat sector under demand number 15, 80 and 82⁵.
- ◆ The line departments did not prepare any brief about the schemes or the programmes to enable the members to know about the details of each scheme. Additionally, there is no brief on the total number of programmes of the department so that the ZP members cannot take a holistic view of department activities.
- ◆ The common complaint of the ZP representatives was that the officials never volunteer information. They give information only when they ask a specific question. They believe that this restricts their level of participation in meetings.

Perceptions of District level officials:

The district level officials in Betul and Narsimhapur have a narrower interpretation of the functions and roles of the ZP. Additionally, they still see their role as the main implementing arm of the line department rather than as a part of the Panchayat sector. The views expressed are summarised below.

- ◆ The role of ZP is to assist the schemes in securing public participation. As the ZP members are people's representatives they should focus in assisting the implementation of the schemes and should not interfere in government's tasks, that is, preparing detail plans for implementation and prioritisation.
- ◆ The district officials feel that their prime responsibility and accountability is towards their superiors at the state level. Hence they follow the instructions (even if they are sent as advice) of their superior officials. They do not believe that they are under the control of ZP even if they

⁵ Demand 15: Special component funding for Schedule Caste under financial assistance to PRIs at three levels.
Demand 80: Section under which financial assistance is provided to all three tiers
Demand 82: Financial assistance to PRI under Tribal Sub-plan (for pockets of tribal areas outside Schedule areas.

belong to the Panchayat sector in the division of work at the district and sub-district level. Manor in his study of PRIs in Karnataka made the same observation (2000).

- ◆ They note that when there are no district level plans for the departments, hence it is difficult to have a district level plan for the Zila Panchayat. Moreover, till the current year (2001-02) there has been no district-wise allocation of funds to the departments. This makes it difficult for either the line department or the ZP to plan.
- ◆ From 2002-03 the state government has moved to a system of district planning and budgeting. In this exercise 30 per cent of the funds of the department are allocated to the district for preparing the district plan for the department. This process of planning was however undertaken through the sub-committees of the DPC and not through the system of ZP.

These discussions with ZP representatives and the district officials shows that little planning activity is taking place at the district level. Whatever planning activity is taking place is controlled and dominated by bureaucrats. The ZPs in the two districts however, do undertake annual budgeting exercise, but that is also largely led by the district officials. There is also a reluctance to share information with these elected representatives. There is an unwillingness to work with local politicians. It is also likely that the representative, being unfamiliar with the minutiae of bureaucratic systems, do not ask the right questions. This raises questions of accountability to elected officials and reward systems in the decentralised structure, and of capability of representatives. These are discussed at the end of this section.

2. Planning for Centrally Sponsored Schemes

The central (national) government funds all rural development schemes. The money for Centrally Sponsored Schemes (CSS), implemented by the Rural Development Department, is sent directly to the districts. The money is received by the DRDA, the nodal agency that implements all central schemes, goes into separate accounts in the district. The amount to be received in each district is decided by the central government based on an index that varies from scheme to scheme, e.g. it is poverty in case of JGSY and backwardness in case of EAS. This amount remains at the same level (with the exception of variations that are contingent on the district's performance in the last financial year) during the plan period. That is, the district (or the DRDA) knows in advance the amount of money that it will receive during the year under CSS of the Rural Development Department.

The CSS of the Rural Development Department in the two districts include:

- (i) Schemes pertaining to housing: IAY, Credit cum Subsidy Scheme for Rural Housing
 - (ii) Wage employment schemes: EAS and JGSY
 - (iii) Self employment schemes: SJGSY
 - (iv) Social assistance programme: OAP, FBS, MBS
- (Please see glossary for explanation of these acronyms).

According to the central government guidelines the responsibility for preparing annual action plan for the above schemes is as follows:

Table 4.4 Responsibility for Preparation of Annual Action Plan for Centrally Sponsored Schemes

Scheme	Responsibility for Preparation
IAY	ZP on the basis of allocation by the centre will divide the number of houses to be constructed for each GP. The beneficiary will be identified by the Gram Sabha and intimated to the ZP.
Credit cum Subsidy scheme for Rural Housing	Identification of appropriate implementing agency left to the discretion of the state government.
EAS	ZP to prepare annual action plan.
JGSY	GP to prepare annual action plan that will be technically appraised by the JP. ZP to guide coordinate and supervise the works identified and undertaken by GPs.
SJGSY	Annual action plan to be prepared by ZP and implemented by JP
OAP	Panchayats responsible for implementation. Identification of beneficiaries to be done by GP/Gram Sabha.
FBS	Panchayats responsible for implementation. Identification of beneficiaries to be done by GP/Gram Sabha.
MBS	Panchayats responsible for implementation. Identification of beneficiaries to be done by GP/Gram Sabha.

Source: Guidelines for different schemes

Table 4.4 shows that the ZP has the overall responsibility for implementing the CSS for rural development. ZP and GP are also responsible for preparing the annual action plan for EAS and SJGSY. For other schemes it has the role of guiding the lower level of Panchayat and scrutinising that the list of beneficiaries is as per the eligibility criteria of the government. For the other schemes, the role of the PRI is restricted to selection of beneficiaries.

The present study focuses on the process involved in the preparation of annual action plan under EAS and SJGSY at the ZP level. The study found that though the annual action plans for both the schemes have been prepared the elected bodies had a very limited role.

- a. The ZP representatives were unaware of the total amount that the district is expected to receive under CSS every year. It could be that this information was not shared. However, the representatives were neither aware of the stipulated decrease in funds in case the unutilised amount is in excess of the 15 per cent of the amounts received by the district during one financial year. Clearly the elected representatives had not made themselves familiar with the planning guidelines.
- b. In both districts a District Level Coordination Committee has been formed to plan for the SJGSY Scheme. In both districts the committee is headed by the District Collector. Neither of the committees have representatives of the ZP in its composition. The committee takes decisions concerning SJGSY and the ZP approves the plan. As the elected members generally have limited planning capability and inadequate knowledge of the planning process, line departments and district administration tends to by-pass them and give little attention.

- c. 30 per cent of the funds received under EAS are within the purview of ZP. However, in both the districts the DRDA had prepared the plan for the implementation of EAS works and sought approval from the ZP.

When the ZP and DRDA officials were asked why the ZP had not been involved in planning for either the SJGSY or the EAS, they reiterated that seeking administrative sanction from the ZP is equivalent to the involvement of ZP in decision-making. Additionally, the officials believed that the guidelines do not ask for the involvement of the ZP or any of its committees in the actual preparation of the plan.

Furthermore, the wide ranging discussions revealed that in reality neither the officials nor ZP have much scope for planning for these schemes. The schemes are top-down and lack flexibility. Activities and sectors that can be covered by the different schemes are clearly stated with little space to manoeuvre. Planning activity is thus selecting projects. Thus, in addition to problems of accountability and capability noted above, it appears that while planning powers have been devolved to the district and sub-district levels, the schemes are 'straight jacketed' and provide limited scope to exercise power.

3. Implementation of Centrally Sponsored Development Schemes

The general scheme of distribution of work at the district level assumes ZP as the planning and approving body and the line departments as the implementing agencies. The DRDA is expected to play the role of a support agency to the ZP (undertaking research and training based activities).

At Betul and Narsimhapur the central schemes of rural development were being implemented through the DRDA. The line departments in both the districts were involved in implementation through their sub-district officials. (The details of schemes and their activities are discussed in detail in Chapter 6).

The externally aided projects and those that are implemented in the Mission mode are executed outside the purview of the ZP in both the districts. In case of these projects the ZP is not even informed about the aims and objectives, the coverage and the amount available under the project. For example, the World Bank DPIP programme has set up a parallel structure at the village level, with no links to democratic institutions.

The departments report that they regularly submit the progress reports of the department to the ZP meetings. The ZP members on the other hand report that though the reports are being submitted the queries raised by them go unanswered by the department. In fact according to the ZP members, the major cause of dispute between the officials and the members is because of the bureaucratic unwillingness to answer questions raised by the members. They argue that this severely restricts their ability to make informed judgement about the process and progress of implementation and its outcome.

4 Control over government officials

The division of the functions and functionaries of the 18 departments into the Panchayat sector and State administrative sector has placed the government officials under the administrative control of Panchayats. This has made ZP the controlling body for government officials posted at the district under the control of the ZP.

The ZP representatives report that the officials seldom give cognisance to their orders or instructions. They have to resort to putting pressure on either the Collector or the CEO to make the district officials respond to their directions. Most of the ZP representatives were not aware of the extent of their power over officials. For example, they were not aware that they are empowered to write the Annual Character Roll of district level officials. This character certificate is considered central to future career prospects. While the elected representatives clearly feel ignored by the state functionaries, they, in turn have not informed themselves of the procedures, processes and guidelines associated with local governance. It would appear that the State Act has attempted to address the problem of bureaucratic accountability to elected officials. It implies the need for an attitudinal change across the board.

The government officials reported that they do give attention to the directions from the ZP, but the instructions from the state are much more important to them. This is so because the final arbiter of their performance is their superior at the state level who will take the decision regarding their promotion and transfer. Thus in terms of career advancement and in terms of assessment of their work it is their administrative superior in the department who is more important than the ZP member.

5. Coordination with line departments

As noted earlier, there are seven standing committees in ZP. These are: Agriculture; Education; Communication and Works; Cooperation and Industry; Health, Women and Child Welfare; and Forests. The ZP is empowered to coordinate with the line departments at the meeting of the standing committees, or during the meeting of the general assembly of the ZP. The members of the line departments at the district level are nominated by the CEO as Secretary of the standing committees of the ZP.

The act stipulates that the standing committees should meet at least once every month. In both Narsimhapur and Betul the study found out that the standing committees do meet regularly and that the departments at the district are being represented in each of these committees. However, at Narsimhapur the minutes of the meetings of the standing committees are in the custody of the respective department. These records are not available at the ZP office. This is unusual because the minutes of the meetings of the standing committee are the records of the ZP and not of the relevant line department.

During discussions, the ZP representatives revealed that meetings are a mere formality. The government official submits progress of schemes and programmes only to seek approval for withdrawal of money. There is very little discussion of the situation and the impact of schemes in the district. The members are not involved in the discussions to identify potential areas of intervention in the district, or any discussion on the developmental needs of the district. For example, the standing committee on Industry and Cooperation has not discussed the state of industries or cooperatives in the district so far in either of the districts. Nor have they related the district reality to the schemes that are being implemented by the departments.

6. Relationship with District Planning Committee

The DPC at Narsimhapur comprises of 15 members out of which 13 were members of ZP including the Chairperson of the ZP. At Betul there were 15 ZP members out of 20 members of the DPC.

The ZP members report that the DPC does not interfere with the areas earmarked for Zila Panchayat. It generally restricts itself to the areas that have been marked for it. However, the members feel that the presence of the Minister in the DPC as its Chairperson has diminished the importance of the ZP as the government officials are inclined to be attentive towards the preferences of the Minister and not that of the ZP.

As the Panchayats at village, Janpad and Zila level have not undertaken preparation of annual plan in the spirit that has been mentioned in the act, the DPC has not undertaken any exercise to consolidate the plans of the urban and the rural areas as the draft plan for the district. The preparation of district budget that has been initiated from the current year for the financial year 2002-03 has been undertaken under the aegis of the DPC. The ZP has not been involved though the plans and the budgets that have been prepared under the district budget legitimately belong to the functional domain of the Zila Panchayat.

Summing up: The analysis shows that the real centre of power is at the district level. This power rests with the bureaucrats, more specifically with the District Collector. Further down the line the government officials continue to exercise more power over decision-making than elected members by limited information sharing and by minimising the role of ZP to rubber-stamping. This raises questions of accountability. Manor (1995)⁶ notes that accountability has to be achieved at two levels: first is between the bureaucrats and the elected members; and second is between the politicians and the public (the latter is discussed in Chapter 5). Neither is easy to achieve nor is there a blueprint for success. With respect to first, Manor (*ibid.*) notes that bureaucrats have little regard for the ‘small fry’ elected in a decentralised system. Even if they overcome their disinclination to work with local politicians, they lack the skills to work productively with politicians. To increase accountability he notes that the authority to discipline them should also move to the local authority. The state Act (1993) has tried to partially redress this issue by shifting some of the control of the reward system to the ZP, but this is not working. Blair (2000)⁷ observes that the compromise model in Karnataka is not perfect, but it works. Very often, for personal and career reasons, government employees do not wish to be decentralised. In the event they are, they need to please their superior bureaucrats. In Karnataka, the compromise is “elected officials direct civil servants in their jurisdiction, while the line ministries write their annual evaluation reports that determine career progression”.

While the problem of accountability is widespread, it also seems that the elected members are not really interested in good governance. While they complain that there is limited information sharing they are not familiar with their rights, responsibilities and functions.

Overall, district level institutions are becoming increasingly important for channelling government development activity, but the main decision making power still rests with the bureaucracy. The regional leadership (in this case a minister of the state) has a close working relationship with the Collector. Strengthening district level democratic institutions would require capacity building of its elected members and improving accountability of bureaucrats to elected officials.

⁶ Manor, J. (1995) Democratic Decentralisation in Africa and Asia, IDS Bulletin 26 (2), pp81-88.

⁷ Blair. (2000)

4.3 Block/Janpad Level Analysis

Janpad Panchayat

The study visited four JPs in the two selected districts: Gotegaon and Chichli in Narsimhapur district and Bhimpur and Betul in the district of Betul. As shown in Fig.3.1, the main state functionaries at this level are the CEO, a direct government appointee, and the Block Development Officer (BDO). The CEO sits in on Janpad meetings. The BDO reports to the CEO and the DRDA and is responsible for implementing and co-ordinating all centrally sponsored schemes. He is assisted by field extension officers and Gram Sahayeks (village level assistants). The BDO is also expected to work closely with the Janpad Panchayat. This study looked at the planning activities of the JP and its relationships with the line departments and gram Panchayats.

1. Planning Process

The information collected from these two JP revealed that as in the case of ZP, no planning activity has been taking place. The discussions at the regular meetings of the General Assembly and Standing Committees related to use of funds already earmarked under different schemes.

Table 4.5 Implementation of the Panchayat Act at Janpad Panchayat level in Betul and Narsimhapur districts

Provisions of the act	Narsimhapur District		Betul District	
	Gotegaon Block	Chichli Block	Bhimpur Block	Betul Block
Meeting of General Assembly being held regularly	Yes	Yes	Yes	Yes
Meeting of standing committees being held regularly	Yes	Yes	Yes	Yes
Funds received during 2001-02	EAS; JGSY; SJGSY; Pensions; Tribal sub-plan; 10 th Finance Commission; MP and MLA Fund	EAS; JGSY; SJGSY; Pensions; Tribal sub-plan; 10 th Finance Commission; MP and MLA Fund	EAS; JGSY; SJGSY; Pensions; Tribal sub-plan; 10 th Finance Commission; MP and MLA Fund	EAS; JGSY; SJGSY; Pensions; Tribal sub-plan; 10 th Finance Commission; MP and MLA Fund
Annual plan for 2002-03 prepared	No	No	No	No

According to the acts governing local government institutions the JP is expected to:

- ◆ consolidate the annual plan prepared by GP in to annual plan for the JP;
- ◆ prepare annual plan for economic development and social justice for matters entrusted to it by the state government or the ZP; and
- ◆ undertake regional planning and infrastructural development within the JP area.

Detailed discussions with JP representatives and the government officials at the block level confirmed the above findings.

- ◆ Currently the JPs consolidate demands prepared by the GP. This consolidation is largely a totalling exercise of the demands sent in by the GP/Gram Sabha for IAY beneficiaries and in

various categories of pensions and social security benefits. Since the GPs have not undertaken any serious planning exercise the JPs restrict themselves to 'summing up' the demands of the GPs.

- ◆ The government has entrusted the JP to plan for EAS and SJGSY. The JPs have been more involved in the decision making for these schemes. The JPs have prepared the annual action plan for activities under the EAS scheme. These relate largely to watershed management activities. In case of SJGSY the JPs approved the list of activities identified by the Block level Coordination Committee of the scheme.
- ◆ The JP in neither of the districts has undertaken any exercise in terms of regional planning and infrastructural development.

