

**Working Paper 199**

**Decentralisation in India:  
Poverty, Politics and *Panchayati Raj***

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## Acronyms

AP	Andhra Pradesh
BC	Backward Castes
BDO	Block Development Officer
BJP	Bharatiya Janata Party (a Hindu nationalist political party)
CBO	Community Based Organisations
CEO	Chief Executive Officer
CFC	Central Finance Commission
CM	Chief Minister
CPI(M)	Communist Party of India (Marxist)
CPO	Chief Planning Officer
DC	District Collector
DDRC	District Development and Review Committee
DPB	District Planning Boards
DPC	District Planning Committee
DRDA	District Rural Development Agency
DWCRA	Development of Women and Children in Rural Areas
EAS	Employment Assurance Scheme
EGS	Education Guarantee Scheme
EO	Executive Officer
FFW	Food for Work
GoI	Government of India
GP	<i>Gram Panchayat</i>
GS	<i>Gram Sabha</i>
IAS	Indian Administrative Service
IRDP	Integrated Rural Development Programme
JB	<i>Janmabhoomi</i>
JP	<i>Janpad Panchayat</i>
MDO	<i>Mandal</i> Development Officer
MKSS	Mazdoor Kishan Shakti Sangathan (Organisation of worker's and farmer's power)
MLA	Member of Legislative Assembly (State)
MLC	Member of the Legislative Council
MP	Member of Parliament (National) or Madhya Pradesh
MPDO	<i>Mandal Parishad</i> Development Officer
MPP	<i>Mandal Praja Parishad</i>
NGO	Non Governmental Organisation
NSAP	National Social Assistance Programme
NSS	National Sample Survey
OBC	Other Backward Castes
ODI	Overseas Development Institute
PDS	Public Distribution System
PRI	<i>Panchayati Raj</i> Institution
PS	<i>Panchayati Samithi</i>
RD	Rural Development
SC	Scheduled Castes
SEC	State Election Commission
SFC	State Finance Commission
SHG	Self-Help Group
SRP	Sector Reform Programme (GoI)
ST	Scheduled Tribes
TDP	Telugu Desam Party (a regional party in power in AP)
UP	Uttar Pradesh
USAID	United States Agency for International Development

VAO	Village Accounts Officer
VDO	Village Development Officer
VEO	Village Extension Officer
ZP	<i>Zilla Parishad</i>
ZPP	<i>Zilla Parishad</i> President

## Glossary

<i>Dalit</i>	Untouchable caste
<i>Gram</i>	Village
<i>Gram Panchayat</i>	Village <i>Panchayat</i> ; the third tier of the <i>Panchayat Raj</i> system; <i>Panchayat</i> being a representative body
<i>Gram Sabha</i>	Village assembly
<i>Gram Swaraj</i>	Village self-rule
<i>Janmabhoomi</i>	Literally, 'Land of one's birth', a State-sponsored, people-centred participatory development programme in AP
<i>Janpad</i>	Block, an administrative subdivision of the district
<i>Janpad Panchayat (Adhyaksh)</i>	Block-level government (President)
<i>Lok Sabha</i>	Lower House of Parliament (Central Government), in Hindi 'people's assembly'
<i>Mandal</i>	Territorial and administrative unit (with a population of about 50,000 to 70,000) between the village and district levels
<i>Mandal Praja Parishad</i>	Intermediate level council in the <i>Panchayati Raj</i> system, made up of the heads of the <i>Panchayats</i> and representatives of the territorial constituencies (MPTCs) within the <i>Mandal</i>
<i>Nizam</i>	Muslim ruler
<i>Panchayat Samithi</i>	Block level <i>Panchayat</i> . A middle-level unit of rural local government existing prior to 1986, made up of the heads of village <i>Panchayats</i>
<i>Panchayati Raj</i>	System of rural local government with three ascending tiers, viz., <i>Gram Panchayat</i> , <i>Mandal</i> or <i>Panchayat Samithi</i> and <i>Zilla Parishad</i>
<i>Panchayati Raj Adhiniyam</i>	Local self government act
<i>Panchayats</i>	An institution of self-government for the rural areas
<i>Rajya Sabha</i>	The upper chamber of India's Parliament; in Hindi, 'States assembly'
<i>Samithi</i>	Block level. An association or committee, especially one formed to organise political activity
<i>Sarpanch</i>	Head of a <i>Panchayat</i>
<i>Shiksha karmi</i>	The local schoolteacher
<i>Taluk</i>	See <i>Tehsil</i>
<i>Tehsildar</i>	The chief revenue officer for a <i>Tehsil</i>
<i>Tehsil</i>	Sub-unit of a sub-division of a District, also <i>Taluk</i>
<i>Upasarpanch</i>	Vice Chairman of the <i>Gram Panchayat</i>
<i>Zilla</i>	District
<i>Zilla Abhivrudhi Sameeksha Mandals</i>	District Progress Review Boards
<i>Zilla Praja Panchayat/Parishads</i>	A body of elected representatives for governance at district level
<i>Zilla Pranalika Abhivrudhi Sameekha (Mandal)</i>	District Systems Progress Review Board

## Abstract

Assertions in favour of democratic decentralisation are often founded upon the notion that the democratisation and empowerment of local political bodies will create institutions that are more **accountable** to local citizens and more **appropriate** to local needs and preferences. However, international experience has shown that even the most ambitious attempts at decentralisation have failed to overcome regional and local dimensions of poverty and inequality. Moreover, the power to decide local development initiatives is often highly dependent on a state apparatus that respects the autonomy of local political institutions.

Because of its size and its relatively ambitious efforts to decentralise government, India provides an important context for understanding the ways in which decentralisation can improve the performance and accountability of local government institutions. In 1993, the Government of India passed a series of constitutional reforms, designed to democratise and empower local political bodies – the *Panchayats*. Since this time, the experience has been highly variable, ranging from ambitious attempts at *Gram Swaraj* (or village self-rule) in Madhya Pradesh to political re-centralisation in Karnataka.

A central aim of this paper is to review the literature on Indian decentralisation, and to assess the extent to which the Indian States of Andhra Pradesh (AP) and Madhya Pradesh (MP) have devolved political, administrative and fiscal authority to local *Panchayats*. In so doing, it aims to inform ODI's 'Livelihood Options' study of livelihood diversification and democratic decentralisation in South Asia ([www.livelihoodoptions.info](http://www.livelihoodoptions.info)). The principal focus is on the 73<sup>rd</sup> Amendment, which deals with district, sub-district and village level institutions in rural areas.

AP and MP provide an important context for understanding the ways in which decentralisation can affect informal institutions governing the quality and reach of poverty alleviation programmes. Both States have respected the basic stipulations of the 73<sup>rd</sup> Amendment, holding two rounds of *Panchayat* elections since 1993. Both have great variation and diversity, reflecting their own unique mix of colonial administration, feudal legacy and agrarian transition. Finally, both States have taken very different approaches to the question of 'self-government,' particularly at the village level. Since 1994, the Government of MP has legislated a series of reforms, designed to improve the power of the *Gram Sabha* (the village electorate) and the accountability of the *Gram Panchayat*. This culminated in 2001 with the legislation of *Gram Swaraj*, or village self-rule. AP, in contrast, has pursued a policy that has effectively bypassed the locally elected institutions, using the non-elected bureaucracy as a principal means of delivering poverty programmes. Not only has the Government of AP failed to enact comparable reforms, it is also thought to have diluted the power and autonomy of the *Panchayats* through its *Janmabhoomi* programme. The two states thus provide a fascinating basis for comparing the ways in which democratic institutions affect the quality and reach of government-sponsored poverty programmes.

This paper lays out the political dynamics that preceded the constitutional amendments in 1993, and then explores the extent to which these reforms have been implemented in AP and MP. It reviews the literature on decentralisation in India, analysing three elements that are thought to have undermined the power and autonomy of village-level *Panchayats* – India's federalism, the 'resistant' bureaucracy and 'elite capture.' It then develops hypotheses to explain the conditions under which *Panchayats* can be made more responsive and accountable to the interests of groups traditionally marginalised by local political processes.

# 1 Introduction

In 1993, the Government of India passed a series of constitutional reforms, which were intended to empower and democratise India's rural representative bodies – the *Panchayats*. The 73<sup>rd</sup> Amendment to the Constitution formally recognised a third tier of government at the sub-State level, thereby creating the legal conditions for local self-rule – or *Panchayati Raj*. Since this time, the process of decentralisation has been highly variable, ranging from ambitious attempts at *Gram Swaraj* (or village self-rule) in Madhya Pradesh to political *re-centralisation* in Karnataka. Early experiences have also revealed considerable uncertainty and confusion about the precise political, administrative and fiscal powers *Panchayats* have in relation to the States, line ministries, and local user groups. This, in part, reflects the fact that the 73<sup>rd</sup> Amendment gave the State governments considerable autonomy to interpret and implement the constitutional reforms.

India, of course, is not alone in this process. Decentralisation has emerged as a dominant trend in world politics. In 1998, the World Bank estimated that all but 12 of the 75 developing and transitional countries with populations greater than 5 million had embarked on a process of political devolution (cited in Crook and Manor, 1998: 1). At the heart of this transformation are a number of complex yet inter-related themes. One is an ideological shift, in which the legitimacy of central state-led development has been challenged on the grounds that it produces systems of governance that undermine national economic performance and effective public policy (Gore, 2000; Johnson and Start, 2001). A second is a (remarkably widespread) political agenda, which asserts that the decentralisation of public administration and the introduction of locally elected bodies will produce systems of governance that are better able to meet the needs of poor and politically marginal groups in society. A third and related theme suggests that democratic decentralisation is a political strategy that national élites have used to maintain legitimacy and control in the face of political disintegration. Here it can be argued that economic liberalisation, political regionalism and the rise of powerful inter- and sub-national actors have weakened the traditional nation state and created the conditions under which more local identities could emerge (Giddens, 1998).

Assertions in favour of decentralisation are often founded upon a wider critique of central state planning, which holds that large and centrally-administered bureaucracies represent an inefficient and potentially destructive means of allocating resources (and generating wealth) within society. Two assertions are generally used to substantiate this claim. One argues that central state agencies lack the 'time and place knowledge' to implement policies and programmes that reflect people's 'real' needs and preferences. A second and related assertion is that time and place gaps give local officials unlimited ability to distribute resources and extract 'rent' as they see fit. Such outcomes are believed to be particularly prone in poor countries, where government represents a vital source of wealth, and mechanisms to ensure accountable governance are often poorly enforced. In theory, decentralisation would undermine these opportunities by creating institutional arrangements that formalise the relationship between citizens and the state, giving the former the authority to impose sanctions (such as voting, recourse to higher-level authorities) on the latter. Decentralisation is also thought to create the conditions for a more pluralist political arrangement, in which competing groups can voice and institutionalise their interests in local democratic forums. Finally, it is argued that decentralisation creates institutions that are more amenable to local needs and preferences.

However, a problem that is well-recognised in the literature on decentralisation is that the devolution of power will not necessarily improve the performance and accountability of local government. Indeed, in many cases, decentralisation has simply empowered local élites to capture a larger share of public resources, often at the expense of the poor. Reflecting on these relatively long-standing problems, an important strand of scholarship in the decentralisation literature has argued that the underlying distribution of assets and entitlements will have an important bearing on

the extent to which marginal groups are able to take advantage of the mechanisms and opportunities created by decentralisation, and improve their ability to gain access to the (various) resources provided by the bureaucratic state. Within rural areas (which are often the central focus of decentralisation), such assets and entitlements would include land, land tenure, formal property rights, and full rights of citizenship. An important hypothesis that emerges from this scholarship is that societies in which the distribution of assets and entitlements is relatively equal will produce more effective and accountable forms of governance.

This paper lays out the political dynamics that preceded the constitutional amendments of 1993, and then explores the extent to which these reforms have been implemented in the Indian States of Andhra Pradesh (AP) and Madhya Pradesh (MP). In so doing, it aims to inform ODI's 'Livelihood Options' study of livelihood diversification and democratic decentralisation in South Asia ([www.livelihoodoptions.info](http://www.livelihoodoptions.info)). A central dilemma that this study seeks to address is the gap that often exists between the organisations that plan, manage and implement poverty reduction strategies (governments, NGOs and so on) and the needs and preferences of their intended beneficiaries. An underlying assumption here is that a more informed understanding of these needs and preferences, and an understanding of the ways in which governments, NGOs and other development organisations can narrow the gap between their activities and the needs of their beneficiaries, will yield better policy.<sup>1</sup>

Because of its size and its relatively ambitious efforts to devolve government, India provides an important context for understanding the ways in which decentralisation can improve the performance and accountability of local government institutions. The States of AP and MP provide an important context for understanding the ways in which decentralisation can affect informal institutions governing the quality and reach of poverty alleviation programmes. Both States have respected the basic stipulations of the 73rd Amendment, holding two rounds of *Panchayat* elections since 1993. Both have great variation and diversity, reflecting their own unique mix of colonial administration, feudal legacy and agrarian transition. Finally, both States have taken very different approaches to the question of 'self-government,' particularly at the village level.

In this paper, we review the literature on decentralisation in India, and address three elements that are thought to have undermined the power and autonomy of village-level *Panchayats* – India's federalism, the 'resistant' bureaucracy and 'élite capture.' It then develops hypotheses to explain the conditions under which *Panchayats* can be made more responsive and accountable to the interests of groups traditionally marginalised by local political processes.

An important theme that underlies the paper – and the research it aims to inform – is an apparent tension between the very formal process of decentralisation – in which the State (writ large) lays out the legal terms and conditions under which power will be allocated within its boundaries – and the very informal (or messy) process of political economy, in which power – rooted in class, caste and gender – determines the informal functioning of local political institutions. Critical assessments of decentralisation (such as Cross and Kutengule, 2001; Harriss, 2001; James et al., 2001; Slater, 1989) have argued that formal processes, such as decentralisation, representation and democracy, matter less than informal processes of power and change in rural societies. In India, for instance, it has been argued that subordinate groups – backward castes, agricultural labourers, women – will only begin to use and benefit from decentralisation when there is a genuine redistribution of land and other agrarian assets (Echeverri-Gent, 1992; Mukarji, 1999). *In other words, the formal mechanisms matter less than the informal institutions that underpin local political economies.*

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<sup>1</sup> Some of the methods used in this study are appended in Annex 2. These and other descriptions of the study can be found on the project website ([www.livelihoodoptions.info](http://www.livelihoodoptions.info)).



Central to this paper is an assertion that decentralisation – on its own – will not necessarily produce systems that are more effective or more accountable to local needs and interests. In this paper, we identify four broad conditions under which local political bodies can be made more accountable to poor and politically marginal groups in society. These are:

- active participation among broad elements of society, including voting, campaigning, attending meetings, running for office, lobbying representatives, etc.;
- fiscal and political support from higher level authorities within government;
- the existence of competitive political parties whose legitimacy depends at least in part on the support of the poor;
- deeper economic transformations which embolden traditionally subordinate groups to challenge local authority structures. (Intriguingly, this may result from active intervention on the part of the state.)

The paper proceeds as follows. In Section 2 we consider arguments in favour of decentralisation, and contrast these with critical assessments based on the experience of decentralisation processes in Latin America, Africa and Asia. Section 3 reviews the 73rd Amendment, outlining its major provisions (particularly ones relating to participation and accountability) and assessing its implementation, particularly in relation to the power and functioning of the Indian States, the non-elected bureaucracy and local rural élites. In Section 4 we compare the decentralisation process in AP and MP, assessing the extent to which State governments in the two states have devolved funds, functions and functionaries to the *Panchayats*. A central assertion that we make in this section is that although both states have retained considerable powers over spending, hiring, transfer, and the like, MP has devolved far more power and responsibility to the village-level than has AP. In Section 5 we reflect on these findings, and offer preliminary hypotheses about the conditions under which decentralisation can lead to more accountable government in the two States.

## 2 Decentralisation: Concepts and Theories<sup>2</sup>

### 2.1 Terms and concepts

Decentralisation can be usefully understood as a **political process** whereby administrative authority, public resources and responsibilities are transferred from central government agencies to lower-level organs of government or to non-governmental bodies, such as community-based organisations (CBOs), ‘third party’ non-governmental organisations (NGOs) or private sector actors (Crook and Manor, 1998: 6–7; Rondinelli et al., 1989; Meenakshisundaram, 1999; World Bank, 2000a: 3). Conceptually, important distinctions can be made among:

- **deconcentration**, in which political, administrative and fiscal responsibilities are transferred to lower units *within* central line ministries or agencies (Crook and Manor, 1998: 6–7; Rondinelli et al., 1989; Meenakshisundaram, 1999: 55; emphasis added);
- **devolution**, in which sub-national units of government are either created or strengthened in terms of political, administrative and fiscal power (Blair, 2000; Crook and Manor, 1998: 6–7; Rondinelli et al., 1989);
- **delegation**, in which responsibilities are transferred to organisations that are ‘*outside the regular bureaucratic structure* and are only indirectly controlled by the central government,’ (Meenakshisundaram, 1999: 55; emphasis added);
- **privatisation**, in which all responsibility for government functions is transferred to non-governmental organisations (NGOs) or private enterprises independent of government (Meenakshisundaram, 1999, 56).