2 Coordination with line departments

JP has been entrusted with monitoring of the progress of schemes related to the functions that have been transferred to the Panchayat sector. The government has prepared an 11-point monitoring format that is to be submitted for consideration to the JP. However, the study found that the monitoring information under the 11-point format is not being shared with the JP. This information is being directly sent through the department channel to the district and is being discussed with the Departmental Head at the district level and with the District Collector.

As at the district level, the line departments are represented in the JP in the seven standing committees. The JP members report that more often than not the officials excuse themselves from these meetings on grounds that they have been called at the district for some purpose or the other. There is no monitoring of the number of meetings of JP attended by the block officials within the departmental assessment.

The JPs do not have substantive powers to instruct the line departments in the performance of their functions. As a result they are unable to assert their views on the officials. The JP members have to rely on the district officials or the ZP members to get a favourable hearing of their arguments.

3 Coordination with Gram Panchayat and Gram Sabha

Under the state act on Panchayat the JP has the responsibility to coordinate and guide the GPs. This implies that the JP maintains active links with the GPs and assists them in the preparation of plans and during the implementation of various schemes.

The JP members reported they are not aware of their role as coordinator and guide to the GP. Whatever interaction takes place between the Sarpanch and the Janpad member is informal in nature and is generally in the nature of advice to the former. There is also apparent confusion about how the further devolution of power to village committees under the Gram Swaraj Act affected the functional relationships between Janpad Panchayat and Gram Panchayats.

Summing up: The national legislation required the creation of a three-tier system. However, its scope to influence decision-making is limited to two schemes. JP's principal role is to channel information from village to district level, yet elected members are not aware of their role as coordinators of village

level institutions. Their relatively low information base, gives added grounds to the government officials to overlook the views of the JP.

Though the DRDA and the JP have been merged all decisions regarding implementation of development schemes and projects are effectively taken by the DRDA and implemented by the BDO. The officials from the line departments simply by-pass the JP members.

Overall, it appears that the role of the Janpad is becoming increasingly irrelevant in the context of the Government development activity channelled through District level bodies and line departments and supposed delegation of responsibility to village level institutions.

4.4 Village Level Analysis

4.4.1 Gram Panchayat

As at the higher levels, the role of GP is to prepare annual plan for economic development and social justice; coordinate the activities of Gram Sabha and Gram Panchayat; and to monitor and evaluate the activities of Gram Sabha.

Planning Process

There is considerable confusion as to what functions the different elected bodies are expected to perform. In the 8 GPs visited by the study team, none had prepared annual plans. The Sarpanch, the Panchayat Secretary and the members of the GPs reported that after the State Act Amendment in 2001 they are not expected to undertake any planning exercise. Neither had these GPs prepared their annual budget. The representatives and the functionaries were of the view that it is the Gram Sabha that is now responsible for preparing the annual plan. According to the Amendment new planning powers have been given to the Gram Sabha. The Gram Panchayat is still required to prepare the annual village plan with participation from, and monitoring by, the Gram Sabha. It is clear that multiplicity of legislation is causing much confusion.

Implementation

The GPs directly implement the money that is being received under the Basic Services Programme. Under this programme the 8 GPs visited have undertaken construction activity like road construction, repair of school building, water tank construction, paving of tiles on the road etc.

The cashbook and the accounts of all the GPs reveal that money under IAY and Pensions has been received by the GP during the past one year. These funds are sent directly to the beneficiary, by-passing the Gram Sabha. The Gram Sabha, however, has selected the beneficiary for these schemes. The process of selecting beneficiaries is discussed below.

Linkages with Line Departments and Projects

The departments and the Mission-led projects are not linked to the GP in any way. Neither the money under the schemes of the department(s) nor decisions of the department or projects are part of the Gram Panchayat institution. As a result the Gram Panchayat representatives are not aware of the schemes that have been implemented in the villages under the GP, or the beneficiaries that have been selected under these schemes. Consequently, GP has not been able to link itself and add value to the scheme that has been implemented by the departments and the projects.

Monitoring the Gram Sabha

The GP representatives were unaware that of the monitoring mechanism that has been institutionalised between the Gram Sabha and the GP. As such the representatives reported they have not undertaken any monitoring of activities of the Gram Sabha or its standing committees.

4.4.2 Gram Sabha

The study covered 8 Gram Sabhas in the two districts of Betul and Narsimhapur. Among these, two Gram Sabhas are in Schedule V area, namely, Khatapani and Hirdi of Bhipur block. The position with respect to the implementation of different provisions of the act is shown in Table 4.6.

Table 4.6 Implementation of the State Act at Gram Sabha level in Betul and Narsimhapur Districts

Provisions of the act	Narsimhapur				Betul			
	Paraswada	Jhoteshwar	Batesra	Dahalwada	Khatapani	Hirdi	Ratanpur	Chowki
<i>Formation of standing committees</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Appointment of Treasurer</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Opening of bank account</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Gram Sabha being held regularly</i>	No	No	No	No	No	No	No	No
<i>Annual Plan prepared</i>	No	No	No	No	No	No	No	No
<i>Meeting of standing committees being held</i>	No	No	No	No	No	No	No	No
<i>Money/grant received under any scheme of government or by GP</i>	No	No	No	No	No	No	No	No

Table 4.6 shows that the Gram Sabhas have done little more than constitute the standing committees and appoint officials. The Sarpanchs and the Panchayat Secretaries of the different villages reported that due to lack of quorum the Gram Sabha meetings are not being held regularly. According to them the condition requiring 20 per cent of the voters of the village to be present pose practical problems. As a result the meetings are announced but are adjourned due to lack of quorum. On the other hand the villagers note that they are not given enough notice about when the meeting is scheduled. Furthermore, attending meetings often mean loss of income for casual worker and for the self employed. The initial enthusiasm to attend meeting has waned due to lack of feedback and interaction with the Panchayat members.

Additionally, the standing committees do not meet regularly either. None of the villages reported any meetings of the standing committees so far. On random inquiry in the villages, the team found that the members of Gram Sabha could not recollect the names of different members of the standing committees or the names of the Presidents of the committees.

As Table 4.6 show all Gram Sabhas have been opened bank accounts with the money allocated for the purpose by the Gram Panchayat. Till January 2002, none of the Gram Sabhas had received any money under any of the schemes or grants in aid from the government. This means that no planning activities could take place even if the gram Sabha wanted to.

Summing up: the state government has through multiple legislations devolved considerable power to the village level institutions. However, this is causing confusion about the division of, sharing of, power between the GP and the Gram Sabha. As at two higher levels, only limited planning activity is taking place.

The relationships between the Gram Sabhas and their Panchayats have weakened over time as there has been little interaction between the two and participation rates in meetings have declined. This has allowed the Sarpanch and the Panchayat secretaries a free hand.

The creation of parallel committees by donor projects and central government projects could in the long run undermine the position of the GP. It also deprives them of the opportunity to gain experience in project implementation.

4.5 Summary of findings

Decentralisation of Power

- ◆ The state act on Panchayat Raj and Gram Swaraj takes forward the national agenda for decentralised governance and provides legal status to Gram Sabha in all villages of the state. The decision-making mechanism has also been institutionalised through the constitution of standing committees of Gram Sabha. The corresponding devolution of administrative powers that have been affected through departmental orders has theoretically strengthened the position of PRIs and the Gram Sabha in the state. In fact, the act attempts to generate an enabling environment for the communities to institutionalise self-governing systems.
- ◆ Effective power is at the district level with the bureaucrats. This is important to note as these institutions are becoming increasingly important for channelling government development activity.
- ◆ Field information showed that at all three levels elected members are in place in accordance to the provisions in the state act. Women, schedule tribe and caste groups are also represented as per the regulations. At all levels the PRIs had also appointed the officials. These reflect a realignment of power rather than shift of power.

The creation of these new democratic institutions and has not eroded the traditional rural power. It is shifting and re-aligning to maintain its position in the emerging political order. The old power groups/individuals have legitimised their power by becoming elected members or by backing those who are willing to act as a front. The latter is common in areas where the general castes dominate and seats are reserved for the minority Schedule Tribes and Castes and Other Backward Castes. The gender relations have not altered either. In a majority of cases, the husband of the women member/leader runs the show. This raises questions of accountability between elected member and the electorate.

Accountability

- ◆ The state government has divided the functions and functionaries between Panchayats and state sector to strengthen PRIs, especially the Gram Sabha. However, as also noted in other research

(Manor: 1995,2000; Blair: 2000), the loyalties and allegiances of the functionaries allocated to the Panchayat sector remain with the state administrative sector. This is primarily because they see these district postings as temporary and rely on their departmental line managers for career progression. This requires a critical change in attitude and orientation of bureaucrats. Perhaps the criteria for assessment of performance of officials and their monitoring system should also be reviewed to note the level of support provided to PRIs. Alternatively, the less perfect comprise model working in Karnataka could be looked at.

Not interested in good governance

- ◆ The elected members at all three levels of PRI, while aware of the powers devolved to them, are clearly not fully informed about their expected roles and functions. It also seems that little effort has been made to learn the procedures, processes and guidelines for local governance. Part of this problem could be attributed to the confusion that stems from the various amendments to the state act. The other reasons are: they do not see the need to do so, as they rely on the other social and traditional network. This point is elaborated in the next chapter.

The continued dominance of the traditional power groups in the democratic institutions means that elected members, particularly the Presidents (Sarpanch) of the Panchayats very often rely on already existing social and economic network and patronage. This has two effects. One, the Panchayat leaders interact informally, without informing other members. Two, they do not see the need to engage fully with the democratic processes or provide feedback to the lower level institutions.

Development schemes and projects

- ◆ One of the principal functions of the PRIs is to draw up annual plans for their respective areas. None of the Panchayats have so far undertaken any planning activity. This is explained by the fact that most development schemes are top-down and inflexible, giving the Panchayats limited scope for planning; and by the limited planning capability of the Panchayats.
- ◆ A large number of projects are being run by different donor agencies and line departments. All have set up separate structures for project implementation without involving the Panchayats. This has further limited opportunities for gaining experience in project implementation.

Developing new non-farm activities

- ◆ It is clear that planning capability is poorly developed at all levels of the PRIs. It is also apparent that except for implementing the projects funded by the Basic Services scheme, the Janpad and Gram Panchayats have little experience in executing projects. Even at the district level the administrators and politicians work within the framework of schemes determined at national level. Any policy intervention for promoting non-farm/economic activities working through PRIs must be preceded by capacity building among legitimate elected members.

There are no major developmental activities taking place under the various schemes through the PRIs. The village level institutions are more familiar with the soft components of development. There is no experience or capability among PRIs to promote new economic activities. These

institutions could increase the uptake on health, education, local infrastructural and environmental programmes, by making it possible to adapt programmes to local conditions and preferences. These are fundamental to promoting non-farm activities.

5. Village level: Socio-political Realities and Local Governance

5.1 Introduction

The previous chapter shows that the Panchayat Raj not only attempts to devolve power to the lower levels it also incorporates an elaborate system of positive discrimination to counter the traditional power relations in the village. While the balance of power has not changed, the interface between the traditional power structures and members of those groups considered vulnerable and disadvantaged are changing. Some power sharing taking place. However, this is accompanied by realignment of power and politics of co-option.

This chapter seeks to understand these relationships and the interface and how this affects the functioning of local government institutions. It focuses on assessing these relationships at the village and Gram Panchayat level. The power play that affects the decision-making process is much more visible at the village level through the GP and the Gram Sabha.

Source of power in rural India lies in access to land, caste and proximity to state power structure. In this context, sections 5.2 and 5.3 analyses the socio-political profiles in the eight study villages, while section 5.4 looks at the impact of this on the functioning of the PRIs.

5.2 Social and Political Profiles of Study Villages

5.2.1 Power dynamics in the village society

A village is as much a political entity as it is a social and economic unit. The politics in the village is generally defined in terms of caste; landownership and nearness to state.

◆ Caste

In villages that are inhabited by heterogeneous caste groups the factor of dominant caste comes in to play. The dominance can be in three ways: (i) in terms of number (i.e. majority); (ii) in terms of upper-lower caste; and (iii) caste dominance at the macro level (in the block/ district). It is difficult to generalise that the majority caste and/or the upper caste will always dominate in the. An important factor as to the caste that will dominate will also depend on the historical factors in the village.

◆ Landownership or wealth

Focus groups defined economic wealth in the village in terms of land holding. In the event of skewed distribution of landholding the dominance in decision-making in the village is in favour of big landowners. Their dominance works in two ways: (i) by providing employment to the landless and to small and marginal farmers in the village, that is, as an employer; and (ii) as the provider of credit to the households in terms of distress and even for making investments on their land.

◆ Nearness to the state

In case a member of the household is appointed as a government representative (Patel-revenue officer or Teacher) the dominant position of that particular household undergoes a qualitative change. This is

so because the household is perceived closer to the state and hence capable of securing state patronage in terms of benefits under different schemes of the government.

These three factors come in to play in different proportions. It is possible that one or few households is/are able to command dominance on account of all or any of the above factors.

The present study did not dwell on the sources of power in the village as such, but used the above categories to classify households or group of households. Additionally, focus groups were asked to identify the person/group that influenced decision-making in the village. Once the person(s) were identified then the field team collected information on the extent of dominance and the manner in which the decision-making in the GP and the Gram Sabha are affected.

5.2.2 Sources of Power in the Village

Narsimhapur District

The socio-political profile of the villages in Narsimhapur is illustrated in Table 4.2.

Table 5.1 Socio-politico Profile of Villages Studied in Narsimhapur District

Social aspects	Gotegaon Block				Chichli Block			
	Paraswada		Jhoteswar		Batesra		Dahalwada	
Caste composition of the villages (figures indicate total no. of households).	OBC		UC		UC		UC	
	(a) Patel	14	(a) Brahmin	20	(a) Rajput	15	(a) Rajput	90
	(b) Sahu	6	OBC		(b) Brahmin	7	(b) Brahmin	1
	(c) Yadav	8	(b) Carpenter	5	OBC		OBC	
	ST		SC		(c) Patel	20	(a) Barber	2
	(d) Gond	4	(c) Mehra	1	(d) Gardner	5	(b) Carpenter	4
			ST		(e) Carpenter	4	(c) B Smith	1
			(d) Gond	10	(f) B.Smith	3	(d) Potter	2
					(g) W.Carrier	8	SC	
					(h) Tailor	4	(e) Cobbler	3
					(i) Barber	2	ST	
					(j) Yadav	1	(f) Gond	15
					(k) Kaurav	3		
					(l) Kushwaha	3		
				SC				
				(m) Sarma	7			
				(n) Cobblers	4			
				ST				
				(o) Gond	20			
Land Distribution	Land distribution is in favour of Sahus		Land distribution in favour of Gonds		Rajput, Brahmin, Sarma and Patel have land in the village around 40-60 acres per family		Rajputs control 70 per cent of agriculture land and SC and ST own 30 percent of land in the village	
Largest landholder in the village	Person from Sahu caste (OBC) is the largest landholder-160 acre		Person belonging to Gond tribe is the largest landholder (ST) - 5 acres		Person belonging to Rajput caste (UC) holds maximum land in the village- 60		Person belonging to Rajput caste (UC) is the biggest landlord in the village- 70	

Social aspects	Gotegaon Block		Chichli Block	
	Paraswada	Jhoteshwar	Batesra	Dahalwada
			acres	acres
Landless in the village	Gonds do not have any land	Brahmins and OBC	Yadav, Barber and Potter in the OBC do not have any land. Gond among ST do not have any land. One Rajput family does not have any land.	As such there are no landless in the village
Persons in government service	None from the village is in government service	None from the village was reported as having joined government service	Persons from 7 families in the village have joined government service in various capacities.	No person from the village has been reported to have joined government service.
Persons in private service	None reported	Brahmins are employed by the Ashram and are teachers in the private school.	None reported	None reported
Situational context of the village	Manegaon the GP headquarter plays an important part in the life of the village at Paraswada	Presence of Ashram at Jhoteshwar is critical in decision-making in the village	The village is near the junction of three blocks of the district and is half a kilometre away from the block headquarters at Kareli.	Big village with sufficient infrastructural facilities like bank, post office, middle school and close to the block headquarter.