Such transfers can involve the power to decide the allocation and distribution of public resources, the power to implement programmes and policies and the power to raise and spend public revenues for these and other purposes. These three powers we can classify broadly as political, administrative and fiscal decentralisation (Box 1):

#### **Box 1 Political, administrative and fiscal decentralisation**

**Political decentralisation** transfers policy and legislative powers from central government to autonomous, lower-level assemblies and local councils that have been democratically elected by their constituencies.

**Administrative decentralisation** places planning and implementation responsibility in the hands of locally situated civil servants and these local civil servants are under the jurisdiction of elected local governments.

**Fiscal decentralisation** accords substantial revenue and expenditure authority to intermediate and local governments.

*Source:* World Bank (2000a: 3)

However, democratic decentralisation implies more than the downward delegation of authority. Crucially, it entails a system of governance in which citizens possess the right to hold local public officials to account through the use of elections, grievance meetings and other democratic means (see below). Blair (2000: 21) captures the essence of this important idea:

(Democratic decentralisation) can be defined as meaningful authority devolved to local units of governance that are accessible and accountable to the local citizenry, who enjoy full political rights and liberty. It thus differs from the vast majority of earlier efforts at decentralization in

<sup>2</sup> Some of the arguments developed in this section originally appeared in Johnson (2001a).

developing areas, which go back to the 1950s, and which were largely initiatives in public administration without any serious democratic component.

A defining feature of any democratic system is that decision-makers are under the ‘effective popular control’ (Mayo, 1960: 60) of the people they are meant to govern. How this is accomplished, of course, constitutes a major dilemma for theorists and proponents of democratic development. Nevertheless, a number of defining features can be observed. Mayo (1960: 61–69) identifies four:

- popular control of policy makers, both by regular elections and by the pressure of social interest groups;
- the institutionalisation of all adult citizens in voting (i.e. one person, one vote);
- political freedom in the eyes of the state;
- policy decisions made on the basis of majority rule.<sup>3</sup>

Beyond these very basic principles, democracy also implies a wide range of rules, norms and customs through which citizens can exercise ‘effective popular control’ over public officials. Included here would be an independent judiciary, a free press, systems of transparency, and freedom of association and speech (Luckham et al., 2000; Putzel, 1997b).

In this paper we are particularly interested in the *intra*-governmental transfers that fall within the spectrum of deconcentration and devolution, rather than extra-governmental transfers, such as delegation and privatisation. *Panchayati Raj* in India is primarily concerned with devolution, in which the 73<sup>rd</sup> Amendment confers constitutional status to a ‘third stratum’ (Mukarji, 1999) *that exists within the government system* at district, sub-district and village levels. For the sake of brevity, we assess fiscal, political and administrative decentralisation in AP and MP simply in terms of the extent to which the State governments have devolved powers over *funds, functions and functionaries* (Section 4).

## 2.2 The case for decentralisation

Assertions in favour of decentralisation are often founded upon a wider critique of central state planning, which holds that large and centrally-administered bureaucracies represent an inefficient and potentially destructive means of allocating resources (and generating wealth) within society (Economist, 2001; Lal, 2000; World Bank, 2000d). Three assertions are used to substantiate this claim. One argues that central state agencies lack the ‘time and place knowledge’ (Hayek, cited in Ostrom et al., 1993: 51) to implement policies and programmes that reflect people’s ‘real’ needs and preferences. Decentralisation is thought to create the conditions for a more pluralist political arrangement, in which competing groups can voice and institutionalise their interests in local democratic forums (e.g. Rondinelli et al., 1989; Crook and Manor, 1998).

A second holds that states (based on principles of command and control) are qualitatively different from markets (based on competition and exchange) and voluntary organisations (based on some measure of altruistic motivation) (on this, see Robinson et al., 2000). Viewed in this way, states lack the flexibility and reach to provide certain types of goods and services, particularly ones with large information requirements. Decentralisation, it is argued, creates institutions that are more amenable to local needs and preferences (Ostrom et al., 1993).

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<sup>3</sup> These of course imply a system of **indirect representation**, whereby candidates engage in competitive elections for public office.

A third and related view argues that unchecked authority and inadequate incentives (reflected in salaries, rules of promotion and so on) encourage ‘rent seeking behaviour’ among government officials (Ostrom et al., 1993). In theory, decentralisation would undermine these opportunities by creating institutional arrangements that formalise the relationship between citizens and public servants, giving the former the authority to impose sanctions (such as voting, recourse to higher-level authorities) on the latter (Blair, 2000; Crook and Manor, 1998; Manor, 1999; Rondinelli et al., 1989). This paper is particularly concerned with this third aspect of decentralisation.

## 2.3 Decentralisation and poverty reduction

The case for democratic decentralisation is also predicated upon the notion that greater participation in local political affairs will improve the quality and reach of government services, particularly ones aimed at improving the lives of poor and politically marginal groups in society (see, for instance, de Souza, 2000). For proponents of democratic decentralisation, a central challenge of improving the delivery of public services becomes one of ‘crafting’ (Ostrom, 1990) institutions which can maximise participation in political life. In the context of poverty reduction, access to the (myriad) resources and benefits that governments provide is associated with systems of governance that empower poor and vulnerable groups in society.

Although there is of course great variation among cultures, countries and regions, we can identify a number of roles that governments typically play in poor and predominantly rural areas:

- one is the provision of **public goods**, such as universal education and healthcare;
- a second is the provision of **divisible goods**, such as irrigation, agricultural extension and credit;
- a third is the **determination and enforcement of laws** regulating key economic inputs, such as land, labour and capital;
- a fourth and critical element is the **recognition and protection of rights** allowing for organisation, association and entitlement in the eyes of the state.

All of these, it is worth emphasising, are problematic in the sense that they require systems of governance which ensure that public resources are being delivered efficiently and effectively (Johnson and Start, 2001). Indeed, it is the misallocation or ‘corruption’ of these services that often justifies the strongest calls for public sector reform (e.g. the World Bank, 2000d; the Economist, 2001).

Studies of decentralisation have shown that devolution of authority can enhance systems of local governance in a number of ways. First, the establishment and empowerment of local resource user groups (delegation or privatisation) can improve the ways in which local people manage and use natural resources, thereby improving the resource base on which poor people are often disproportionately dependent (Baland and Platteau, 1996; IFAD, 2001; Ostrom, 1990). Such arguments are generally made in relation to the provision of local public goods, such as common pool resources or local credit organisations (e.g. Agrawal and Gibson, 1999; Baland and Platteau, 1996; Johnson, 2001b).

Second, and related to this, collaboration between public agencies and local resource users can produce ‘synergistic’ outcomes (Evans, 1996a; 1996b; Ostrom, 1996), in which citizens and civil servants cooperate to provide goods that would be unobtainable were they acting alone. Classic examples of this would include joint forest management (IFAD, 2001), fisheries co-management (Pomeroy and Berkes, 1997) and participatory watershed management (Farrington et al., 2000).

Third, and most central to this paper, the democratisation and empowerment of local administrative bodies can enhance participation in decision-making fora, particularly among groups that have traditionally been marginalised by local political processes (Blair, 2000; Crook and Sverrisson, 2001; Crook and Manor, 1998). Studies from Africa, Asia and Latin America have shown that the introduction of elections, systems of transparency and rights of association can empower poor people, enhancing their ability to participate in local decision making and (crucially) encouraging them to hold public officials to account (Blair, 2000; Crook and Manor, 1998; Crook and Sverrisson, 2001; Drèze and Sen, 1996; Manor, 1999; Rondinelli et al., 1989). As Blair (2000: 25) points out, ‘increased representation offers significant benefits in itself.’ Framed in this way, participation in local, democratically elected bodies can lead to improvements in self-identity and worth, which can help to break down customs of inequality and discrimination (cf. Robinson, 1988). Second, membership of local administrative bodies can provide important skills (e.g. bookkeeping, leadership, etc.) that can be transferred to other walks of life.

However, the notion that improving *participation through decentralisation* will necessarily lead to improvements in people’s wellbeing is not entirely consistent with documented evidence. A recurring theme that emerges from a sizeable body of literature is the relatively weak correlation that exists between democratic decentralisation and poverty reduction (e.g. Blair, 2000; Crook and Manor, 1998; Crook and Sverrisson, 2001; Golooba-Mutebi, 2000; Manor, 1999; Moore and Putzel, 1999; Rahman, 2001; World Bank, 2000a). Despite great strides at devolving power to local, democratically elected bodies, decentralisation in Colombia, Brazil and the Philippines appears to have achieved little in the way of reducing poverty or improving regional disparities (Crook and Sverrisson, 2001: 37–39). Manor’s conclusions (1999: 106–108) about experiences in Bolivia, Karnataka and Bangladesh are equally pessimistic.

In one respect, this reflects the difficulty of establishing a clear and rigorous link between changes in governance and improvements in well-being (Rahman, 2001). It also suggests a more sober conclusion about the ways in which democratic decentralisation is thought to affect the quality and availability of local economic opportunity. As Crook and Sverrisson’s cross-country comparison (2001: 52) concludes,

The notion that there is a predictable or general link between decentralisation of government and the development of more ‘pro-poor’ policies or poverty-alleviating outcomes clearly lacks any convincing evidence. Those who advocate decentralisation on these grounds, at least, should be more cautious, which is not to say that there are not other important benefits, particularly in the field of participation and empowerment.

Even the most successful forms of democratic decentralisation have been unable to overcome economic and political disparities, both within and among regions. This, in part, highlights the problem of raising public revenue in rural areas, in which economic surplus (and therefore taxable revenue) is typically poor.

Decentralisation can also pose new problems of co-ordination and planning. As the Kerala experience has shown (Ghatak and Ghatak, 2002; and below), too much devolution can lead to major duplications of effort and gaps among different government agencies. Without adequate training and support, the devolution of large sums of money can also over-burden local bodies whose members lack the resources and expertise to spend large and complex budgets (again, see Ghatak and Ghatak, 2002 on the Kerala experience).

Finally, there is a problem of local élite capture. As many studies (e.g. Blair, 2000; Crook and Sverrisson, 2001; Drèze and Sen, 1996; Manor, 1999; Moore and Putzel, 1999: 15) have pointed out, one of the dangers of devolving authority is that it simply empowers local élites and, worse, perpetuates existing poverty and inequality. Whether the introduction of democratic principles – on

its own – would overcome the historical and cultural factors that perpetuate political inequality is somewhat doubtful (Luckham et al., 2000; Moore and Putzel, 1999). This, in turn, highlights the challenge of encouraging democracy in rural areas in which large numbers of people are dependent upon small numbers of local, powerful élites. It also highlights the challenge of encouraging ‘empowerment’ without addressing the rights and entitlements (particularly ones governing land and property) that underlie political structures in rural areas (more on this below).

Where the spoils of government intervention are particularly good, one can predict with reasonable confidence that the costs of ensuring equitable distribution and of discouraging local corruption will be high. This is notoriously true of rural infrastructure projects, such as road building (Rao, 2000) or irrigation (Wade, 1985), in which markets for primary inputs, labour and public regulation (Wade, 1985) are strong. Here the corruption of local administrative bodies will depend on a number of factors:

- the ease of procuring spoils from the programme;
- the ability to avoid detection and/or sanction;
- the amount of money involved (i.e. some departments and programmes are more ‘wet’ than others<sup>4</sup>);
- **systems of accountability**, which would ideally expose and sanction behaviour of this kind.

This last factor is worth highlighting, both because it can be affected by public policy and because it is the misallocation or ‘corruption’ of public resources that often justifies the strongest calls for democratic decentralisation (e.g. Drèze and Sen, 1996; World Bank, 2000d). Saxena and Farrington (forthcoming) highlight a number of ways in which poor accountability and bad governance can undermine the interests of poor and marginal groups in society:

- first, rent seeking behaviour on the part of the police, government officials, etc. can deprive the poor of resources they would ideally receive were the corruption not taking place;
- second, absenteeism, corruption and other forms of poor performance means that the government is spending social welfare resources which yield no benefits;
- third, the widespread perception of corruption promotes feelings of distrust towards government, thereby undermining the potential for collaboration between the state and civil society organisations;
- finally, a culture of corruption emerges within the public sector, encouraging officials further rent seeking behaviour and poor accountability.

Perhaps the strongest argument in favour of decentralisation is the idea that the establishment of strong and accountable systems of governance will encourage a more equitable distribution of state-provided resources, which can be directed towards poor and vulnerable groups. An underlying hypothesis here is that democratic participation will yield strong mechanisms of accountability, which in turn, will improve the distribution of benefits to groups that are traditionally marginalised by market and state.

In the following section we explore this hypothesis more fully by examining the conditions under which decentralisation has led to more accountable forms of local governance. The conclusion we reach is that decentralisation – on its own – is far from sufficient. First, however, it is important that we try to define more precisely what we mean by accountability.

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<sup>4</sup> I am grateful to John Young, Research Fellow at ODI, for introducing me to this very useful term.

Agrawal and Ribot (1999) have argued that accountability implies a set of relations that depend ‘on the exercise of a counter power to balance arbitrary action.’ Comparing decentralisation in South Asia and West Africa, they draw a useful distinction between *upward and downward accountability*, in which the ability to hold decision making actors to account is dependent on the upward and downward relations between officials and their superiors (upwards) and local citizens (downwards). Agrawal and Ribot (1999) argue that the most effective forms of governance are dependent on downward accountability, in which the power to make rules, decide access to the benefits provided by local bodies and enforce and adjudicate these arrangements is dependent upon the consent or support of local citizens. This, in turn, implies that local people have the power to hold officials in check.

Brett’s definition of accountability (1993) implies a more formalised set of expectations and responsibilities, on which the performance of public officials can be judged. Here the existence of clear and explicit rules, governing the duties, jurisdictions and standards of public officials is an essential part of accountability. As he argues in later work (Brett, 2000: 41), ‘Accountability works best when rewards (for good performance) depend directly on the quality of service provided – failures occur when there is no direct relationship between the two.’

Moncrieffe (2001: 27) distinguishes between *ex-post* and *ex-ante* accountability. The former, she argues, implies a responsive process on the part of citizens, whereby rights-based mechanisms, such as the courts, grievance procedures and elections, can be used to keep public officials in check. The latter suggests that,

. . . in order to act effectively in the citizens’ interest, representatives must – as a general principle – know what these interests are; allow for deliberation and consultation so that policies may be corrected where appropriate; keep the public apprised of policy choices and provide explanations and opportunities for public response, particularly where it is not obvious that actions are in accordance with the public’s expressed interests; and provide the appropriate mechanisms and act in such a way that citizens are able to assess the quality of their representation (Moncrieffe, 2001: 27).

This definition – and the relations it implies – comes closer to Judith Tandler’s (1997) interpretation of good governance, a theme we turn to next.

To summarise, the most ambitious forms of decentralisation (i.e. devolution) constitute a substantive shift in power from national or regional levels to more local spheres of political life. Decentralisation empowers new actors (at local and non-local levels), and (in theory) creates conditions for new lines of participation and accountability. However, the notion that decentralisation will lead to improvements in poverty reduction is not well-supported. Moreover, there is little or no evidence to suggest that decentralisation – on its own – will necessarily produce systems of governance that are more effective or accountable to local needs and interests. In other words, local forms of accountability are dependent on more than just the devolution of political, administrative and fiscal power.

In the following section, we consider arguments and evidence outlining the conditions under which local institutions can be made more accountable. In the context of this paper we define accountability as a relationship between public officials and citizens, in which the latter possess a means of challenging or counterbalancing the arbitrary use of power (Agrawal and Ribot, 1999) on the basis of a formal understanding of what constitutes appropriate behaviour on the part of public officials (Brett, 1993). In its most ideal form, accountability should be based on strong norms of communication and consultation between public officials and citizens (Moncrieffe, 2001).

## 2.4 What makes local institutions accountable?

In this section, we consider three broad conditions under which local institutions can be made more accountable to poor and politically marginal groups:

- an active citizenry, whose participation in broad areas of political life, such as voting, campaigning, attending meetings, running for office, lobbying representatives, etc., serves to counter balance the arbitrary use of power;
- fiscal and political support from higher level authorities within government;
- the existence of competitive political parties whose legitimacy depends at least in part on the ability to support the needs of the poor.