Source: Field survey conducted by the team (December 01-January 02).

All study villages in Narsimhapur are socially heterogeneous, that is, they are multi-caste villages, though Paraswada is comprised only of OBC and ST households. In Jhoteshwar there is a large community of Brahmins but the main landowners are the Gonds. The two villages in the Chichi block are essentially dominated by the Rajputs.

Generally, the caste of the household also defines their occupation in the village. For example, the *Vishwakarma* at Jhoteshwar, Batesra and Dahalwada are involved in carpentry, which is their traditional occupation.

In relating village households' caste, access to land and proximity to state power structure and influence on decision-making the following observations can be made.

◆ Caste and power

In all villages, the person (group) identified by the villagers as dominating decision-making process belonged to upper castes residing in the same village. At Paraswada village (comprised of OBC and ST) the person holding sway over the decisions in the village was located at the Panchayat headquarter in Manegaon.

◆ **Land ownership and power**

With agriculture the prime activity, availability and ownership of land is decisive for locating economic power in the village. Rajputs, the large landowners in Batesra and Dahalwada, form the dominant group. In Jhoteshwar, though the Gonds are the main landowners, the Brahmins are the principal power brokers. The latter are closely associated with the Ashram, an important local player. The pattern of land ownership among the OBC, SC and ST is more complex.

- **Landlessness among STs:** The STs (Gonds) were found in all the villages visited by the team. At Paraswada and Batesra, the Gonds had originally come to the village to work as labourers on the farms of large landlords. Over the years, they have settled down in the village and have become permanent residents. In Jhoteshwar and Dahalwada they do own some agriculture land. Interviews revealed that the original residents of these two villages had been Gonds. In fact at Dahalwada it was reported that till 1946, most of the land had belonged to the Gonds in the area. But during the interim period (1946-47) when the Government of India was taking over, the records were changed and the persons from the Upper Caste became landlord with Gonds shown as marginal or small landowners in official records.
- **Land ownership among OBCs:** Members of OBC were present in all villages. However, none owned land in Jhoteshwar and Batesra. In case of former these families belonged to the caste of carpenters and in case of Batesra they belonged to a range of caste that was traditionally involved in off-farm activities, namely Yadavs (dairying), Barbers and Potters. Other OBCs, like Patels, Sahus and Gardners, were involved in land-based activities and were therefore owned land.
- **Landlessness among SCs:** There were SC families in the three villages of Jhoteshwar, Batesra and Dahalwada. These SC families were traditionally cobblers. However, following the government programme of distribution of surplus land to the SC these families have come to acquire some land and are not landless in the strict sense of the terms.
- **Landlessness among the UCs:** In Jhoteshwar the Brahmins were attracted by the activities of the ashram and have migrated from nearby areas to settle in the village. These Brahmins are primarily employed as teachers in the Sanskrit School of the village and do not own any land. In Batesra, one Rajput household was reported to be landless mainly because the head of household had sold off his land to repay debts that he had incurred to cater to his addiction to alcohol.
- **Landholding:** There is a wide difference between the largest landholding in the three villages where the UC or the OBC belonged to the group of large land owners (Paraswada, Batesra and Dahalwada) and Jhoteshwar where the STs were large landowners. In case of former the large landlords has more than 50 acres of land where as in Jhoteshwar the largest landlord, a Gond, had 5 acre of land.

◆ **Proximity to state**

A few people from Batesra were employed by the state. They belonged to the UC group that was identified by interviewees as having influence in village decision-making.

The persons (groups) identified as influential in the villages at Narsimhapur are described in Table 5.3

Table 5.2 Characteristics of Influential Persons Identified in the Villages of Narsimhapur District

Village	Characteristics of the person identified as most influential
Paraswada/Manegaon	<ul style="list-style-type: none"> ▪ The influential person identified at Manegaon was Mr Yogendra Singh. He belongs to upper caste and is the largest landowner of the village. A person from the same family was Minister at the state level 8/10 years ago. Mr Yogendra Singh is the Deputy Chairperson of the Janpad Panchayat at Gotegaon. He is also the Block President of Congress Party. ▪ Mr Yogendra Singh provides employment to a number of households in the village. ▪ The influence of the family goes beyond the Manegaon to Paraswada as well. The people at Paraswada reported the influence of Mr Yogendra Singh in matters concerning the village.
Jhoteswar	<ul style="list-style-type: none"> ▪ The Ashram at Jhoteswar is the symbol of influence in the village and the Panchayat. The Ashram was established by Swami Swaroopanand and has the distinction of being visited by the then Prime Minister Mrs Indira Gandhi and the present Chief Minister Mr Digvijay Singh. In addition, number of distinguished visitors from political parties and administration frequent the Ashram. ▪ Ashram provides employment to a number of households of the villages. ▪ Ashram holds <i>bhandara</i> (free community meals) every day that can be attended by anyone. This provides food security to the villagers. ▪ Swamiji is accessible to all the households in the village. He also entertains requests and applications from the households seeking favours/benefits for the households.
Batesra	<ul style="list-style-type: none"> ▪ The village is heterogeneous in terms of caste composition. The dominant group in the village is that of Rajputs (UC). Within Rajputs it is difficult to specify the person or the family whose opinion is critical in decision-making. ▪ The villagers also identified the moneylenders of Kareli as also exerting their influence in the village. However, this influence is often channelised through the dominant group(Rajputs) ▪ As a group the Rajputs own three-fourth of land in the village and provide employment to a large number of families. ▪ The Upper Caste group is perceived to be closer to the government officials and has alliances with political parties as well. This group also has access to information and benefits over government schemes and programmes.
Dahalwada	<ul style="list-style-type: none"> ▪ Rajputs by virtue of their upper caste status and their economic status are the dominant group in the village. Within Rajputs the largest landholder is the traditional leader of the village and has his say in most of the decision-making process of the village. ▪ Rajputs provide employment and credit to the households in the village. They also help the families in distress through donations or loans at low rates of interest. ▪ The Rajputs have access to information and the mechanism that provides benefit from government schemes.

In Narsimhapur, the sources of power and influence still lies in the traditional mix of upper caste, higher economic class (potential to provide employment to others), and proximity to government. Membership of PRI has not generated a new source of power. On the contrary, the traditional power groups continue their economic dominance and political control, and as in the case of Manegaon/Paraswada (Table 5.3) the position has been legitimised by becoming an elected official. In fact there has been little or no empowerment of the disadvantaged and economically backward groups

as their leadership has been co-opted into main stream politics which still serves the interests of better-off groups.

Crucially for promoting new economic activities, the study shows that in rural MP caste still determines the economic occupation of individuals and households. However, when individuals move to higher level settlements they often take up activities which they are unable to pursue in their own village/milieu, primarily because caste is less of an issue in urban area. The implications for development of RNFE are twofold. One, promoting activities based on traditional caste based skills will only go to reinforcing an undemocratic system; and two; that higher level settlements may be better entry points for promoting RNFE.

Betul District

Table 5.3 Socio-political Profile of Villages studied in Betul District

Social aspects	Bhimpur Block				Betul Block			
	Khatapani		Hirdi		Ratanpur		Chowki	
Caste composition of the villages (figures in brackets indicate the total no. of households)	ST		ST		ST		ST	
	Gond	99	Gond	54	Gonds	50	Gond	137
	Korku	10	Korku	4	OBC		Korku	6
	OBC		OBC		Sahu	10	OBC	
	B.Smith	3	Kalar	20	W.Man	4	Blacksmith	2
			SC		Kunbi	2	Yadav	1
			Mahar	5	Pawar	2	SC	
					B.s mith	1		
					SC		Mahar	4
					Mahar	2		
Land Distribution	Large landlords are Gonds in the village		Large landlords are Gonds in the village		Large landlords are Gonds in the village		Large landlords are Gonds in the village	
Largest landholder in the village	Gond		Gond		Gond		Gond	
Landless in the village	OBC are landless in the village		Landlessness in all caste and tribes		Landlessness among all caste and tribes		Substantial proportion of households belongs to the landless category. They are dependent on labour for their survival.	
Persons in government service	No persons is employed in government service		No person was reported to be in government service		No person was reported to be in government service		No person was reported to be in government service	
Situational context of the village	Located within the forest area		Situated on the main road and linked to both Bhimpur, Chichli and Betul blocks		Ratanpur is relatively isolated because of poor road connectivity.		Situated in the forest. Large number of households dependent on wage labour.	

Table 5.3 shows that villages in Betul are predominantly tribal villages. The main tribal groups in these villages are Gonds and Korkus. The study team found that these tribal groups socially

differentiate between each other as much as they make distinction between the tribal and non-tribal groups. Furthermore, the Gonds normally do not eat with Korkus, there is no inter-marriage between these groups, and the social interaction is essentially at occupational or professional level. The Gonds believe that they are the protectors and prefer themselves to be called as Gond *Thakurs*, the same title that is used by Rajputs elsewhere. The Korkus have traditionally relied on a forest-based economy; though they have now been settled through government settlement schemes. However, considerable traditional knowledge has been lost in the process.

In addition to the STs, there were families belonging to the OBC and SC inhabiting the four study villages. These villages appear less heterogeneous than those in Narsimhapur. However, the communities themselves would describe their villages as socially heterogeneous.

In relating village households' caste, access to land and proximity to state power structure and influence on decision-making the following observations can be made.

◆ **Caste/tribe and influence :**

In all the villages the power and influence was exerted by Gonds as a group. This is because they have a majority in terms of numbers in all the four villages. They are also the largest landowners.

◆ **Land ownership and power**

In the villages of Betul there was a certain degree of unwillingness to share information on landholding with the team. This was because (i) the land has not been regularised for most of the households; and (ii) most of the families were cultivating encroached lands. As a result, the team found out that the community is either giving wrong data on the land that is under their possession or is unwilling to share the information. Consequently, the team resorted to ranking to assess the largest landholder and the persons not possessing land, instead of computing landholding of families and identifying the largest landholder.

In all the villages the Gonds were identified as the largest landholder of land in the village. Households from all castes were found in the landless category in these villages.

◆ **Land and influence :**

Though Gonds were the largest landowners in the study villages, in none of the villages did the community feel that the power of the group emanates from land ownership. It is important to note here that agriculture is not the mainstay of the economy in these villages. Migration for wage labour is an important source of income. As Table 5.5 shows association with PRI, political activism and traditional leadership role were more important in defining power structures in predominantly tribal and forest-based economy. This shows that devolution of power and the increased scope for participating in local governance has created alternative channels of influence. However, the case of Babu Singh in Chowki village (Table 5.5) shows there has been a merger of traditional and democratic roles. This could work two ways. This could either enable him to strengthen his hold on the community or he could use his informal network to improve the lot of the community.

◆ **Proximity to state and influence :**

In none of the four villages in Betul was any person employed in government service.

Table 5.4 Characteristics of Influential Persons Identified in the Villages of Betul District

Village	Characteristics of the Influential Persons
Khatapani	<ul style="list-style-type: none"> ◆ Treasurer of the Gram Sabha was identified with maximum influence in the village. ◆ Premlal (Treasurer) belonged to Gond tribal group and had studied (ST) up to higher secondary level. He does not possess any land. ◆ The power of Premlal emanates from his literacy and from the information he possesses about various government schemes.
Hirdi	<ul style="list-style-type: none"> ◆ Dilip a person belonging to OBC caste group and who works as a freelance journalist and who is an active member of a political party was identified to form and change people's opinion in the village.
Ratanpur	<ul style="list-style-type: none"> ◆ For internal matters of the tribal group the Patel was identified as influential where as for other matters it was the Panchayat Secretary who had considerable influence in the village. ◆ The Panchayat Secretary belongs to the OBC caste group and was reported to have knowledge about the Panchayat and functioning of Gram Sabha. He is also reported to reject decisions of the Gram Sabha if he thinks that they are not taken according to the guidelines of the government or have led to improper selection of the beneficiary.
Chowki	<ul style="list-style-type: none"> ◆ Babu Singh (ST) of the village is both the tribal head as well as the Chairperson of the GP. He holds considerable power because of his recognition among the tribal group as their traditional leader and as the leader of the Panchayat.

Table 5.4 shows that there are two sources of power and influence in the villages of Betul. One, related to internal matters of the tribal group, e.g. disputes in marriage, property, etc. In such cases the tribal head was found to be influential. The second level of influence is related to matters concerning the entire village e.g. location of hand pump, construction paved roads etc. In such cases the response of the villages was different. In Khatapani and Chowki it was a person belonging to Gond tribe who was identified as influential where as in Hirdi and Ratanpur it was a person belonging to the OBC caste group.

Expectedly, Betul shows that when the economy is not so strongly grounded in agriculture, landownership is not a source of power. Traditional power is created by the social structure. It has, so far survived, and functions as a parallel structure. Betul also illustrates that democratic structures have taken root more easily. Literacy and political activism allow access to alternative channels of power.

Long term migration is undertaken by most household. This also contributes to the looser power relations in the village as household are less dependent on village resources. Some migrants are also engaged in non-farm activities in the destination region. For these workers to be attracted by new forms non-farm activities, the latter would have to generate considerably more income.

5.3 Betul and Narsimhapur: A Comparison

A comparison of the sources of power in the community in Betul and Narsimhapur reveal the following:

(i) **Importance of agriculture:** In Narsimhapur agriculture plays a key role in the economy of the village and the household. The land is fertile and farmers take two to three crops in a year. This generates sufficient employment within the village. In terms of sources of power the larger the landholding the greater is the power of the family due to its ability to provide employment locally to households.

In Betul, land is of a poor quality and is not as fertile as in Narsimhapur. Most of the families tend to migrate for long duration. This implies that agriculture is not critical for survival of the family and consequently the source of power is not dependent on the size of holding.

(ii) **Caste and class:** In Narsimhapur the caste and class status of families merge to reinforce the sources of power within the community. In Betul the caste factor comes into play in deciding the majority group in the village. Gonds have demonstrated unity in decision making on account of their sheer majority in the villages.

(iii) **PRIs:** In Betul district in three out of four villages a Panchayat representative or functionary was identified to influence decision-making in the village. No such persons were identified in Narsimhapur.

(iv) **Relative Isolation:** In Betul the villagers are relatively isolated and have a poor road connectivity. The community is fairly independent and does not have to visit the block or government offices frequently. This downplays the importance of government offices in the eyes of the villager. For the villager, power and patronage now lies with the *Sarpanch*/Secretary who is accessible in the village, hence, the importance of the PRI functionaries in the village. At Narsimhapur, the villages are accessible and the villagers can, and do, go to the government offices for various purposes. As a result the nearness to government functionaries is an important factor that creates power sources in the village.

(v) **Migration:** In the villages in Betul a large proportion of families migrate to other district for long periods during the year. This decreases the importance of the power sources that are located in the village, as the families do not have to interact with these sources for a major part of the year. At Narsimhapur, the migration is to nearby villages and for short durations. These families are in contact with the village and its dynamics through out the year. The community at Narsimhapur is therefore highly receptive to the opinions and interests of the powerful person(s).

5.4 Power Dynamics and its Influence on PRIs

The discussions with members of Gram Sabha and the Panchayat representatives and functionaries identified the following ways in which the decisions of the Gram Sabha and the Gram Panchayat are influenced by the powers centres in the village:

1. Electoral Politics

The community reported that the power sources in the village strongly influence the process of electoral politics. This influence is generally asserted at the time of choosing candidates who will stand for elections.

Narsimhapur: At Manegaon and Jhoteswar the members of GP and the *Sarpanch* had been elected un-opposed during the elections in 1994 and 2000. There was, however, difference in which the influence was exerted in these two villages.

In Jhoteswar the ashram spread the message that there should not be dissension among the community on account of elections in the community. Therefore the villagers should select the ward members and *Sarpanch* without resorting to elections. This, the ashram, argued was to maintain peace

and harmony in the village. Consequently, in both the elections the community selected the ward members and the *Sarpanch* and no elections were held.

At Manegaon the powerful family from the village decided on who should be member from each of the wards and the person who should be the *Sarpanch* during both the elections. These nominations were accepted by the community (there was no dissent!), and the entire Gram Panchayat came in to being without resorting to electoral politics. Thus, in both Jhoteswar and Manegaon strategies to undermine the democratic processes are being used to retain power.