### *The 'role' of civil society*

Central to much thinking about governance and accountability is the notion that effective and responsive governments require strong and vibrant civil societies to keep them in check (e.g. Ostrom, 1990; Putnam, 1993). Perhaps the most recent and influential manifestation of this is Robert Putnam's assertion (1993) that societies with high levels of social capital (defined in terms of norms of trust and reciprocity and networks of engagement) will organise to demand better government (for a critical review of this account, see, especially, Fine, 1999; Harriss and de Renzio, 1997; Putzel, 1997a; Harriss, 2001). Underlying this proposition is the notion that 'civic engagement' – participation in a wide range of political and non-political organisations – correlates strongly with effective and responsive government.<sup>5</sup>

Civil society is often understood as a 'sphere' of voluntary action, which sits between the family and the state (Harriss, 2001). Included here would be 'third-party' organisations (such as domestic and international NGOs), membership organisations (such as trade unions, farmers' associations, credit groups, water-user associations, etc.), political parties, Mafia arrangements, religious affiliations (formal and informal) and firms (i.e. organisations that engage in competitive economic exchange). The value of defining civil society in this way is that it attempts to differentiate between groups and relations that are organised on principles of hierarchy and control and ones that are based on the *relatively* altruistic motivations of the nuclear and extended family unit. The drawback, of course, is that it underplays the normative and ideological terms on which people join and establish social groups in the first place (Chandhoke, 1995; Harriss, 2001; Putzel, 1997a).

Studies of decentralisation suggest two important links between civil society organisations and local accountability. One emphasises the importance of local mobilisation. Drawing on evidence from China and Nigeria, Meenakshisundaram (1999: 66–7) argues that local accountability was highly dependent on the existence of 'mass participation' at the local level. Reflecting on findings from Bolivia, Honduras, India (Karnataka), Mali, Ukraine and the Philippines, Blair (2000: 27) argues that civil society organisations fostered strong accountability in peripheral rural areas. An important assertion here is that accountability is strengthened when people outside the state organise to ensure that public officials are acting in accordance with formal and informal norms of performance.

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<sup>5</sup> Note that there is considerable debate about this. First, it has been argued that Putnam's concept of social capital is defined in a way that leaves considerable room for interpretation. At best, this leads to confusion (Harriss and De Renzio, 1997). At worst, it produces a tautology in which 'civic engagement breeds civic engagement' (Harriss and De Renzio, 1997: 922–4). Second, they underplay the notion that the benefits that accrue from networks of reciprocity and trust are often subject to exclusion, power and politics (Putzel, 1997a: 4; Harriss, 2001; Harriss and De Renzio, 1997: 926–7). Indeed, an important reason groups attract people in the first place is that they offer benefits that can be excluded from non-members.



A second assertion is that *external* civil society organisations (i.e. organisations that exist outside of the affected communities) can empower poor and marginal groups in society (Crook and Manor, 1998; Tandler, 1997). NGOs, for instance, have been shown to empower poor people by connecting them with a wider circle of allies, with whom they can mount a more effective political lobby (Bratton, 1990; Clark, 1991; Johnson, 2001b; White and Runge, 1995). Second, and related to this, they can absorb some of the costs of engaging in political action (e.g. transportation, communication and so forth). Third, and somewhat less tangibly, they can encourage what Samuel Popkin (1979: 243) has described as ‘new conceptions of identity and self-worth.’ This they can do by encouraging poor people to engage in collective action (White and Runge, 1995) or by transmitting information about constitutional rights, potential allies and other political opportunities.

However, it is important to recognise the fact that civil society organisations are often constrained by institutions that counteract or undermine local forms of political action. In rural communities, where the number and diversity of social networks are often limited, individuals obtain access to important material resources by claiming, maintaining and ideally improving their place in lineage groups, such as the family, and membership groups, such as religion and ‘community’ (cf. Berry, 1989; Bebbington, 1999; Johnson, 2001b). To assume that these groups would be open to all that seek to join would understate the benefits insiders can obtain by restricting membership.

A direct illustration of this is the relationship between literacy and political action. As Drèze and Sen (1996) have argued, one’s ability to obtain and understand information about laws, policies and the rights to which one is entitled is often highly dependent on the ability to read. This, in turn, highlights the means by which poor people are represented in democratic institutions (e.g. through political parties, bloc voting, lobbying and so on) and the extent to which they have the ‘political tools’ (e.g. money, power, information, literacy) to influence the democratic process. When voters are ill informed about party platforms, government policies and the rights that these may provide, their ability to influence the democratic process can be limited. Likewise, when politicians and parties campaign on the basis of (relatively) short-term pay-offs, as opposed to programmatic policies, the relationship between compromises of this nature and democratic accountability can be very thin indeed (Moore and Putzel, 1999).

Related to this is the dilemma of encouraging poor people to assume the costs of engaging in direct political action. As Moore and Putzel (1999: 10) have argued, agrarian institutions may be structured in a way that prevents poor people from engaging in direct political action. Moreover, the costs of political action (e.g. costs of travel, communication and/or potential backlash) may deter them from pursuing or sustaining coherent political movements. Finally, multiple and potentially contradictory loyalties may undermine political solidarity around class-based identities, such as ‘small farmers, landless, wage workers, tenants, recipients of food subsidies, squatters’ and the like (Moore and Putzel, 1999: 10).

Reflecting on the recent popularisation of civil society, social capital and decentralisation, Harriss (2001) has argued that the use of social capital and civil society as the basis for the establishment of good governance is a dangerous assertion in the sense that it implies that local collective action is sufficient for strong mechanisms of accountability. In particular, he argues that local organisation and collective action on their own are ‘liable to be ineffectual’ without the active support of external civil society organisations and the bureaucratic state. Emphasising the notion that civil society is established ‘in relation to institutions which are defined by the state,’ Harriss (2001) argues that collective action will improve local governance structures only when they are connected to wider networks of political action and established in ‘a political context which secures the rights of less advantaged or less ‘resource-full’ people.’

In other words, local people require the support of higher authorities within the state, whose power can support and legitimise local forms of political mobilisation. Regulations stipulating the inclusion of subordinate groups (for instance the reservation system in India) can help to ensure that poor and marginalised groups have a voice in local bodies (Crook and Manor, 1998). Among the most successful cases (e.g. West Bengal, Colombia, the Philippines), systems of local governance have also been shown to improve the efficiency and responsiveness of public officials (Blair, 2000; Crook and Sverrisson, 2001; Crook and Manor, 1998; Manor, 1999). However, without these (and other) forms of support, poor and primarily rural communities are unlikely to join and sustain political movements on their own (Johnson and Forsyth, 2002; Harriss, 2001; Moore and Putzel, 1999).

This is consistent with a wider literature on decentralisation, which emphasises the importance of 'enabling regimes' that allow for local autonomy.

### *'Enabling regimes' and local autonomy*

Judith Tendler's study of governance and primary healthcare in Northeastern Brazil (1997) helps to illustrate the ways in which extended interaction between government health workers and local communities was able to foster a culture of accountability between public officials and the rural poor (Tendler, 1997; Tendler and Freedheim, 1994). Central to Tendler's analysis is the 'paradoxical' (Harriss, 2001) notion that the effective delivery of primary healthcare was dependent on external support from 'higher-level' echelons within government. This is consistent with a wider literature on decentralisation, which suggests that central governments can foster local accountability in a number of ways. First, as Crook and Sverrisson (2001: 52) have argued, central states can provide an important 'counter élite' to groups that would resist efforts to make local bodies more democratic (Crook and Sverrisson, 2001; Moore and Putzel, 1999; Tendler, 1997). Second, and crucially, they can structure incentives in a way that allows local participation and public accountability to take root. Such incentives would conceivably include career trajectories, 'earmarked funding' (Crook and Sverrisson, 2001: 51) for local bodies and status within society (Crook and Manor, 1998; Tendler, 1997).

Drawing on evidence from China and Nigeria (both of which introduced relatively ambitious forms of decentralisation), Meenakshisundaram (1999: 66–7) argues that effective decentralisation was dependent on the existence of three necessary conditions:

- strong political commitment from higher level authorities within government;
- relative autonomy of the local body in decision making and implementation of local schemes;
- the availability of internally generated resources at the local level.

These are broadly consistent with the conclusions reached by Crook and Manor (1998), in which:

- elected bodies at local levels had adequate funds;
- they enjoyed substantive autonomy; and
- lines of accountability existed between elected representatives and citizens, and between non-elected bureaucrats and elected representatives.

In other words, devolution can foster accountability when local institutions have the autonomy to decide matters relating to local revenues and resource allocation. However, where the international literature is somewhat more ambiguous is on the question of how to strike a balance between the

autonomy that local bodies need to function effectively and the accountability to ensure that such bodies act in the public interest (however this may be defined).

Evans (1995) addresses this issue when he considers the question of state autonomy and industrial policy in Brazil. His principal assertion is that effective state intervention required a 'concrete set of social ties that binds the state to society and provides institutionalised channels for the continual negotiation and renegotiation of goals and policies,' (Evans, 1995: 12). At the same time, he asserts, government officials required sufficient institutional autonomy to withstand the influence of powerful actors and interests. This, again, is consistent with Moncrieffe's (2001) idea of 'ex-post' accountability.