The powerful group in Batesra and Dahalwada played a key role in deciding the candidate for Panchayat elections. In fact, in both the villages the community reported that the person who was not supported by these groups eventually lost the election.

Betul: The powerful groups and the persons identified by the community also decided the candidature for elections in the village. In case the candidate is opposed and another person also stands for elections then it is the person supported by the powerful group who eventually wins the elections.

2. Membership in GP:

There are two aspects to the membership in the PRIs. One is that the person acquires power after becoming the member of the PRI, as in case of Ratanpur and Khatapani in Betul. This acquisition of power by individuals is by the fact that they are functionaries of the Panchayat institutions.

The second aspect is whether the members from powerful families have become members of the PRIs. In Chowki in Betul the traditional head of the tribal group is also the *Sarpanch*. Similarly at Jhoteswar, the Deputy *Sarpanch* was a member of the ashram. The members of GP at Jhoteswar reported that no meeting of GP takes place in the absence of Deputy *Sarpanch*. Moreover the records of the GP are generally in the custody of the Deputy *Sarpanch*.

As power groups have already chosen and ensured victory of their candidate before the elections, there is no question of rigging the election. It has been argued that this is the only option available to these power groups, in the context of the elaborate scheme of reservation that is provided in the act.

What does all this imply for local governance? It was noted at the Gram Sabha level that the merger of traditional power groups/individuals into local government creates a strong network of contacts. Such 'elected' individuals usually bring with them a good informal network. They can draw on this to obtain funds more easily. In contrast, is the case of the truly elected *Sarpanch* in Adarsh Dhanora. He is a young graduate and a political activist with little economic clout. To be more effective, he had to eventually rely on the Panchayat secretary who had a better informal network.

It is not surprising that the traditional power groups have acted to protect their influence; and that this has been done by providing strategic support to individuals before elections and thus co-optation of their allegiance. What is interesting is the pragmatic view at the grassroots that it is the ability to deliver that is important. The fact that democratic power is being appropriated is less important.

3 Identification of BPL Families and Selection of Beneficiary for IAY, Pensions and Family Benefit Schemes:

The target group for these schemes are households below the officially defined poverty-line. It is the task of the Gram Panchayat to confirm the official list of households Below Poverty Line (BPL) in the village(s) under their jurisdiction. The beneficiaries for IAY, Pensions and Family Benefit Schemes can only be selected from this list. The process of identification of BPL families is through a survey that is conducted by government officials. A process of modifications and amendments to this list is undertaken by the GP and the Gram Sabha. It is at this stage that the powerful groups in the village exert their influence in finalising the modified list of BPL families. This basically involves including households Above the Poverty Line (APL). This diverts resources from poorer households and reduces the impact of government sponsored schemes.

Additionally, it was reported by the community is that if the selection of the beneficiary is supported by the powerful group in the village, then the chances of receiving the money by the beneficiary is assured. The community and the beneficiary were silent when they were asked whether the selection involved any kickbacks to the person sponsoring them.

3. Identification of activities by the Gram Panchayat

The state act requires the Gram Sabha to approve the plan for the money received by the GP under different heads. Once the approval is secured then the money is drawn and spent accordingly. The powerful individuals and groups exert their influence at two levels: one, while the GP is weighing up the various works that it could undertake; and second, when the approval is being sought by the Gram Sabha. In Paraswada, Batesra and Dahalwada the community was unanimous that no work has been undertaken by the GP so far that has not been approved by the powerful group/family. In Jhoteswar the GP takes its decision but consults the ashram before finalising its plan. Similarly in Betul the GP and the Gram Sabha always approve the plans proposed by the influential persons in the village.

4 Selecting members for the standing committees of the Gram Swaraj:

In Jhoteswar, the community selected the members of the standing committee of the Gram Swaraj. The community reported that there was no influence of ashram in selection of members of the standing committees of the Gram Sabha.

In other villages in the both the district the influential persons influenced the selection of the members of the standing committees of Gram Sabha. The community stated that these persons influenced the selection of the President of the Committee. The process of the selection of the treasurer of the Gram Sabha was strongly influenced by the powerful groups in these villages.

5. Influencing opinions and perceptions in GP and Gram Swaraj

A key role-played by the powerful groups in the village was formation of community opinion regarding the Gram Panchayat and the Gram Swaraj. The expressed opinion of these groups carries weight in forming the opinion of the community with respect to GP and the Gram Swaraj. In all the villages whenever the community member was asked '*who told you or how did you arrive at the conclusion*' the power centre of the village were always named and identified.

5.5 Summary of Findings

Social, political and economic profiles at village level

1. In Narsimhapur, a society grounded in agriculture, the sources of power and influence still lies in the traditional mix of upper caste, higher economic class (potential to provide employment to others), and proximity to government. Membership of PRI has not generated a new source of power. On the contrary, the traditional power groups continue their economic dominance and hence strong political control over the local population. For example, in Manegaon/Paraswada the position has been legitimised by becoming an elected official. In fact there has been little or no empowerment of the disadvantaged and economically backward groups as their leadership has been co-opted into main stream politics which still serves the interests of better-off groups.
2. In Betul, less heterogeneous and dominated by tribal communities, rural economy relies on forest-based activities and long-term circular migration. Local leadership have only limited control over forest based activities, and migration means less dependence on local economy. Thus, the relationship between village leaders and the people are loose and weaker than those found in Narsimhapur.

Contrary to Narsimhapur, traditional power created by social structures functions parallel to the new sources of power created by the electoral politics. The two operate in separate spheres. Democratic structures appear to take root more easily where the previous power relations were not tied to economic control. Literacy and political activism has allowed access to alternative channels of power and some degree of empowerment.

3. Crucially for promoting new economic activities, the study shows that in rural MP caste still determines the economic occupation of individuals and households. However, when individuals move to higher level settlements they often take up activities which they are unable to pursue in their own village/milieu, primarily because caste is less of an issue in urban area. The implications for development of RNFE are twofold. One, promoting activities based on traditional caste based skills could go to reinforcing an undemocratic system; and two; that higher level settlements may be better entry points for promoting RNFE.

Political relations, interface and accountability

4. Incorporating the provisions for reservations in the state act did not *ipso facto* lead to the emergence of alternative, independent leadership in the villages in Narsimhapur. There is clearly a lack of accountability between local leaders of the disadvantaged groups and the constituency. This allows political manoeuvring for personal gains and makes possible the politics of co-option. The common response of the traditional leadership in this district to the emergence of Panchayat institutions is that of co-option. This co-option is either by becoming the members of the institution themselves or by putting their protégée as their representatives. It is not surprising that the traditional power groups have acted to protect their influence; and that this has been done by providing strategic support to individuals before elections and thus co-option of their allegiance. What is interesting is the view at the grassroots that it is the ability to deliver that is important. The fact that democratic power is being appropriated is less important. This reflects the low level of awareness of rights and lack of empowerment.

These findings show the critical need to raise awareness among the poor and disadvantaged to demand greater accountability from their politicians. In Balangir, Orissa, NGOs are actively involved in awareness building so that these communities can claim their rights and responsibilities. However, this is being done through parallel institutions (NGOs and CBOs) rather than through existing PRIs. While the civil society has an important role to play, to be sustainable in the long-run, these parallel institutions would have to link to the formal institutions. How this will be achieved is less clear.

Impact on PRI functioning and development activities

5. In Narsimhapur the influence of the traditional power groups is pervasive. They control decision making in the Gram Panchayat and Gram Sabha; choose projects that are to be undertaken from the funds received; manipulate the formulation of the list of Households Below Poverty Line; and manage the wider village-level opinions on matters relating to PRIs

In Betul, traditional leaders outside the PRIs appear to have little influence on the functioning of the Gram Panchayat and Gram Sabha.

6. The above findings raise questions about the nature of development that may be taking place. Albeit, some improvements are taking place at the village level, but the overall path of development remains/is being skewed to serve the vested interests of the traditionally dominant groups.

This could partially explain why most donors are setting up parallel village committees to implement their projects. Other reason could be that it is easier to maintain control and monitor a project when it is not linked to other institutions. The downside of this approach is that it further weakens the position of the truly elected member (in Betul) and allows a co-opted system to operate without any interference (in Narsimhapur).

7. If donor projects are implemented through the PRIs then these institutions may be forced to be more accountable and their procedures made more transparent as part of the project requirement.

6. Revenue Generation Potential of PRIs

6.1 Introduction

Much of the power of Local Government stems from its revenue generation potential and its ability to spend. It is also indicative of the level of fiscal devolution that has actually taken place and of the ability of local representatives to use this power. However, the assessment of the revenue generation potential of the PRIs was severely constrained by lack of budgetary information provided by the institutions. The study had aimed to collect three years budgetary figures (1998-99, 1999-00, and 2000-01). Firstly, no financial records were made available for Betul district. Secondly, for Narsimhapur the audited statements of all the three years were not available. As a result, this analysis is based on the latest year for which complete information was available. The analysis in this chapter is therefore based on the records made available in Narsimhapur district.

This chapter examines the potential for, and the actual revenue generation, at the three levels of the Gram Panchayat and Gram Sabha (section 6.2), the Janpad (Section 6.3) and the Zila Panchayat (Section 6.4).

6.2 Gram Panchayat and Gram Sabha

Under the state Act the revenue generating potential of the PRIs is through:

- ◆ Taxation; and
- ◆ Rent from lease of land, natural resources etc.

Other sources of fund are linked to the various central and state sponsored schemes and budget lines. These are discussed in the next chapter.

6.2.1 Taxation

The amendment pertaining to the introduction of the system of Gram Swaraj in January 2001 transferred the power to levy tax in certain cases from the GP to the Gram Sabha. However, the Gram Panchayat is expected to monitor the financial activities of the Gram Sabha. As it has been only one year since the transfer of these powers the study combined the issue of taxation of Gram Sabha and the Gram Panchayat together and collected the perception of the members of Gram Sabha and the Panchayat representatives together.

Under the state act of Panchayat Raj the Gram Sabha and the GP have the powers to levy and collect compulsory and optional taxes (Table 6.1). A local government is required to levy the compulsory taxes, while optional taxes are left to the discretion of the local government.

Table 6.1 Compulsory and Optional Taxes That Can be Levied by the Gram Sabha and the Gram Panchayat in Madhya Pradesh

Institution	Compulsory Taxes	Optional Taxes
Gram Sabha	1. Property Tax. Gram Sabha will levy tax on land and buildings other	1. Tax on building not covered in compulsory Property Tax

Institution	Compulsory Taxes	Optional Taxes
	<p>than those belonging to central/state government or to ZP/JP with value more than Rs 6000.</p> <p>2. Professional Tax on persons carrying out trade or profession in Gram Sabha area.</p> <p>3. Street Lighting tax if the Gram Sabha makes such arrangements</p> <p>4. Tax on Private Latrines if the Gram Sabha makes any arrangement for cleaning of toilets in private houses</p>	<p>2. Tax on animals used for riding, driving, draught or burden.</p> <p>3. Tax on dogs and pigs.</p> <p>4. Fees for the use of <i>sarai</i>, <i>dharamshala</i>, rest house, slaughter house and encamping ground</p> <p>5. Water rate where such an arrangement has been made by the Gram Sabha</p> <p>6. Tax on person carrying out the profession of purchaser, agent, commission agent, weighing man, measurer in the area of Gram Sabha</p> <p>7. Temporary tax for special works of public utility</p> <p>8. Tax for the construction/maintenance of public latrines</p> <p>9. General scavenging tax for disposal/removal of refuse</p> <p>10 Fees for bullock cart and tonga stand</p> <p>11. Fees for temporary structure/projection over any public place/temporary occupation</p> <p>12. Fees for cattle grazing</p> <p>13. Any other tax that the State legislature has the power to impose</p>
Gram Panchayat	<p>1. Market fees on persons exposing goods for sale in any market or at any place or any building belonging to or under the control of GP.</p> <p>2. Fees on registration of cattle sold in any market or in any place belonging to or under the control of GP.</p>	<p>1. Tax on bullock carts, cycle rickshaws, bicycles used for hire within the limits of GP.</p> <p>2. Water rate where arrangements are made by GP for regular supply of water.</p> <p>3. Fees for drainage where system for drainage has been introduced by the GP.</p> <p>4. Fees by owners of vehicles other than motor vehicle, where such vehicle motor vehicle enter the GP area.</p>

Source: MPGSPR Act (1993)

Eight Gram Sabha and GPs were visited by the study team. None levied any tax. According to the representatives of the Gram Sabha and the GP the main reasons for not imposing any tax are as follows:

- (i) **Tax only if there is a service:** Gram Sabha can only levy tax if it is providing any service. Since none of the Gram Sabhas are providing any of the services, for example, streetlight or cleaning of private latrines, the Gram Sabha cannot charge tax on such services. The villagers were categorical in stating that given the state of power supply at the moment it is difficult to collect taxes, as there will be no lighting even if arrangements are made for the streetlight.

- (ii) **Resource support to Gram Sabha to provide the service:** The funds that are received by the Gram Sabha are tied in nature. These funds do not enable the Gram Sabha to provide taxable services. For example, the Gram Sabha can levy tax on cleaning of private or public toilets, but it can only do if it is able to provide funds and/or material to enable the households to construct these toilets. At the moment such funds are available under the water and sanitation project called WATSAN- an UNICEF-DFID-Cida programme. However, the implementation of this project is not within the control or management of the Gram Sabha. Thus, the potential for levying tax is limited by the lack of resource support to Gram Sabha in the provision of services.
- (iii) **Collection mechanism:** The Panchayat representatives were of the view that even if they did levy the tax, they do not have any mechanism, as is available to the state government, where by they can enforce collection of tax in the village.
- (iv) **Resistance from the community:** The community resists tax on property and profession on grounds that the Gram Sabha has not made any contribution in the construction of their houses or in facilitating their trade. According to the community, the houses have been in the village for decades and people have been carrying on their trade even without the Gram Sabha or the GP. Therefore, there is no reason as to why the Gram Sabha should levy tax on the residents or on certain professions.
- (v) **Tax is not seen as a potential for revenue generation:** The research team raised the issue of financial self-reliance and collection of tax with the Gram Sabha. Rather surprisingly the members of the Gram Sabha were of the view that these two issues are not related. They argued that if taxes are levied they are in lieu of certain services and these services are to be paid for. Hence, there is no likelihood that the Gram Sabha will be able to generate savings through taxation. This of course raises questions of gram sabha's perceptions of efficient management and of its ability to cost and price products/services.

It was also noted that if the Gram Sabha wants to undertake a community-based activity (like construction of a temple) then it could raise money through individual donations as it has been doing in the past. However, such a strategy for raising funds is not considered for infrastructure and/or service development related to enhancing economic activities.

As Table 6.2 shows Batesra Panchayat is the only exception that has generated some funds of its own. These funds are from leasing of a small pond that is within the GP limits and on the interest earned through its deposit in the bank. The Gram Sabha/GP has been empowered to lease land and other resources on rent. These are ponds/lakes below 10 hectares for the purposes of fishing; and mining of minor minerals that fall within the Gram Sabha area. The other GPs were not able to generate their own source of funds during the past three years.

Table 6.2 Funds Available to the Gram Panchayat by Source and by Block

Receipts	Jhoteswar	Manegaon	Thalwada	Batesra
	1988-99 (%)	2000-01 (%)	2000-01 (%)	2000-01 (%)
Own Sources	Nil	Nil	Nil	2594 (1)
Centrally sponsored schemes	273877 (55)	120901 (57)	338368 (69)	86685 (37)
State sponsored schemes	16551 (3)	53079 (25)	Nil	Nil
Recommendation of SFC	28097 (6)	Nil	99836 (20)	72530 (31)
Establishment	3400 (1)	1350 (1)	15930 (4)	18074 (8)
Other Sources	175102 (35)	36154 (17)	33717 (7)	51820 (22)
Grand Total	497027 (100)	211844 (100)	487851 (100)	231766 (100)

Source: Collected by the Study Team from Records made Available at the GP.

Table 6.2 shows the actual monies raised by the local governments and funds received by the Gram Panchayat under development schemes. The funds received under the centrally or State sponsored schemes are tied in terms of their usage and utilisation. The funds received on recommendation of SFC are also tied, though there is some flexibility. The GP/Gram Sabha can prioritise the items on which these funds will be spent.