Along similar lines, Tandler's study (1997) found that accountability and good governance were contingent upon the following conditions:

- government officials spent extended periods of time with beneficiaries;
- this, in turn, created a situation in which officials were affected by ('embedded in') the opinions and sanctions of community members;
- good performance carried high prestige, both within the community and within the civil service;
- central government was instrumental in supporting these initiatives.

In theory, local taxation and the threat of the vote would strengthen the autonomy and accountability of local bodies. As Jha (2000: 115) has argued,

The logic behind transferring taxes which are local in nature to the local bodies is to endow these bodies with strong revenue base that can be utilised according to their own development plans.

In practice, however, the decentralisation of taxation may be a difficult undertaking. As Manor (1999: 111) has argued, the central dilemma here is not necessarily the lack of taxable surplus (although this too is a problem), but the political and administrative costs of collecting public resources, the reluctance among many central governments to grant the authority that activities of this nature would require and the (somewhat ubiquitous) reluctance among residents to in fact pay their taxes. Lacking a means of ensuring transparent budget allocation, there is also little guarantee that the creation of financially autonomous bodies will not simply perpetuate further corruption of local resources or, worse, encourage local politicians to eliminate certain services entirely (Crook and Manor, 1998: 301). Such findings are highly consistent with the problems most commonly associated with decentralisation in India (Sections 3 and 4).

### *Elections, parties and competitive politics*

Crook and Manor's study of decentralisation in South Asia and West Africa (1998: 302–4) highlights the challenge of encouraging a culture of accountability in local political processes. Reflecting on the relatively successful case of Karnataka (India), they argue that accountability required the existence of:

- competitive political parties (cf. Blair, 2000; Echeverri-Gent, 1992);
- a widely distributed free press (cf. Blair, 2000); and
- a 'professional civil service,' in which officials were willing 'to develop a constructive but law-abiding relationship with elected politicians,' (Crook and Manor, 1998: 303).

Reflecting on the findings of a USAID study of democratic decentralisation, Blair (2000: 27) identifies seven mechanisms ‘that have proven at least potentially viable’ in Bolivia, Honduras, India (Karnataka), Mali, Ukraine and the Philippines:

- free and fair local elections;
- strong and competitive political parties;
- strong civil society organisations;
- a vigorous and accessible electronic media;
- public meetings;
- formal grievance procedures.

As Blair (2000: 27) has argued, periodic elections provide an important means of ensuring government responsiveness and accountability on broad social issues. At the same time, he observes, ‘elections are crude instruments of popular control, since they occur at widely spaced intervals . . . and address only the broadest issues,’ (Blair, 2000: 27). Elections therefore constitute an imperfect yet vital component of any democratic system. However, their ability to encourage effective responsive governance is highly dependent upon three important variables:

- the degree to which parties and politicians campaign on substantive policy issues, as opposed to populism or, worse, clientelism and vote buying (cf. Moore and Putzel, 1999);
- the quality of information voters have at their disposal; and
- the strength of civil society organisations.

As Manor (1999: 74–76) has argued, multi-party democracies can help to organise ‘opposing forces’ (1999: 75) into clearly recognisable groups, stimulating public criticism and debate. That having been said, the ability to articulate interests and stimulate debate depends in no small way on the internal dynamics and debates that exist *within* political parties.

Just as elections do not a democracy make, the same can be said of party politics and democratisation. The development of a strong and vibrant civil society is also inextricably linked to the political opportunities the state makes available, and the ways in which poor and marginal groups in society exploit these opportunities (Corbridge and Harriss, 2001; Luckham et al., 2000; Moore and Putzel, 1999). This, in turn, highlights the ways in which identities based on class, caste, religion, ethnicity, gender and other social markers affect social mobilisation and political voice (Luckham et al., 2000; Harriss, 2000; Moore and Putzel, 1999). It also poses the question of whether and to what extent political struggles among and between these and other social groupings will lead to stronger forms of civil society and, by extension, more equitable forms of governance (Luckham et al., 2000; Harriss, 2000).

The experience in West Bengal suggests that political parties can and will challenge the interests of dominant groups when they develop and pursue a programme that is ideologically committed to the goal of social redistribution (Crook and Sverrisson, 2001; Echeverri-Gent, 1992; Ghatak and Ghatak, 2002; Kohli, 1987). Kohli (1987) makes the case that the Left Front government’s ability to pursue and implement a pro-poor agenda of land reform and decentralisation was directly dependent on the structure and ideological commitment of the CPI (M). In particular, Kohli (1987; reviewed in Corbridge and Harriss, 2001: 226) argues that the Left Front’s ability to penetrate the countryside and to challenge the interests of landed élites was dependent on a party with:

- a coherent leadership;
- an ideological and organisational commitment to exclude propertied interests from the process

of governance;

- a pragmatic attitude toward facilitating a non-threatening environment for propertied interests; and
- an organisational structure that was both centralised and decentralised, allowing the regime to maintain contact with local society, without becoming beholden to local propertied élites.

Much like Tendler's 'optimal' arrangement in Brazil, the Left Front government appears to have been able to strike an ideal balance between local governance and a central executive, whose power and legitimacy helped to maintain a minimal sphere of autonomy from local élite capture.

However, the historical events that led to the establishment of the Left Front government in West Bengal have prompted some scholars to question the viability of replicating the experience in other political settings (see, particularly, Crook and Sverrisson, 2001; Corbridge and Harriss, 2001; Echeverri-Gent, 1992). Moreover, it is worth emphasising that the achievement of this political programme was not entirely democratic in character (Ghatak and Ghatak, 2002), reiterating the tension that can exist between coherent policy and popular democracy. As Corbridge and Harriss (2001: 227) have argued, 'West Bengal is not a 'model' for the rest of the country.' Nevertheless, they emphasise, it does shed some light on the important ways in which the state can empower poor and politically marginal groups in society (a theme we return to below).

## 2.5 Summing up

To summarise, international experience suggests three broad conditions under which decentralisation has been found to foster more accountable forms of governance:

- active participation among broad elements of society, including voting, campaigning, attending meetings, running for office, lobbying representatives, etc.;
- fiscal and political support from higher level authorities within government;
- the existence of competitive political parties whose legitimacy depends at least in part on the support of the poor.

In the following section, we begin to explore the ways in which Indian decentralisation has played out since the 73rd Amendment in 1993. Here we consider two principal issues:

- whether and how far the state (broadly) defined has created an enabling environment for democratic decentralisation;
- the factors that have prevented this from happening.

### 3 Decentralisation in India

A commitment to the reduction of poverty has been a defining characteristic of the Indian state, from the time of Independence to the present day. As Kohli (1987: 62) has argued, the Indian state that emerged after Independence was deeply committed to ‘industrialisation, economic growth and a modicum of income redistribution.’ In terms of poverty reduction, this involved an early attempt at improving agricultural productivity through the implementation of land reforms, agricultural co-operatives and local self-government (Harriss et al., 1992; Varshney, 1998).

From an early stage in this process, the reduction of poverty and the empowerment of poor and politically marginal groups in India have been strongly associated with at least some form of decentralisation (e.g. Drèze and Sen, 1996; Jha, 1999). Perhaps the most enduring image of decentralisation in India is Gandhi’s vision of village *Swaraj*, in which universal education, economic self-sufficiency and village democracy would take the place of caste, untouchability and other forms of rural exploitation. Although this vision has been hotly debated since (at least) the time of independence (see, especially, Ambedkar’s debates with Gandhi, cited in World Bank, 2000a: 5), Gandhi’s vision has had an enduring effect on the ways in which decentralisation has been argued and defended in Indian politics. Beyond the symbolic imagery of the independent ‘village republic,’ an important element of this relates to the idea that formal, constitutional changes in India’s administrative system can have a lasting impact on informal and unequal structures like caste, class and gender. (We shall return to this theme in due course.)

Box 2 gives an idea of the various commissions and committees that have inspired contemporary thinking about *Panchayati Raj* in India.

Perhaps the most important among these – particularly since independence – were the B. Metha Commission of 1957, the Asoka Metha Commission of 1978, and the G.V.K. Rao Committee of 1985. An enduring issue that features in all of these assessments is the notion that the *Panchayats* have been weakened or undermined on three fronts: (1) States that are unwilling to devolve substantive power; (2) a resistant bureaucracy and (3) the power of ‘local élites.’ Such realisations were instrumental in the drive to give the *Panchayats* constitutional status in the 73<sup>rd</sup> Amendment (Jha, 1999).<sup>6</sup>

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<sup>6</sup> Note that this paper is dealing primarily with the 73rd Amendment, which covers decentralisation in rural areas. The 74th Amendment, dealing with decentralisation in municipal areas, and the ambitious Adivasi Act, which empowers tribal authorities in Scheduled Areas, are not addressed in this paper.

### Box 2 Milestones in Indian decentralisation

- 1882 The Resolution on Local Self-Government.
- 1907 The Royal Commission on Decentralisation.
- 1948 Constitutional debates between Gandhi and Ambedkar on *Gram Swaraj*, 'self-rule'.
- 1957 Balwantrai Mehta Commission – an early attempt to implement the *Panchayat* structure at district and block (*Samithi*) levels.
- 1963 K. Santhanam Committee – recommended limited revenue raising powers for *Panchayats* and the establishment of State *Panchayati Raj* Finance Corporations.
- 1978 Asoka Mehta Committee – appointed to address the weaknesses of PRIs, concluded that a resistant bureaucracy, lack of political will, ambiguity about the role of PRIs, and élite capture had undermined previous attempts at decentralisation, recommending that the District serve as the administrative unit in the PRI structure. Based on these recommendations, Karnataka, Andhra Pradesh and West Bengal passed new legislation to strengthen PRIs.
- 1985 G.V.K. Rao Committee – appointed to address weaknesses of PRIs, recommended that the block development office (BDO) should assume broad powers for planning, implementing and monitoring rural development programmes.
- 1986 L.M. Singvhi Committee – recommended that local self-government should be constitutionally enshrined, and that the *Gram Sabha* (the village assembly) should be the base of decentralised democracy in India.
- 1993 The 73<sup>rd</sup> Amendment to the Indian Constitution – PRIs at district, block and village levels are granted Constitutional status. The *Gram Sabha* is recognised as a formal democratic body at the village level. The 74<sup>th</sup> Amendment, granting Constitutional status to municipal bodies, is passed soon after.
- 1996 The Adivasi Act – Powers of self-government are extended to tribal communities living in 'Fifth Schedule' areas.

### 3.1 The 73<sup>rd</sup> Amendment

The 73<sup>rd</sup> Amendment gives village, block and district level bodies a constitutional status under Indian law. The more important features of the Amendment are summarised in Box 3 (World Bank, 2000a: 7):

#### Box 3 The 73<sup>rd</sup> Amendment: major provisions

1. The establishment of a three-tier PRI structure, with elected bodies at village, block and district levels (States with populations less than 2 million are not required to introduce block-level *Panchayats*);
2. The recognition that the *Gram Sabha* constitutes a deliberative body at the village level;
3. Direct elections to five year terms for all members at all levels;
4. One-third of all seats are reserved for women; reservations for SCs and STs proportional to their populations;
5. Reservations for chairpersons of the *Panchayats* – *Sarpanches* – following the same guidelines;
6. State legislatures may provide reservations for other backward groups;
7. A State Election Commission (SEC) will be created to supervise, organise and oversee *Panchayat* elections at all levels;
8. A State Finance Commission (SFC) will be established to review and revise the financial position of the *Panchayats* on five-year intervals, and to make recommendations to the State government about the distribution of *Panchayat* funds.

At the village level, the most important provisions relating to participation and accountability are those governing reservations and the *Gram Sabha*. Under the 73<sup>rd</sup> Amendment one-third of all seats must be reserved for women. Likewise, reservations for Scheduled Castes (SCs) and Scheduled Tribes (STs) are made in proportion to their population. At the village level, the *Gram Sabha*, which constitutes all eligible voters within a *Gram Panchayat* area, is meant to serve as a principal mechanism for transparency and accountability. Among its principal functions are:

- to review the annual statement of accounts;
- to review reports of the preceding financial year;
- to review and submit views on development programmes for the following year;
- to participate in the identification of beneficiaries for some government schemes.

This last provision is particularly important because it confers substantive authority over an area that is particularly prone to misallocation and corruption (Sections 3 and 4).

As Jha (2000: 103) has argued,

The 73<sup>rd</sup> and 74<sup>th</sup> Amendments . . . are designed to promote self-governance through statutory recognition of local bodies. The latter are expected to move away from their traditional role of simply executing the programs handed down to them by higher levels of government and to formulate and implement their own programs of economic development and social justice.

The ‘Eleventh Schedule’ of the 73<sup>rd</sup> Amendment identifies 29 areas over which *Panchayats* can legitimately have jurisdiction. Many of these – such as agriculture, minor irrigation, animal husbandry, fisheries, social forestry, small-scale industries, and implementation of land reforms – focus on particular sectors within the rural economy. Others – such as rural housing, rural electrification, transportation and communication linkages – are primarily concerned with the provision and maintenance of rural infrastructure. Some cover the provision of key rural services, such as health, sanitation and primary, secondary and vocational education. Others still govern the provision of targeted welfare benefits – such as the PDS, and benefits for scheduled castes and tribes, women and children and the handicapped.

In short, the 73<sup>rd</sup> Amendment covers many areas that would enable the *Panchayats* to improve the lives and wellbeing of poor and vulnerable groups. Moreover, it contains specific provisions that guarantee the participation of traditionally excluded groups, such as women, SCs and STs, and transparency for local institutions such as the *Gram Panchayats* and the *Gram Sabha*. However, as Mukarji (1999) has argued, the ambiguity surrounding the concept of ‘self-government’ and the substantial power that still rests with the State governments have prevented most States from devolving any substantive power to the *Panchayats*. Such findings are consistent with a wider literature on the problems most commonly associated with decentralisation in India (e.g. Crook and Manor, 1998; Jha, 1999; 2000; Mathew, 2001a; Mukarji, 1999; Oommen, 1999; Vyasulu, 2000; World Bank, 2000a). These we now explore in more detail.

### 3.2 Is the 73<sup>rd</sup> Amendment decentralisation?

In Section 2 we identified a series of ideal conditions under which local institutions have been shown to be more accountable to poor and politically marginal groups in society. These were:

- active participation among broad elements of society, including voting, campaigning, attending meetings, running for office, lobbying representatives, etc.;
- fiscal and political support from higher level authorities within government;
- the existence of competitive political parties whose legitimacy depends at least in part on the support of the poor.

In order to consider these hypotheses in relation to India’s decentralisation process, it is first necessary to establish whether the constitutional changes that transpired in 1993 were in fact decentralisation. The scholarly literature on *Panchayati Raj* tends to move in two fairly incongruous



directions. One, which is firmly grounded in the liberal democratic paradigm, argues that the 73<sup>rd</sup> Amendment did indeed create the conditions for decentralisation in India, and that this was a positive development. Although there is some disagreement about whether and to what extent the reforms have been implemented, the general consensus within this school is that the 73<sup>rd</sup> Amendment was a positive step for Indian decentralisation and that the only factor preventing successful devolution is the failure to implement fully the terms and conditions of the 73<sup>rd</sup> Amendment. A second school is decidedly more critical of decentralisation in general and the 73<sup>rd</sup> Amendment in particular. A central assertion that underlies this second school is that the reforms put in place in 1993 are largely cosmetic, and that the ultimate distribution of power and resources in rural areas is dependent on the pre-existing pattern of social inequalities created by caste, religion, class, gender and other forms of rural domination. This second body of thought we will address in due course. For the time being however, we consider the extent to which the changes put in place by the 73<sup>rd</sup> Amendment can be understood as decentralisation.

### *Critical assessments*

Using the conventional classification of ‘political, administrative and fiscal decentralisation,’ the World Bank’s three-volume study of Indian decentralisation (World Bank, 2000a; 2000b; 2000c) ranks India ‘among the best performers’ internationally in terms of political decentralisation, but ‘close to the last’ in terms of administrative decentralisation. Most States have held at least one round of elections since 1993. Reservations allowing the participation of women, Scheduled Castes and Scheduled Tribes have been respected (although there is great scope for corruption – see below). Finally, voter participation has been high. In its study of 53 villages in Rajasthan and MP, for instance, the World Bank (Alsop et al., 2000) found that voter turn out in *Panchayat* elections was well over 90% for all categories (defined in terms of gender, class and caste). This is significantly higher than the (still high) turnout for the most recent (1998) round of *Lok Sabha* elections, which was 61% for women and 65.9% for men (Yadav, 1999).<sup>7</sup>

The World Bank study goes on to argue that although Indian States and the Union government have been willing to recognise the *Panchayats*, to hold elections and to respect stipulations governing reservations for Scheduled Castes (SCs), Scheduled Tribes (STs) and women, they have been unwilling to vest them with sufficient ‘administrative control over significant functions or fiscal autonomy,’ (World Bank, 2000a: xi). In most States, *Panchayats* have been handed a wide array of responsibilities without the necessary fiscal and administrative resources.