The evidence presented above would seem to indicate that

- (i) Local governments at this level generate only negligible funds and thus rely heavily on national government;
- (ii) there has been only limited fiscal devolution because much of the development funds coming down to the village level is tied in nature and is inflexible;
- (iii) compounding the problem is the limited ability of representatives to use the powers devolved. The understanding of fiscal issues by the representatives at this level of seems weak and inadequate and clearly need strengthening; and
- (iv) the circle of tax/service needs to be broken.

6.3 Janpad Panchayat (Block Level)

Table 6.3 shows compulsory and optional taxes for the JP in the state as stipulated in the The MPGSPR Act 1993.

Table 6.3 Taxes that can be Levied by the Janpad Panchayat

Compulsory taxes	Optional taxes
Tax on theatre or theatrical performance and other performance of public entertainment	Fees for any licence or permission granted for use and occupation of lands or other properties vested in or maintained by JP

Source: MPGSPR Act. Government of MP (1993).

Though the JPs have a certain proportion of funds as Own Sources (Table 6.4), they have not generated this through collection of tax revenue. The collection is primarily through income from lease rentals of the jetty or mining of minor minerals. The sources of funds of the four JPs visited by the team are shown below.

Table 6.4 Funds Available to Janpad Panchayat by Source, and by Block.

Major Heads	Blocks			
	Chichli			Gotegaon
	1998-99 (%)	1999-2000 (%)	2000-2001 (%)	1999-00 (%)
Own Sources	353926 (2)	312071 (2)	2350356 (17)	390034 (3)
Centrally Sponsored Schemes	15969715 (80)	7076766 (51)	10707410 (77)	4632176 (32)
State Sponsored Schemes	3483476 (17)	6089901 (44)	584901 (4)	9296395 (64)
Establishment	219000 (1)	223333 (2)	223021 (2)	252750 (2)
Other Sources	3000 (-)	53500 (-)	26290 (-)	47971 (-)
Grand Total	20029117 (100)	13755570 (100)	13891977 (100)	14619326 (100)

Source: Collected by the Study Team from Records made Available at the JP.

Rental income explains the funds generated under “Own Sources”. In Chichli block income is from lease of jetty used for fishing and for boating. In Gotegaon, the Janpad Panchayat has raised money by leasing out mining right of minor minerals; from fees collected for giving permit for audio/video hall, and from interest earned for the deposit in bank.

Additionally, the state government allocates a portion of stamp duty to JP as untied fund which is generally included in the category of Own Sources. Despite a number of heads, from which the JP is able to receive funds, in Gotegaon the Own Source constitutes only 2 per cent of the total funds of the JP. In case of Chichli, the proportion of own funds have increased to 17 per cent of the funds received by JP. This increase is due to ten-fold increase in the funds received from the state government under Stamp Duty.

Discussions with Janpad representatives revealed that Own Source funds are not being used for any development projects. In fact there were no plans of how this money could be spent. The explanation offered for this under-utilisation is that it is ‘building up funds’. These findings underscore the need for capacity building at this and lower levels for strategic planning and for greater grasp of fiscal issues.

6.4 Zila Panchayat

In January 2001 much of the powers to levy tax have been devolved to the village level. The Own Source of funds now includes income from interest, revenue provided by Stamp Duty and rent from property. Among these the levy and collection of Stamp Duty is the responsibility of the state government. The other two sources are controlled and managed by the ZP itself.

Table 6.5 Funds Available to the Zila Panchayat.

Major Heads	Narsimhapur District	
	1998-99 (%)	1999-2000 (%)
Own Sources	186,750 (0.08)	1,615,192 (0.71)
Centrally Sponsored Schemes	178,753,027	207,980,202
State Sponsored Schemes	60,266,050	15,412,455
Establishment	2,059,490	2,812,690
Other Sources	671,819	831,786
Grand Total	241,939,035	228,652,324

Source: Collected by the Study Team from Records made Available by the ZP.

As is in the case of GP and JP, the ZP has also not levied any tax that was within its powers. It has generated its own revenue through non-tax sources. However, no information was made available on how the funds would be used.

6.5. Summary of findings

Revenue generation potential of the PRIs:

- ◆ Considerable fiscal power had been devolved to the PRIs, particularly to the Gram Panchayat and Gram Sabha. These relate to tax on property, pursuit of particular professions; civic amenities; on trading. The study found that PRIs have failed to exercise powers and responsibilities. This is true even in case of compulsory taxation. The only source of income of the local bodies is entirely through non-tax sources.

Taxation

- ◆ The issue of revenue generation by PRIs is caught in a circular argument. It is argued that there can be no taxation if there is no service provided. PRIs are as much unwilling to tax, as the community is unwilling to pay. The PRI representatives note that they are a part of the community that is expected to pay the tax. The community in general is unwilling and hostile to the idea of paying taxes. Hence, it does not make good political sense to tax 'your own people' when neither the availability of the service or its quality can be assured.

However, it seems that many of the services that the Gram Sabha can support would benefit the poor, but may be irrelevant to the better off, i.e., those exerting power within the new system. Hence there is little incentive to tax (and court unpopularity) for benefits of little value to the

influential. There may be case for consciousness raising and generation of demand for such services among the poor to break the circle.

Ability to generate and manage income

- ◆ It is clear that the vision for increasing their own sources of income is missing at all levels. PRIs still expect the state government to levy and collect taxes. It is argued that this collection can be then transferred to the PRIs. This reflects the culture of dependence that has evolved over the last 50 years.
- ◆ The professed reason given by the representatives is that taxation of any kind (land revenue, property tax, professional tax) is coercive in nature. Furthermore, that tax by itself does not ensure any service; hence the emphasis should be more on generating income through lease rent than through taxation. While this is said, there are no plans to use this money to provide services and for infrastructure development.
- ◆ Lease Rent and Revenue: The community was of the opinion that the PRIs can increase their income by leasing out common property resources like land and water sources. In such situations they asserted that government should do the collection of such revenue, as it is difficult for the PRIs or the Gram Sabha to collect revenue.
- ◆ Donations and Contributions: In all study villages there were examples where the community has made donations or contribution for construction of community resources or for work that is to benefit the community at large; for example construction of temple. However, such a strategy is not considered for improving prospects for income generation or for enhancing livelihood opportunities.

7. Village Level Developmental Activities: Limited Focus

7.1 Introduction

It is clear from the previous chapter that the principal source of funding for rural development is centrally sponsored schemes. The schemes provide the framework for government's development work. These schemes are top-down with budget lines and priorities set at the national and then at the district level. Though local institutions have only limited influence on these schemes the leadership in PRIs are able to sway the decision making to their own benefit. The GP and the Gram Sabha also undertake some projects under these schemes and from their own source. These are also reviewed.

The government schemes are implemented through DRDA and the line departments of the state government. As per the Business Allocation Rules of the state government, the work of the state government is allocated to 51 departments at the Secretariat level. These rules state the matters of policy that are dealt with by each of the departments. Table 7.1 list all departments that in some way could be involved in rural programmes. The present study reviewed the schemes for which information was available. At this stage of the study no information was available on the impact of these schemes or the number of participating households. However, this chapter shows that most developmental activities at the village level has very limited focus.

Table 7.1 List of state Departments that could be Involved in Rural Programmes.

Departments that affect Livelihood activities	1. Panchayat and Rural Development 2. Forests 3. Revenue 4. Agriculture 5. Water Resources 6. Women and Child 7. Rural Industry 8. Industry 9. Mining 10. Animal Husbandry 11. Fisheries 12. Food and Civil Supplies 13. Labour 14. Environment
Departments with primary task of Coordination among departments	15. SC and ST Welfare 16. OBC Welfare
Departments focussed on provision of Basic Services	17. Education 18. Health 19. Public Health Engineering
Departments that have Other activities	20. Cooperatives 21. Energy

7.2 Schemes and Activities of Selected Departments

This section describes the schemes being implemented in the study area by different departments. The schemes are viewed in terms of its objectives, eligibility criteria of the beneficiary and the implementation and fund flow mechanism.

7.2.1 Department of Panchayat and Rural Development

All the schemes implemented by the Department of Panchayat and Rural Development in the two districts are Centrally Sponsored Schemes. The money for these schemes is in the ratio of 75:25 for Centre and the State. The central share is directly sent to the DRDA where the state also contributes its share to the specific account of the scheme. There are essentially three types of schemes that are being implemented in Narsimhapur and Betul. These schemes are:

1. Schemes promoting Self employment

(a) SJGSY

SJGSY is implemented by the Rural Development department through the DRDA in the district. The scheme operates by way of formation of self-help groups in the village that act as thrift and credit group for the beneficiary. The activity is selected by the individual and approved by the group. To be eligible for the loan assistance the beneficiary has to be listed in the list of families below poverty line. The aim of this scheme is to provide additional income for budgetary needs rather than for productive use.

The JP identifies certain activities for the block that will be promoted for alleviating poverty in the block. Table 7.2 shows the activities identified in the four blocks by the JP that will be supported under SJGSY. Discussions with DRDA showed that the choice of activities to be supported is not related to the needs of the village/block. There is no assessment of needs or of potential before activities are recommended. It appears that the support is provided for traditional activities and little effort is made to identify potential areas. Furthermore, the emphasis is only on income generation on a small scale with no stress on marketing of products.

Table 7.2 Core activity to be funded under SJGSY in Narsimhapur and Betul

<u>Narsimhapur</u>		<u>Betul</u>	
Gotegaon	Chichli	Bhimpur	Betul
<ul style="list-style-type: none"> ▪ Dairy ▪ Poultry ▪ Minor Irrigation ▪ Brick making 	<ul style="list-style-type: none"> ▪ Making of Brass Utensils ▪ Brick Making ▪ Minor Irrigation ▪ Dairy ▪ Poultry ▪ Beetle leaf cultivation 	<ul style="list-style-type: none"> ▪ Dairy ▪ Poultry ▪ Brick making ▪ Goat keeping ▪ White <i>musli</i> ▪ Bamboo baskets 	<ul style="list-style-type: none"> ▪ Dairy ▪ Poultry ▪ Brick making ▪ Goat keeping ▪ Jaggery making

(b) Family based unit

Khadi and Village Industries Board implements the scheme for encouraging families to establish family based units in rural areas. The scheme provides grant assistance up to 90 percent of the capital (maximum of Rs13,500). In an associated scheme the Board also provides training to the families that have been sanctioned assistance under the family based unit scheme.

2 Schemes promoting Wage-Employment: JGSY and EGS aim to provide income by undertaking labour intensive projects improving village infrastructure. JGSY is planned and implemented by the Gram Sabha, where as the EGS is planned and implemented by the Zila and Janpad Panchayat. Under EGS, the total money in the district is divided in the ratio of 30:70 between Zila and Janpad Panchayats. Each of these agencies has the flexibility to choose their own implementing agency (which can be the GP and generally is). In the implementation of both the schemes the provision for minimum wages and equal wages for men and women is ensured.

JGSY is being implemented in all the villages in all districts. EGS is implemented according to the plan prepared by the Janpad and the Zila Panchayat. The EGS aims at providing some guaranteed days of wage labour to at least one member of the each family living below the poverty line. Though this programme seems reasonable on paper, Panchayats find it very difficult to generate such employment opportunities at the village level that can employ the large number of poor living in the village.

It must be noted here that considerable influence is exerted by the Panchayat leaders in the choice of projects, their location in the village and in the choice of the local contractor to implement the project. As noted in Chapter 3, Panchayat meeting are not always convened because of lack of quorum and decisions are often taken by the Sarpanch and the Secretary.

3. Improvement in housing: The two schemes that aim towards improvement of housing in rural areas are IAY and the Rural Credit-cum-Subsidy housing scheme. The former is targeted to households below poverty line, where as, the latter to the families above poverty line (but annual income less than Rs 32,000) who are otherwise ineligible to get assistance under IAY.

The Gram Sabha selects beneficiary for IAY and JP selects the beneficiary under credit-cum-subsidy scheme. The money under the scheme is sent by the DRDA to the GP in case of both the schemes. The GP then re-distributes the money to the selected beneficiary.

7.2.2 Department of Agriculture and other Departments

Department of Agriculture implements both the centrally sponsored and state sponsored schemes in the two districts. The department implements the following types of schemes:

Increase in production and productivity: Major proportions of the schemes implemented by the Department of Agriculture are directed to increase the production and productivity of selected crops. The beneficiaries for these schemes are selected by the Rural Agriculture Extension Officer (RAEO) and approved by the standing committee on Agriculture of the GP. Once the beneficiary deposits his portion of the contribution the benefits from the scheme are provided to him directly by the supplier.

(a) Agricultural crops

The schemes that are implemented in Betul and Narsimhapur include Integrated Cereal Development Programme (Coarse Cereals); National Pulses Development Programme; Oilseed Production Programme; Sustainable Development of Sugarcane (only in Narsimhapur) and Intensive Cotton Development Programme. Annapurna and Surajdhara programmes also form part of this category of programmes where seeds for oilseed and pulse crops are provided free of cost to small and marginal farmers belonging to SC and ST communities.

These schemes provide a basket of services in terms of seed minikit, field demonstrations, fertilisers, insecticides and pesticides, improved agriculture equipment and training for the farmers. The above schemes focus on the small and marginal farmers with additional subsidy to the SC and ST farmers in these categories.

Programme to Promote Farm Mechanisation: Subsidy is provided to farmers willing to buy tractor. The beneficiary for the scheme is selected by a committee that is constituted under the Chairmanship of the District Collector.

Irrigation: The schemes for increasing the area under irrigation include construction of wells and installation of tube wells on the field of individual farmers, as well as promotion of community or group based irrigation. These schemes provide subsidy to the farmers that have an in-built bias in favour of the SC, ST farmers and farmers whose land holding belongs to small and marginal category. The beneficiary under the scheme are identified and selected by the RAEO.

Others : Promotion of pits to make organic fertiliser and National Bio-gas Development programme are implemented by the agriculture department. The latter programme aims to provide alternative source of power as well as enriched organic manure to the farmers. The former is aimed to improve the on-farm productivity by enabling the farmer to produce organic manure on his own farm-land.

(b) Horticulture crops

The responsibility for promotion of production and productivity of vegetables, fruits, flowers and spices is that of Department of Horticulture in the district. The department provides assistance by way of improved seeds, fertilisers, pesticides, regular training and field demonstration to the farmer.

The main crop promoted in the two districts by the department is given in Table 7.3

Table 7.3 Main Horticulture Crops Promoted in the Selected districts

Crop	Betul	Narsimhapur
Fruits	- Mangoes - Oranges	- Lemon - Papaya
Spices	- Coriander - Ginger - Turmeric - Chillies - Garlic	-
Flowers	- Rose - Aster - Marigold - Gladioli - Rajnigandha - Guldaudi	- Rose - Aster - Marigold - Gladioli - Rajnigandha - Guldaudi

(c) Fisheries

The Department of Fisheries implements schemes related to promotion of fisheries in the districts. The main components of the scheme include assistance for purchase of inputs (seeds, medicines, fishing net, aerator etc), improvement of lakes and ponds and training of fish farmers. The schemes are generally targeted towards community of fishermen to motivate them to function under the organisational framework of cooperatives.

(d) Animal husbandry

The Department of Animal Husbandry implements schemes that aim towards improving the production and yield of pigs, goats, poultry, sheep, cows, buffaloes and ducks by providing veterinary services and through breed improvement and better nutrition of these animals. Most the programmes are targeted towards families that own the animals or towards small and marginal farmers to augment their income through supplementary economic activity. There is special component of subsidy for beneficiaries belonging to scheduled castes and tribes.

(e) Sericulture

The Department of Sericulture promotes both the production of tussar-silk and mulberry-silk in the districts. The emphasis of the scheme is to provide inputs to mulberry silk producers by way of training and provision of equipment and tools for cocoon production. In certain cases the farmers are also encouraged to undertake mulberry plantation on their land. For both the production of mulberry and cocoon the department ensures buy-back guarantee of the produce from the producers.

(f) Forest Produce

The Forest Department in the two districts operates at two levels: one, within the forest area and in areas that are outside the defined forest areas. In both the districts the two major schemes for regeneration of trees and collection of their produce outside the forest area is promoted through Social Forestry or Lok Vaniki schemes. Within the forest areas the community is empowered to gather the non-nationalised forest produce.

(f) Wage-employment Programmes

Rain-fed Watershed Development Programme is implemented by the department to provide wage employment and to generate employment of additional persondays for the small and marginal farmers. The additional benefit under the programme is to increase the water retention capacity of the soil and to arrest the process of land degradation and deterioration.

Thus, the schemes and programmes have the following characteristics:

- the schemes are targeted to households that already possess the economic base (land, animal, lake);
- the schemes attempt to increase the production by providing quality inputs and training to the producer;
- distribution of tools and equipment also form part of the assistance under the schemes;
- the schemes are individual oriented and operate within the district. The guidelines of the schemes do not specify dovetailing with schemes of other departments;
- only the schemes of sericulture department is implemented to promote alternative/ supplementary source of income for the beneficiaries;

- the only non-farm activity being directly promoted is silk production. It will be useful to know the potential for scaling up of this activity;
- the perspective of these schemes is small scale only hoping to achieve small increases in income to carry the households above poverty line.
-

7.3 Activities of the Gram Panchayats

The study collected information on the activity focus of each of the Gram Panchayats visited during the field study. This information is based on the expenditure incurred by the Gram Panchayats during the last three years (1998-2002). The data collected is presented in Table 7.4 and Table 7.5.

Table 7.4 Activity Focus of Gram Panchayat in Narsimhapur District

	Chichli Block		Gotegaon Block	
	Batesra	Thalwada	Joteshwar	Manegaon
Welfare	<ul style="list-style-type: none"> • Social Security Pension 	<ul style="list-style-type: none"> • Social Security Pension • Old Age Pension • Maternity benefit • Balika Samridhi 	<ul style="list-style-type: none"> • Social Security Pension • Old Age Pension 	<ul style="list-style-type: none"> • Social Security Pension • Old Age Pension • Destitute Pension • Maternity benefit • Balika Samridhi
Housing	<ul style="list-style-type: none"> • IAY 	<ul style="list-style-type: none"> • IAY 	<ul style="list-style-type: none"> • IAY 	<ul style="list-style-type: none"> • IAY
Infrastructure	<ul style="list-style-type: none"> • Stone Tiles on Village Road • Platform (<i>chaupal</i>) • Road Construction • Shed Construction • School Building • Urinal in school • Soak pit 	<ul style="list-style-type: none"> • Stone Tiles on Village Road • Platform (<i>chaupal</i>) • Road • School Building 	<ul style="list-style-type: none"> • Stone Tiles on Village Road • Road • Culvert • School Building • Water Tank • School Building • Well for Irrigation 	<ul style="list-style-type: none"> • Stone Tiles on Village Road • Road • School Building • Panchayat Building
Natural Resources Management	<ul style="list-style-type: none"> • Plantation 	<ul style="list-style-type: none"> • Plantation 	-None-	-None-
Repairs and Maintenance	<ul style="list-style-type: none"> • School Building Repair 	<ul style="list-style-type: none"> • School Building Repair 	<ul style="list-style-type: none"> • School Building Repair 	<ul style="list-style-type: none"> • School Building Repair

In Narsimhapur the Gram Panchayat has contributed to RNFE in terms of:

- providing wage employment through various construction activities

- creating village level infrastructure that has the potential to facilitate trade by improving the accessibility (construction of roads and culverts)
- undertaking plantation in the village that could increase the supply of raw material on which RNFE activity can be carried out

Table 7.5 Activity Focus of Gram Panchayat in Betul District

	Bhimpur Block		Betul Block	
	Hirdi	Palaspani	Devgaon	Jaitpur
Welfare	<ul style="list-style-type: none"> • Social Security Pension • Old Age Pension 	<ul style="list-style-type: none"> • Social Security Pension 	<ul style="list-style-type: none"> • Social Security Pension 	<ul style="list-style-type: none"> • Social Security Pension
Housing	<ul style="list-style-type: none"> • IAY 	<ul style="list-style-type: none"> • IAY 	<ul style="list-style-type: none"> • IAY 	<ul style="list-style-type: none"> • IAY
Infrastructure	<ul style="list-style-type: none"> • Stone Tiles on Village Road • Road Construction • School Building • Anganwadi building 	<ul style="list-style-type: none"> • Stone Tiles on Village Road • Road • School Building • Soak pit 	<ul style="list-style-type: none"> • Stone Tiles on Village Road • Road • School Building • Soak Pit 	<ul style="list-style-type: none"> • Road • School Building
Natural Resources Management	<ul style="list-style-type: none"> • Forest Protection 	<ul style="list-style-type: none"> • Plantation • Percolation tank • Check Dam 	<ul style="list-style-type: none"> • Plantation • Percolation tank 	-None-
Repairs and Maintenance	<ul style="list-style-type: none"> • School Building Repair 	<ul style="list-style-type: none"> • School Building Repair 	<ul style="list-style-type: none"> • School Building Repair 	<ul style="list-style-type: none"> • School Building • Road

The Gram Panchayats at Betul have contributed to promotion of RNFE activity through:

- providing wage employment through different construction activities like road, school building, paving of village roads etc
- connectivity of the village is improved by creation of corresponding village infrastructure in terms of construction of roads in all the four villages
- plantation has the potential for increasing the availability of raw material through which RNFE can be generated

The Gram Panchayats in Betul and Narsimhapur have focussed on spending money that was received under different schemes of the central and state government. It needs to be pointed out that the funds received under these schemes are tied in nature and GP does not have the flexibility in changing the use to which the money can be put to.

The activities that have been listed above as having the potential for facilitating RNFE have not been carried out for the sole or main purpose of promoting RNFE in the village. The main intention of these activities has been to improve the village level infrastructure. If in the process they are able to support the RNFE then it is incidental and not part of the design. Nevertheless, the capacity and

potential of the GPs is established as they have made their ability to deliver products (like infrastructure items) to the community.

Banks

There were Nationalised Banks, Regional Rural Banks, Land Development Banks and Cooperative Banks functioning in both the districts. Each of these banks was spread out in the district through their branches. In Narsimhapur, these banks were operating through their 81 branches in the district, with one branch over a population of 9697. Within the district, Chichli has the least concentration of branches (one branch over a population of 13097 persons).

Banks as financial institutions play a critical role in identification of key activities that will be provided credit in the area, the financial support mechanism, and in finalising the beneficiary proposed by the department and Panchayat institution. The departments only have the recommendatory powers. This is so because banks assess the proposal on the financial viability and credit worthiness of the beneficiary. According to them if a beneficiary is a defaulter in any bank under any programme, then such a person is not entitled to loan from the bank.

The role of banks and nature of lending is being investigated by the on-going household survey in these two districts.

7.4 Summary of Findings

- ◆ Expectedly the focus of the developmental schemes is on improving natural resource based activities. The limitations lie in the narrow sub-sectoral approach. Issues of production for the larger local market or marketing of produce are not addressed.
- ◆ Developmental initiatives are limited in their perspective as they envisage only small increases in income to improve household's budgetary income. The underlying aim of these projects is to take the poor households above the Poverty Line.
- ◆ At the village level the approach of all government developmental effort is small scale, with no effort to identify emergent sectors or to explore potential of scaling up.
- ◆ A large number of line departments are involved at the village level, but there is no co-ordination of effort or dovetailing of projects. This would be essential to build up a critical mass for wider change. There is no effort to develop synergies between schemes.
- ◆ Restricted by the tied nature of funds, GP and Gram Sabha focus on small-scale infrastructure projects. They have demonstrated the capability to execute these projects. In addition to improving the roads in the village, co-ordination between different village Panchayats could lead to the improvement of connecting roads. This could have direct impact on marketing and other trading opportunities for the village.
- ◆ Electricity is a still a major problem in these districts. The Gram Panchayats could be more active in improving the situation. However, it has to be admitted that shortage of power is one

the biggest problem the state government is grappling with following the creation of Chattisgarh state, which has inherited most productive capacity.

8. Other Institutions of Local Governance

8.1 Introduction

In additions to PRI there are other institutions of local governance in the villages. The study reviewed the working of these institutions in terms of their composition, functioning, and inter-institutional linkages to see if they impacted on non-farm activities in any way.

Other than the PRIs, the institutions of local governance that were identified are:

- ◆ Traditional institutions
- ◆ Project or scheme based institutions
- ◆ Cooperatives
- ◆ Civil society organisations

8.2 Traditional Institutions

Traditional institutions were based on caste and tribal groups. The institutions identified during the field work are shown in Table 8.1. All these are based on caste/ tribal lines.

Table 8.1 Traditional Institutions, by Village

Institutions	Narsimhapur				Betul			
	<i>Paraswada</i>	<i>Jhotesher</i>	<i>Batesara</i>	<i>Dahadwada</i>	<i>Khatapani</i>	<i>Hirdli</i>	<i>Ratampur</i>	<i>Chowki</i>
Gond Samaj	v	v	v	v	v	v	v	v
Korku Samaj	-	-	-	-	v	v	-	-
Kalar Samaj	v	-	-	-	-	v	-	--
Kunbi Samaj	-	-	-	-	-	-	v	-
Patel Samaj	v	-	v	-	-	-	-	-
Brahamin Samaj	-	-	v	-	-	-	-	-
Rajput Samaj	-	-	v	v	--	-	-	-
Yadav Samaj	v	-	-	-	-	-	-	-
Sahu Samaj	v	-	-	-	-	-	-	-
Sarma Samaj	-	-	v	-	-	-	-	-

Source: Field Survey.

8.2.1 Composition and Membership

The membership of the traditional institutions is based on the caste/tribe to which a person is born. These institutions are known as *Samaj* (literal meaning is society) and are spread over an area of 25-30 villages. Each of the *samaj* is headed by a *mukhiya* (leader) at village and regional levels. The actual territorial spread of the *samaj* is based on the number of families belonging to that caste/tribal group in that particular area. Thus, a Gond in the village will be a member of the Gond *samaj* of the village as well as the regional organisation that exist over a defined area.

The membership to the *samaj* is open to all the members of that particular caste or tribe for both men and women.

8.2.2 Meetings and Functions

There is no pre-defined mechanism for meeting of these institutions, though all the societies reported that they meet at least once every year. Most of the meeting of the *samaj* are need based, that is, as and when the members feel the need for the meeting the group conducts such meetings. The main function of the *samaj* is to:

- ◆ Review the social and religious practices of the *samaj*;
- ◆ lay down the rules and norms for social matters (e.g. marriages);
- ◆ make decisions concerning dispute resolutions related (domestic- divorce, economic- land ownership, inter-*samaj*- between Yadav and Rajputs); and
- ◆ any specific matter that is brought to the notice of the members (e.g. migration among Gonds).

The roles of these societies appear to be essentially social. The members of the *samaj* reported that in case of conflicts or disputes their first attempt is to bring the dispute to the *samaj*. This was even in case of minor incidents of violence among the members and issues concerning land disputes. It is when the matter is not resolved at the *samaj*, that the concerned government official is contacted. In certain cases the dispute is also taken at the regional organisation of the *samaj*.

People in all villages noted that earlier the *samaj* also discussed and undertook decisions related to economic matters (which crop to cultivate, what should be the rate of exchange-barter, what should be the manner of resource utilisation and so on). However, over a period of time such matters have slipped of the agenda. Increasingly government schemes and field extension workers have had greater say in these matters. This has undermined the economic role of these societies. Furthermore, as different households sign up to different schemes, household behaviour becomes more individualist. The members across caste and tribal groups reported that of late the *samaj* has started intervening in political matters, especially electoral politics (choice of candidate, party to which the members should vote for etc). However, as the next section shows, they have had little influence.

8.2.3 Linkages with other Institutions

(a) PRIs

The caste dynamics, in terms of aligning themselves with other caste groups, and in selecting a candidate for the seat of Panchayat was found to be prominent in Narsimhapur. Among the upper caste group the issue of retaining their dominance in the village was a critical issue on which caste alignments and support to candidates are decided.

In Betul since Gonds are in a majority, the issue is not so much concerning political alliances with different tribal groups, as it is related to choice of candidates. In none of four villages has the *samaj* been able to exert its influence in selecting a unanimous candidate for the PRIs. This is because political alignments now seem to cut across traditional group lines. This trend is reinforced by the fact that leaders of traditional societies, those of who have not acquired wider political support, generally have little power or influence outside their tribe/caste group. This also means that they have limited influence on the members of the *samaj*.

Regarding links between the traditional institutions and the PRIs, all communities were of the view that as far as decisions related to choice of beneficiary for a particular scheme or for accessing particular benefits from the scheme is concerned the Gram Sabha and the Gram Panchayat works with its own criteria. (It may be useful to recall that the list of beneficiaries has already been influenced by the local leaders). There may be favours shown to a particular family, but by and large the caste/tribal factor does not play an important role. Neither do the senior members of the *samaj* assert their influence in decision-making processes.

The different communities interviewed all made a clear distinction between the role played by the *samaj* (social and religious) and the PRIs (accessing government). This distinction is more obvious in tribal areas where the community distinguishes between '*hamari* (our) *Panchayat*' and '*sarkari* (government) *Panchayat*'. This distinction indicates that people still do not identify with the local government institutions created by the state government. This perception of local government institutions, coupled with latter's limited capacities for planning and implementing projects discussed earlier, raises doubts about using the PRIs as a vehicle of project implementation.

(b) Other Institutions

In relationship with other institution the *samaj* becomes active only if the other institution is affecting the power balance in the community. This is more evident in case of heterogeneous caste villages. That is, the moment the existing caste dynamics is sought to be affected by an institution, say a project based committee, the members of the *samaj*, especially the upper caste, will respond by becoming the member themselves or by putting their own candidate in the institution (if their own membership is excluded). In either case, the dominance is ensured and the power equations remain unchanged. These strategies are no different from those used to dominate the PRIs.

8.3 Project/Scheme Based Institutions

The project-based institutions include committees or groups formed under different government schemes, projects and donor aided projects. These are listed in Table 8.2. It is apparent that a large number of schemes and projects are operating in the villages covered by this study. All these project related committees are in addition to the eight committees of the Gram Sabha. The multiplicity of such institutions at the micro level raise questions about the level to which the people can really participate and benefit from so many different committees. It also means that there is considerable pressure on people to participate, often at the expense of other productive activities.

Table 8.2 Shows the Committees Formed Under Different Government Schemes and Donor aided projects, by Village.

Institutions	Narsimhapur District				Betul District			
	Village				Village			
	<i>Paraswada</i>	<i>Jhoteslwe</i>	<i>Batesara</i>	<i>Dahabwad</i>	<i>Khatapani</i>	<i>Hirdli</i>	<i>Ratanpur</i>	<i>Chowki</i>
Forest Protection Committee	-	v	-	v	v	-	v	v
Water and Sanitation Committee	-	-	-	-	-	v	v	v
Parent Teacher Associations	v	v	v	v	-	v	v	-
Village Education Committee	v	v	v	v	v	v	v	v
School Management Committee	-	-	-	-	v	v	v	v
SJSY groups	-	-	--	-	v	v	-	-
Swashakti groups	-	-	-	-	v	-	-	-
Women SHG groups	v	v	v	v	v	-	-	-

8.3.1 Composition and Membership

Each of the project-based committees are formed according to the guidelines of the particular project or schemes. The members are selected from the village with the approval of the Gram Sabha. However, the team found that with the exception of Water and Sanitation Committee at Hirdli, other committees that have been formed are not registered in the minute meeting of the Gram Sabha register. Moreover, during discussions with the project officials at the district and state level it was revealed that there are no guidelines to the officials to convene the meeting of the Gram Sabha according to the procedure laid down in the Panchayat act and record the proceedings in the Gram Sabha register.

The membership of the committee ranges between 10–15 persons. There is representation of women and lower castes in these committees. In case of some schemes, like SJGSY, the membership is limited to families below poverty line.

In some cases, except the President and the Secretary of the committee, the other members were not aware that they were members of the group. In case of SJGSY groups there was confusion in the village (Khatapani and Hirdli). This was so because a couple of years ago similar groups had been formed by the Anganwadi⁸ worker (under a different scheme) with similar aims. But these groups due to lack of support from government have stopped functioning. As the Self Help Groups (SHG) under SJGSY are becoming active the older members feel that they should also be the beneficiary of the scheme as they had started the group earlier.

8.3.2 Meetings and Functions

The committees are reported to be meeting regularly, at least once in month. The functions that are generally performed by these committees are:

- ◆ Planning and implementation of the activities related to their objectives
- ◆ Financial planning
- ◆ Exercising control and undertaking maintenance of the activities, resources etc.
- ◆ Monitoring and follow up of the activities

These members were uninformed as to the overall purpose of the project and the role of the committee within the project objectives. As a result the members are unclear about their roles and responsibilities. They feel that they are accountable to the project facilitators (generally a NGO) and to the project. Most of the decisions are taken by the President and the Secretary of the Committee in consultation with the project official.

8.3.3 Linkages with Other Institutions

(a) PRIs

The GP members were of the opinion that there are no linkages with the Panchayat Raj Institutions. The committees are parallel to similar committees under Gram Swaraj and the GPs. For example, the Water and Sanitation Committee has the same aim and objective as the Health Committee of the Gram Sabha. Also the Forest Protection Committee has similar aims as the Community Resource Committee of the Gram Sabha. The GP members felt that these since it is the project committees that get the funds they tend to undermine the importance of the functioning of the GP and the standing committees of the Gram Sabha. None of the Committees had conducted an audit of their work and accounts.

(b) Other Institutions

The project based committees are not linked to any other institution in the village. According to them their mandate is to undertake work related to the project and not interfere or link with other institutions in the village. The project officials at the district level expressed similar views on the role and functions of the project based committees.

8.4 Civil Society Institutions⁹

The following civil society institutions were found to exist in the eight villages visited by the team are shown in Table 8.3.

Table 8.3 Civil Societies in Operating in Study Villages.

Institutions	Narsimhapur District				Betul District			
	Village				Village			
	<i>Paraswada</i>	<i>Jhotesher</i>	<i>Batesara</i>	<i>Dahabwada</i>	<i>Khatapani</i>	<i>Hirdli</i>	<i>Ratanpur</i>	<i>Chowki</i>
Mahila Mandals (Women's Assoc.)	v	v	v	v	v	v	v	v
Yuva Mandals (Youth Assoc.)	v	v	v	v	v	v	v	v
RECHA (NGO)	-	-	-	-	-	-	v	v

⁸ Under the central government scheme all villages in India are visited by a primary health worker-cum midwife on a regular basis. She is known as the 'Anganwadi worker'.

⁹ For a critical discussion of the overall role and position of NGOs in MP see DFID-MP (2000).

Pradeepan (NGO)	-	-	-	-	v	v	-	-
PGVS (NGO)	-	-	-	-	v	v	v	v
ACE (NGO)	-	-	-	-	-	v	-	-

Source: Field Survey (2001).

NB. RECHA= Rural Environment and Community Health Awareness; PGVS= Pragati Gramin Vikas Sansthan; ACE= Action for Community Empowerment

The women and youth groups are found in all village and are involved in religious and social activities like celebrating festivals, Ganesh puja, Durga puja, singing hymns (bhajans).

No NGOs were based in any of the villages in Narsimhapur district. This is not surprising as these villages are reasonably better off than those in Betul district. The organisations like RECHA, Pradeepan, PGVS, and ACE were in the Betul and Bhimpur blocks of the Betul district. These organisations are working for the improvement of economic and social standard of living of the people. The organisation RECHA and ACE are involved in the implementing water and sanitation project run by UNICEF. PGVS and Pardeepan are working towards the empowerment of Panchayat Raj institutions and community based organisations. However, it was difficult to assess the impact of these initiatives.

8.4.1 Composition and Membership

The membership of the women and youth groups is open and to members of the village. Each of the groups has an elected President and office bearers. The decisions are taken in an open environment and the meetings are conducted in an informal environment.

The voluntary agencies have a closed membership, that is, members of the village do not become members of the organisation. These organisations have developed their own groups in the village and intervene either (as part of the project as in case of RECHA and ACE) through their project based committees or through the groups formed on their own initiative (as in case of Pradeepan and PGVS).

8.4.2 Meetings and Functions

The planning meetings of the organisations do not have any input from the village. Though the work in each of the village is planned by the groups that have been initiated by the organisations. The function of groups developed under the project (RECHA and ACE) work according to the project objectives, where as the work of PGVS and Pradeepan is to carry out capacity building events and providing information to the Panchayat representatives.

8.4.3 Linkages with Other Institutions

(a) PRIs

None of the civil society organisations are directly linked with PRIs. They have neither sought permission from the GP or the Gram Sabha before starting their work nor do they feel that they are accountable to the Gram Sabha. For example, none of the organisations have placed their objectives, work plan or accounts in front of the GP or the Gram Sabha and sought their opinion or approval.

(b) Other Institutions

There are informal links of the organisations with traditional institutions. During interview with organisational functionaries, the team felt that though NGOs recognised the existence of the traditional institutions but have not created any formal links with them. The project based institutions are partly the creation of these organisations and hence they are directly involved in their functioning. In two villages of Bhimpur block– Hirdi and Khatapani- two organisations were working in the same village (Pradepan/PGVS and ACE). These organisations were aware about each other's existence but had not developed common programmes or formal institutional linkages.

8.5 Co-operatives

Co-operatives organised by different producers were found in all villages. VSS is a farmers' co-operative while DSS is organised by the milk producers in Hirdi village. TPSS serves the interest of collectors of Tendu leaves. More in-depth analysis of their economic role is part of Phase II survey.

8.5.1 Composition and Membership

The composition of the cooperative is based on the membership that has to be applied for. The cooperatives are registered and managed according to the rules and provisions of the Cooperative Act and elects its President and other office bearers.

Table 8.4 Shows the Co-operatives in the Study Villages.

Institutions	Narsimhapur				Betul			
	<i>Paraswada</i>	<i>Jhotesher</i>	<i>Batesara</i>	<i>Dahalwada</i>	<i>Khatapani</i>	<i>Hirdi</i>	<i>Ratanpur</i>	<i>Chowki</i>
Vrihatakar Sahakari Samiti (VSS)	v	v	v	v	-	-	-	-
Dugdah Sahakari Samiti (DSS)						v	-	-
Tedu patta Sangraha Samiti (TPSS)	-	-	-	-	v	v	v	v

Source: Field survey (2001).

8.5.2 Meetings and Functions

The meetings of the co-operative are held regularly and they perform their functions according to their objectives. The VSS provides credit to farmers for procuring seeds and fertilisers at subsidised rates. The government too recognises this channel and provides subsidy to the members of the cooperatives.

The DSS is the cooperative of milk producers. It acts as a procurer of milk from the village and transports it to the processing plant. The TPSS comprise of tendu leaves gatherers. It procures the tendu leaves and appoints a person as its agent. The agent is responsible to deliver the leaves to the government collection centre.

8.5.3 Linkages with Other Institutions

(a) PRIs

The cooperatives have no links with the PRIs. Being a closed membership organisation the cooperative is accountable to its own members and functions according to the decision taken by them.

(b) Other Institutions

The cooperatives were not found to be linked with other institutions of local governance.

8.6 Summary of findings

Institutional Space

- ◆ The institutional space at the micro level is clearly crowded. The dominant paradigm of Participatory Development means that projects, schemes and societies of all denominations attempt to be inclusive and to reach the people. But this has created a large number of independent committees that overlap in time, space and sector of activity. This raises questions of sustainability, complementarities of initiatives and wastage of resources through duplication of effort. On the contrary, the need to work directly with the people at the village level is clear from the fact that neither the bureaucracy nor the majority of elected members are interested in empowerment at the village level.

- ◆ The picture that emerges from mapping the institutional space is that the PRIs have the legal mandate to plan and execute scheme for economic development, but they lack resources. The traditional institutions have a high degree of acceptability within the community, but they have closed membership and are influenced by caste dynamics and play no economic role. The project-based institutions are resource rich, but are bound by their own objectives and are directed by project officials. The civil society organisations have the information and the capacity to facilitate, but they are not linked with other. Each operates in the space that they have created in the village society.

Lack of complementarity and wastage

- ◆ Most institutions of local governance are formal in nature and have defined objectives. But there is lack of convergence in the functioning of these institutions. Neither do these institutions share their plans and objectives with other institutions nor do they pool resources to create synergies in the village. In fact in certain cases the institutions have been found to duplicate work of PRIs (e.g. project committees).

Confusion among participants

- ◆ The wide range of initiatives from which the people can benefit compels them to sign up for different committees. This multiple membership is often confusing as they are unsure of their own role or of the committee. Further misunderstanding is introduced when one scheme is stopped and replaced by a similar scheme with different membership.

Sustainability of other institutions of local governance

- ◆ In Addition to working independent of each other, none of the other formal institutions have any links with the PRIs. This implies that the life of these institutions and the benefits that accrue to the members are limited to project life. It is necessary to establish links with the established local government institutions to ensure sustainability. There is a fear that certain amount of independence will be lost if linked to government institutions. The lack of accountability in PRI is an additional factor.

No economic role

- ◆ None of the traditional societies or associations plays an economic role. The Forest Protection and the Water and Sanitation schemes do generate some local employment, though that is not the project objective.

Village level intervention

- ◆ The institutional space is already crowded, raising questions of sustainability and efficient use of resources. Further, that PRIs do not seem to play any economic role nor do they have the capability to plan and implement project of any reasonable size. This leads one to argue that while PRIs should be involved to ensure sustainability, the village level institutions have to be strengthened if they are to act as entry point for promoting RNFE. Issues of good governance and accountability have to be addressed first.

9 Findings and Some Initial Policy Implications

9.1 Context

The state Act (1993) on Panchayat Raj and Gram Swaraj takes forward the national agenda for decentralised governance and provides legal status to village level institutions of the state. In addition to the three-tier system required by national legislation, MP has introduced an additional institution at the village level, the Gram Sabha. Its decision-making mechanism has also been institutionalised through the constitution of standing committees of Gram Sabha, though only limited fiscal power has been devolved. There has been corresponding devolution of administrative powers and functionaries from the state sector to district and block level Panchayats. This should theoretically strengthen the position of PRIs and the Gram Sabha in the state. Overall, legislation attempts to generate an enabling environment for the communities to institutionalise self-governing systems.

It is in this context that this study assessed the current and future role of local governance in promoting economic activities. The changing political relations and interface following devolution of power and the relationships between different institutions of local governance were also examined to assess how they affect the overall functioning and effectiveness of institutions of local governance.

9.2 Changing political interface and empowerment

There is a considerable difference in the nature of change and empowerment, or lack of it, between the two districts. In Narsimhapur, a society grounded in agriculture, the sources of power and influence still lies in the traditional mix of upper caste, higher economic class (potential to provide employment to others), and proximity to government. Membership of PRI has not generated a new source of power. On the contrary, the traditional power groups continue their economic dominance and hence strong political control over the local population. Politically they have either legitimised their position by becoming an elected official, or have co-opted the leadership of minority groups. **There has been little or no empowerment of the disadvantaged and economically backward groups as their leadership has been co-opted into mainstream politics, which still serves the interests of better-off groups. Although some changes are taking place, the overall path of development is skewed to serve the vested interests of the traditionally dominant group.**

In Betul, less heterogeneous and dominated by tribal communities, the rural economy is based on forest-based activities and long-term circular migration. Local leaders have only limited control over forest based activities, and migration means less dependence on the local economy. Thus, the relationship between village leaders and the people are looser and weaker than those found in Narsimhapur.

In contrast to Narsimhapur, traditional power created by social structures functions parallel to the new sources of power created by electoral politics. The two operate in separate spheres. Democratic structures appear to take root more easily where the previous power relations were not tied to economic control. **Literacy and political activism has allowed access to alternative channels of power and some degree of empowerment. This new leadership attempts to represent the local developmental needs of the community, but often has difficulties in delivering, as it is not part of the established political network. As a consequence new leaders may have to work with more established networks.**

9.3 Power, politics and effectiveness of PRIs

The analysis in this study shows that:

- (a) there is lack of accountability :
 - between bureaucrats and politicians;
 - between the politician and the constituency and hence lack of interest in good governance;
- (b) Real power relations remain relatively unchanged since:
 - real planning and development power has not been devolved; and
 - the real centre of power remains at the district level with the bureaucrats.

(a) Lack of accountability

Bureaucrats and politicians

State legislation has created local government institutions and devolved political, administrative and some fiscal power. Administrative decentralisation involved transfer of functions and functionaries from the state sector to Panchayats sector. The aim was to facilitate and strengthen the PRIs. Theoretically, the civil servants are expected to take directions from the elected members. This study shows that the government officials continue to exercise more power over decision-making than elected members by limiting information sharing and by minimising the role of the ZP to that of a rubber-stamp. Similarly at the Block level, DRDA officials generally tend to ignore the elected member.

The allegiances and loyalties of these officials remain with their departmental line managers in order to ensure career progression. An increase in accountability requires a critical change in attitude and orientation of the bureaucrats. Manor (1995) has noted that authority to discipline should move to the local authorities. The state Act has tried to address this by shifting some of the control of the reward system to the ZP, but this is not working because members of the ZP are not aware that this power has been devolved to them. **This underscores the need to change the attitudes and motivation of both bureaucrats and elected members.**

Politicians and the public

An elaborate system of positive discrimination has been created to counter the traditional power relationships in the villages and in wider society. Not surprisingly these groups have acted to protect their interests and influence. Two strategies are used. One, the position has been legitimised by becoming an elected member; and two, by providing strategic support to candidates from minority groups before the elections and thus co-opting their allegiance. In the first instance, the elected member is there to protect the interest of the better off and clearly does not feel accountable to the wider constituency. There is also lack of accountability between local leaders of the disadvantaged groups and the public. This allows political manoeuvring for personal gain and makes possible the politics of co-option. **This shows a critical need to raise awareness and confidence amongst the poor and the disadvantaged to demand greater accountability from their politicians.**

A realignment of power relations has taken place to maintain the power balance. Because a large number of elected members use the PRIs for their vested interests, they do not often engage fully in the process of governance. Furthermore, they use their network to conduct Panchayat business and hence do not bother either to familiarise with themselves with the guidelines and procedures, or with their responsibilities.

(b) Real power relations remain relatively unchanged

Real planning and development power has not been devolved to the PRIs

One of the principal functions of the PRIs is to draw up annual plans for their respective areas. The majority of developmental funds are channelled through the national schemes that come with fixed targets and budget lines. These schemes are top-down and inflexible, giving the Panchayats limited scope for planning. Panchayats are limited to choosing the projects under the schemes. **It appears that while local planning is crucial for the process of decentralisation, central schemes that provide the planning framework are inflexible. In terms of decision making the ZP and JP have been reduced to the role of a rubber stamp.**

The real centre of power is at the district level with the bureaucrats

The most effective executive power rests with the District Collector and the bureaucrats not the President of the Zila Panchayat or the members. Further down the line government officials continue to exercise more power over decision making than elected members. The District Planning Committee is supposed to consolidate rural and urban plans developed by the GPs and the urban areas. However, currently the budgets and plans are being prepared by the DPC and passed down to the JP and GP. It is important to note that more and more development funds are being channelled through the district authorities strengthening their position.

The analysis also shows that the JP is becoming less relevant as power concentrates at the district level and legislation attempts to strengthen the village level institutions.

Initial implications of the above findings are

- that neither the local politicians nor the government officials are interested in changing the existing relationships or in truly strengthening village level institutions.
- The PRIs are not serving the needs of the poor or the disadvantaged.
- In those (few) cases where genuine representatives are elected, they find it difficult to operate/govern without the help of the existing political network.

9.4 Village level Institutions and issues

Findings relevant to the village level are discussed below.

- (a) Nature of development:** Considerable power has been devolved to village level institutions, but this is not often used to the benefit of the poor and disadvantaged. Most schemes operating in the two districts target families identified as being Below the Poverty Line. However political leaders often intervene to manipulate the formulation of the list of households Below Poverty Line to include those that are above. Furthermore, the Sarpanch often decides the choice of projects and their location. Although some activity is taking place, the overall path of development is skewed to serve the interests of the traditionally dominant groups. **The Gram Sabha needs to be more involved in decision-making.** Discussions showed that apathy is creeping in among the people who are losing interest in the affairs of the Panchayat as they receive little or no feedback
- (b) Fiscal power and Taxation:** The Gram Panchayat and Gram Sabha have been given the power to tax and raise revenue. These relate to tax on property, pursuit of particular professions; civic amenities; and trading. However, none of the Panchayats levy any tax. This is true even in the case of compulsory taxation. Income accruing to the local bodies is entirely through non-tax sources.

The issue of revenue generation by PRIs is caught in a circular argument. On the one hand it is argued that there can be no taxation if there is no service provided, and on the other that there are no funds to provide these services. The PRI representatives note that they are a part of the community that is expected to pay the tax. The community in general is unwilling and hostile to the idea of paying taxes. Hence, it does not make good political sense to tax 'your own people' when neither the availability of the service or its quality can be assured.

Many of the services that the Gram Sabha can support would benefit the poor, but may be less relevant to the better off, i.e., those exerting power within the new system. Hence there is little incentive to tax (and court unpopularity) for benefits of little value to the influential. **There**

may be case for consciousness raising and generation of demand for such services among the poor to break the circle. NGOs have a critical role to play in this.

- (c) **The main source of developmental funding is the national government.** Only one of the study villages has been able to generate any revenue. Even in this village they had no plans for investing this money. **This raises questions about the desire and ability to plan projects and the willingness to spend revenues on developmental projects.**
- (d) **The institutional space at the micro level is crowded and uncoordinated.** The dominant paradigm of Participatory Development means that projects, schemes and societies of all denominations attempt to be inclusive and to reach the people. However, this has created a large number of independent committees that overlap in time, space and sector of activity. This raises questions of sustainability, complementarities of initiatives and wastage of resources through duplication of effort. However, the need to work directly with the people at the village level is clear from the fact that neither the bureaucracy nor the majority of elected members are interested in empowerment at the village level.

Each institution of local governance operates in the space that they have created in village society. There is lack of convergence in the functioning of these institutions. **The institutions do not share their plans and objectives with other institutions or pool resources to create synergies in the village. In certain cases the institutions have been found to duplicate work of PRIs (e.g. project committees).** PRIs have the legal mandate to plan and execute schemes for economic development, but they lack resources. The traditional institutions have a high degree of acceptability within the community, but they have closed membership and are influenced by caste dynamics and play little if any economic role. The project-based institutions are resource rich, but are bound by their own objectives and are directed by project officials. The civil society organisations have the information and the capacity to facilitate, but they are not linked with other organisation. This implies that in order to maximise benefits, building on the achievements of existing projects should be part of future project design. Most projects are designed in isolation of other on-going projects in the region and constrained by their objectives.

- (e) **Confusion among participants:** The wide range of initiatives at the village level from which the people can benefit obliges them to sign up for different committees. This multiple membership is often confusing as they are unsure of their own role or that of the committee. Further misunderstanding is introduced when one scheme is stopped and replaced by a similar scheme with different membership.
- (f) **Sustainability of other institutions of local governance:** In addition to working independent of each other, none of the other formal institutions have any links with the PRIs. This implies that the life of these institutions and the benefits that could accrue to the members are limited to the projects duration. It is necessary to establish links with the established local government

institutions to ensure sustainability, however there is a fear amongst independent institutions that a certain amount of freedom will be lost if links are made to government bodies. The lack of accountability in PRI is an additional factor.

- (g) **Village level intervention:** The PRIs do not seem to play any economic role nor do they have the capability to plan and implement project of any reasonable size. (Although the Panchayat and Gram Sabha's capability to deliver small-scale, low level infrastructure and of other soft components (e.g., education, health care) of development should be recognised.) This leads one to argue that while PRIs should be involved to ensure sustainability, the village level institutions have to be strengthened if they are to act as lower-level entry points for promoting RNFE. Issues of good governance and accountability have to be addressed first.
- (h) **The need for rationalisation** Villages are awash with institutions and committees, with an even greater diversity of objectives and responsibilities, raising questions of sustainability and efficient use of resources. There appears to be a desperate need for rationalisation of bodies and responsibilities amongst these institutions operating at village level. This needs to be accompanied by a realistic assessment of the capabilities of villagers, especially the poor and disadvantaged. Such a process should also include comprehensive measures to raise awareness, confidence, and empowerment, again with a focus upon the poor and disadvantaged. Whilst this need is both obvious and fundamental, the mechanisms for implementation are unclear and the likelihood of significant initiatives is similarly remote.

9.5 Lack of an economic perspective

- (a) Most non-farm activities are undertaken primarily to meet household needs.
The study identified a wide range of non-farm activities in the two districts. These include processing outputs of agriculture, forestry, fishing and animal husbandry. Processing of wood, leather, clay and bamboo and are also important in nearly all study villages. Very little of this (except jaggery) enters the market. These activities rely on traditional skills, which in turn are caste based.
- (b) Caste dominates occupation at village level.
Crucially for promoting new economic activities in rural MP caste still determines the economic occupation of individuals and households. However, when individuals move to larger settlements they often take up activities, which they are unable to pursue in their own village/milieu, primarily because caste is less of an issue in urban areas. **The implications for development of RNFE are twofold. One, promoting activities based on traditional caste based skills could go to reinforcing an undemocratic system; and two, that larger settlements may be better entry points for promoting RNFE.**
- (c) Focus on employment generation:

The analysis in this study highlights the absence of emphasis on productivity and development of productive activities. The emphasis is on employment generation, reflecting past macro level developmental thinking and planning in India. Although at the national level the emphasis is changing towards productivity, this has yet to be reflected in developmental schemes and projects being implemented at the village level.

(d) PRIs concentrate on welfare projects as against promoting new economic activities

Review of activities of Gram Panchayats and Gram Sabhas showed that work undertaken from their own funds is related to developing infrastructure and other facilities in the village. These projects create only short-term employment; and it is only incidental if it is in the non-farm sector. Co-operatives are the only other institution that actively assists in promoting economic activities. However, currently they appear to be very small players in the districts studied. Overall the promotion of economic development is considered a function of the government line departments. **The formal local government institutions are not involved in promoting RNFE or any significant economic activities. Including PRIs, particularly at the village level, in projects supporting the growth of non-farm activities would require enhancing capability in economic understanding and analysis.**

Annex 1

Rural Non-farm activities identified in the study villages.

Processing Of Primary sector On-Farm Produce

The on-farm produce relates to produce of agriculture, animal husbandry including fisheries, and collection of forest produce. The non-farm activities identified for the processing of these products are given in Table A1

Table A1 Activities in selected villages that are carried out for the processing of on-farm produce

RNFE Activity		Product on which RNFE is carried out	Name of the Village								REMARKS
			Narsimhpur				Betul				
			Paraswada	Jhoteswver	Batesera	Dahalwada	Khatapani	Hirdi	Ratanpur	Chowki	
1. Preparing the produce for sale or consumption											
1.1	Threshing	- Wheat	v	v	v	v	v	v	v	v	- Pulses are not cultivated in the villages of Betul - Pulses include <i>tuwar, moong, urad, channa, and masoor</i>
1.2	De husking	- Gram	v	v	v	v	v	v	v		
1.3	Cleaning	- Pulses	v	v	v	v	v	v	v		
1.4	Packing	- Soybean	v	v	v	v	v	v	v		
1.5	Storing		v	v	v	v	v	v	v		
2. Processing of agriculture produce											
2.1	Milling	- Pulse &	v	v	v	v	-	-	-	-	- Pounding is done in case of Paddy and milling in case of Pulses - Paddy is not cultivated in Narsimhapur
2.2	Grinding	Gram	v	v	v	v	v	v	v		
2.3	Pounding	- Wheat - Paddy	-	-	-	-	v	v	v	v	
2.4	Jaggery	- Sugar cane	v	v	v	v	-	-	-	v	- In Betul, the villagers are migrating to nearby blocks for making jaggery
3. Food processing											
3.1	Papad making	- Pulses - Gram - Maize	v	v	v	v	v	v	v	v	-Almost all households make papadums largely for their own consumption.

		Name of the Village										
3.2	Nugget (<i>badi</i>) Making	- Pulses - White Pumpkin	v	v	v	v	v	v	v	v	- In Betul, villages do not have white pumpkin. - Nuggets of various cereals and some times vegetables are made in almost all the houses.	
4. Fruit Processing												- During the season
4.1	Cutting	- Mango	v	v	v	v	v	v	v	v	the fruits are collected and dried. ST house holds resort to selling of fruits as a supplementary cash earning activity. - Pickle making is for household consumption only.	
4.2	Drying	- Gooseberry	v	v	v	v	v	v	v	v		
4.3	Pickle making	- Mango - Lemon	v	v	v	v	v	v	v	v		
5. Processing of MFP												- Processing of the
5.1	Drying	- Mahua seeds and flowers - Gum - Tendupatta - Dori - Achar	-	v	-	v	v	v	v	v	minor forest produce is the major RNFE activity. - All the family members are involved in the collection and processing.	
5.2	Cleaning	- Gum	-	v	-	-	v	-	-	-		
5.3	Pounding	- Gum	-	v	-	-	v	-	-	-	- Gum collection is declining due to decline in number of trees.	
5.4	Oil extraction	- Mahua seeds	-	v	-	v	v	v	v	v	In Betul, oil extraction is done for household consumption.	
5.5	Chironji Extraction	- Acchar - Guthli	-	v	-	v	v	v	v	v	- Seeds are extracted after drying. - Chironji on large scale in Narsimhapur and Guthli in Betul.	
5.5	Cutting	- Fuel wood	v	v	v	v	v	v	v	v	- In all villages people gather wood for fuel. Poor and landless families sell fuel wood for Rs5/10	
6. Animal Products												

		Name of the Village										
6.1	Yoghurt	- Milk	v	v	v	v	v	v	v	v	v	-Milk includes cow and buffalo milk. - Yoghurt, butter, ghee is prepared by every household. - Yadav families with dairies sell milk products at the nearby towns
6.2	Butter	- Milk	v	v	v	v	v	v	v	v		
6.3	Clarified butter	- Milk	v	v	v	v	v	v	v	v		
6.4	Selling of animals for meat	- Poultry - Goats	v	v	v	v	v	v	v	v	- Animals are sold and at market places. Meat is sold by persons from <i>Khatik</i> community only or persons belonging to Muslim community.	
6.5	Fuel	- Cow dung	v	v	v	v	v	v	v	v	- Dung cake are prepared from the cow dung and stored. These are used by household for their own consumption, but if the need arises they are sold in the market as well.	

Activities Making Specific Identifiable Products

This category includes products that are made within the village. These products are made through the processing of a primary product, e.g. wood or clay. People recognised for their specific skills manufacture these products.

Table A.2 Activities in selected villages that are carried out for making specific identifiable products

RNFE Activity	Product on which RNFE is carried out	Name of the Village								REMARKS	
		Narsimhapur				Betul					
		Paraswada	Jhoteswher	Batesera	Dahalwada	Khatapani	Hirdi	Ratanpur	Chowki		
1. Processing of wood											
1.1	Drying	Wood	-	v	v	v	v	v	v	v	- Items made include: table, chair, cot, bullock cart, agriculture equipment, axe,
1.2	Cutting		-	v	v	v	v	v	v	v	
1.3	Making items		-	v	v	v	v	v	v	v	

		Name of the Village									
1.4	Polishing		-	v	v	v	v	v	v	v	door, window, door and window frame, wooden toys for children
2. Processing of leather											
2.1	Cutting	Leather	-	v	v	v	-	-	-	-	- Items made include: shoes, chappals, and harness. - Now a days rubber tyre are also used as raw material.
2.2	Making items		v	v	v	v	-	-	-	-	
2.3	Polishing		v	v	v	v	-	-	-	-	
3. Processing of metals											
3.1	Melting	Iron	v	v	v	v	v	v	v	v	- Items like: blade for the plough, hammer, axe, nails,
3.2	Making items		v	v	v	v	v	v	v	v	
4. Processing of bamboo											
4.1	Drying	Bamboo	v	v	v	v	v	v	v	v	- Before preparing any item, the bamboo is dried and cut. - Various items of bamboo include basket for storing and for carrying things, mats, house construction, items for domestic use - The items are polished and proper finishing is done before taking to the markets.
4.2	Cutting		v	v	v	v	v	v	v	v	
4.3	Making items		v	v	v	v	v	v	v	v	
4.4	Polishing		v	v	v	v	v	v	v	v	
5. Processing of clay											
5.1	Sieving	Clay	v	v	v	v	v	v	v	v	- For plastering clay is sieved and mixed with cow dung, sand, red soil, lime etc - Items like: pitcher, lamp, pot, utensils, grinder, stove, storing containers, tiles, bricks, plastering, flooring - At Narsimhapur the houses were making boundaries of clay - Baking is done in case of pitchers and vessels - Some items are polished and painted before selling
5.2	Mixing		v	v	v	v	v	v	v	v	
5.2	Making items		v	v	v	v	v	v	v	v	
5.3	Baking		v	v	v	v	v	v	v	v	
5.4	Polishing		v	v	v	v	v	v	v	v	
6. Stitching of cloth											
6.1	Tailoring	Cloth	-	-	v	v	-	-	v	v	- Families belonging to <i>Namdev</i> caste are involved in stitching of clothes.

Tertiary Activities

Number of RNFE activities that were identified was in the nature of providing services to the community. These activities ranged from repair and maintenance of equipment to services that are offered by the Priest. All such services have been listed in Table A3.

Table A.3 Activities in selected villages that are carried out for providing specific services

RNFE Activity		Product on which RNFE is carried out	Name of the Village								REMARKS
			Narsimhapur				Betul				
			Paraswada	Jhotesher	Batesera	Dahalwada	Khatapani	Hirdi	Ratanpur	Chowki	
1. Personal care											
1.1	Cutting of hair	Men	v	v	v	v	v	v	v	v	- People belonging to the <i>Sen</i> community are involved in personal care of men. The women from the same community are involved in the personal care for women.
1.2	Shaving		v	v	v	v	v	v	v	v	
1.3	Massage	Women	v	v	v	v	v	v	v	v	
1.4	Cleaning of ear		v	v	v	v	v	v	v	v	
1.5	Cleaning & cutting of nails		v	v	v	v	v	v	v	v	
2. Health care											
2.1	Pre and Post natal care	Pregnant women	v	v	v	v	v	v	v	v	- Dai in the village specialises in conducting deliveries and post-natal care. - People go to Traditional healers first and in case of complications do they go to a Medical doctor
2.2	Healers	- Men, Women and Children	v	v	v	v	v	v	v	v	
3. Repair and Maintenance											
3.1	Puncture repair	- Cycle - Motorcycle	-	-	v	-	-	-	-	v	- The owner himself undertakes small repairs & maintenance. Mechanic is called for complicated problems only.
3.2	Mechanical repair	- Tractor - Thresher	-	v	v	v	-	-	v	v	

3.3	Electrical repair	- Domestic electric problem - Radio, tape recorders	v	v	v	v	-	v	v	v	- Villagers learn small electric repairs and call/go to the mechanic in case of major repairs
3.4	Welding	Tractors and other metal	-	-	v	-	-	-	-	-	- Carpenters have learned welding and repair of modern equipment.
3.5	House repair	- Plastering of walls - Flooring - Repair of roof, beams, windows and doors	v	v	v	v	v	v	v	v	- Villagers themselves do all the repairs. But if any specific repairs are required person skilled is called.
4. Animal care											
4.1	Taking the animal for grazing	- Cows. - Buffalo - Goats	v	v	v	v	v	v	v	v	- Children from the household are responsible for grazing of animals. - In some cases animals of the villages are given to particular people known as <i>Gwals</i> in Narsimhapur and <i>Thatia</i> in Betul.
4.2	Veterinary care	- Illness among domestic animals - Care during delivery of animals	v	v	v	v	v	v	v	v	- Traditional healers are referred either in the same village or taken to other villages.
5. Other services											
5.1	Conducting prayers		-	v	v	v	-	v	v	v	- Priests are called to perform prayers and conduct pujas.
5.2	Conducting ceremonies		-	v	v	v	-	v	v	v	



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