In its assessment of Indian decentralisation, the Task Force on Devolution of Powers and Functions upon *Panchayati Raj* Institutions (MoRD, 2001) found that ‘most of the States’ had satisfied only the basic requirements relating to the transfer of functions, functionaries, funds and financial autonomy to the *Panchayats*.

Oommen’s (1999: 157–8) comparison of 12 Indian States concludes that the Conformity Acts have generally ‘been an exercise in amending existing *Panchayat* legislation for the sake of satisfying the mandatory provisions of the 73<sup>rd</sup> Amendment.’ In particular, he raises the following concerns:

- village *Panchayats* have been delegated functions ‘without adequate administrative, financial and technical support,’ (1999: 158);
- with the exception of Kerala and West Bengal, *Panchayats* lack discretionary powers over spending and staff;

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<sup>7</sup> However, as the authors (Alsop et al., 2000) point out, high voter turnout is possibly more reflective of local patronage networks than it is of a vibrant democracy.

- there is insufficient clarity and differentiation of functions among *Panchayats* and other levels of government;
- States reserve the right to assign or withdraw functions to and from the *Panchayats* by ‘executive fiat,’ (1999: 159);
- *Panchayats* at all levels have inadequate powers of taxation;
- *Panchayats* lack autonomous budgeting powers.

Similarly, Vyasulu (2000) finds that State governments have devolved little finances and fiscal powers to the *Panchayats*. Instead, many have established ‘parallel bodies’ as a channel for development funding. Self-help groups (SHGs) connected to the *Janmabhoomi* programme in Andhra Pradesh and the Rajiv Gandhi Watershed ‘Missions’ in Madhya Pradesh are two illustrations of this trend (Section 4).

Such findings are reflective of three more general problems, which are commonly associated with Indian decentralisation. First, Indian States – and the government bodies that operate within their jurisdiction – are part of a federal system, in which powers are defined by a written Constitution, and divided among Union, State and sub-State bodies. Second, the institutions empowered by Indian decentralisation are situated in a long-standing structure of public administration, whose interests and nature are not necessarily consistent with the provisions outlined in the 73<sup>rd</sup> Amendment. Finally, this process has happened in a context of political transition, in which customs of discrimination and inequality in rural areas are thought to have been challenged by forces arising from the green revolution and other forms of guided intervention. In the following sections we consider the challenge of Indian decentralisation with respect to three ‘institutional rigidities’:

1. the power of the States vis-à-vis the *Panchayats*;
2. the nature and resistance of the Indian bureaucracy;
3. local élite ‘capture’.

### *Federal constraints*

India’s Constitution gives the States considerable powers governing the devolution of bureaucratic authority and the administration of agrarian institutions, such as land, land tenancy and agricultural labour. The 73<sup>rd</sup> Amendment reaffirms this authority by giving the States great latitude in deciding the nature and scale of ‘self-government’ (Mukarji, 1999; World Bank, 2000a).

According to the 73<sup>rd</sup> Amendment, States are required to pass their own ‘conformity legislation’, which outlines the powers, functions and procedures of local government at village, district and intermediate levels (World Bank, 2000a: 8). However, the Conformity Acts also recognise the possibility that changing circumstances will give rise to new regulatory requirements, and therefore give individual States substantial autonomy to enact rules of ‘delegated legislation,’ which ‘emerge through government orders and which in actual fact are the source of State control over the *Panchayats*,’ (World Bank, 2000a: 8). Table 1 gives some idea of the extent to which the States of AP, MP, Kerala, Karnataka and West Bengal have retained powers of appointment, dismissal and review over the *Panchayats*: all States but Karnataka and West Bengal reserve the right to cancel decisions made by the *Panchayats*; all States but AP reserve the right to inspect the records of the *Panchayats*; all States reserve the right to dismiss the *Sarpanch* or village chief; finally, all States but Kerala reserve powers of appointment to the *Panchayats*. Here it is worth emphasising that

these are States that have been **relatively progressive** (compared with States like UP and Bihar) in the field of *Panchayati Raj*.

**Table 1 Decentralisation in five Indian States**

State powers	AP	MP	Kerala	Karnat'a	W. Bengal
State reserves powers to make rules and make changes in content of schedule	X	X	X	X	X
State reserves power of appointment to PRIs	X	X	–	X	X
Delimitation of constituencies the responsibility of government, not SEC	–	X	X	–	–
State manages PRIs when delay in elections	–	–	X	–	–
State reserves power to dismiss <i>Sarpanch</i>	X	X	X	X	X
State reserves power to cancel resolution or decision of <i>Panchayats</i>	X	X	X	–	–
State reserves power to dissolve <i>Panchayats</i>	X	X	X	X	X
State reserves power to inspect records/works	–	X	X	X	X
SFC report mandatory	–	X	–	–	–

Source: World Bank (2000a: 10)

A second requirement that emerges from the 73<sup>rd</sup> Amendment is the stipulation that the Governor of the State (a non-elected position, appointed by the Union President) establish a State Finance Commission (SFC) within a year of the commencement of the 73<sup>rd</sup> Amendment Act and every five years thereafter (World Bank, 2000a: 9). The SFC is charged with the responsibility of reviewing the financial position of the *Panchayats*, and of recommending measures to augment the financial resources available to local bodies (World Bank, 2000a: 9). Although many were quick to establish SFCs, few States have extended mandatory powers onto the SFC (Table 1).

A third important area of State authority relates to *Panchayat* elections. The 73<sup>rd</sup> Amendment requires States to establish an independent State Election Commission (SEC), whose primary responsibilities are to organise and oversee *Panchayat* elections, and to prepare the electoral rolls (World Bank, 2000a: 7). Again, although most States have established SECs, many have been unwilling to relinquish powers of delimitation – i.e. the power to define electoral constituencies (Table 1).

Beyond these three general powers, de Souza (2000: 30–31) identifies five particular ways in which the States have retained control over the *Panchayats*:

1. through the application of law; i.e. rules or executive decisions which undermine or over-ride the autonomy of local institutions;
2. through the removal, dismissal and assessment of local functionaries, whose ultimate accountability rests with the State government, not the *Panchayats*;
3. through the cancellation of decisions or withholding of approval for *Panchayat* activities;
4. through administrative means; i.e. the inspection of records, review of annual reports, etc.;
5. through the control of fiscal powers and resources.

As Jha (2000: 105) has argued, one of the most important ambiguities (and therefore weaknesses) relating to the functioning of the *Panchayats* is that of revenue generation:

The decisions as to which taxes, duties, tolls and fees should be assigned to local bodies and which should be shared by the State with them are with the State legislatures. Consequently, while expenditure responsibilities of local bodies are likely to be extensively enhanced, there is no law to ensure a corresponding assignment of taxes or shares to match the additional

responsibilities. Moreover, while the amendments did lead to the setting up of SFCs for improvement of fiscal scene at the local level, most SFCs chose to leave unchanged the existing tax powers of local bodies.

Oommen (1999: 145) classifies *Panchayat* finances into four categories: (a) own resources; (b) assigned revenues; (c) grants; and (d) loans. These can include a number of existing and potential sources of revenue (Jha, 2000; Oommen, 1999):

- taxes on land revenue, land, buildings, animals, and boats;
- fees and user charges collected from the allocation of grazing rights, fishing rights, etc.;
- assignment of existing State taxes to local bodies;
- tax sharing with State governments;
- central government grants provided on the basis of the Central Finance Commission (CFC) and the Planning Commission.

As of 2000, local governments in rural areas were not empowered to raise loans from public or private sources (Jha, 2000: 105).

Jha (2000: 106–7) assesses fiscal autonomy of the *Panchayats* in terms of (a) their ability to obtain untied grants from the States and the centre and (b) the requirement that they make a matching contribution to State or centrally sponsored schemes.<sup>8</sup> Reflecting on experiences in AP and Kerala, he concludes that many State grants are earmarked for a particular activity or constituency, and that autonomy of the *Panchayats* is minimal. AP, Karnataka and Rajasthan have all introduced the requirement that *Panchayats* make matching payments for particular schemes, such as irrigation works or streetlighting (Jha, 2000: 107). However, as international experience suggests (Section 2), the ability to raise these resources is highly constrained by the size of the local revenue base and by the willingness and ability to impose taxes, levies, etc. on local voters (Jha, 2000). In most States, only village-level *Gram Panchayats* are empowered to levy taxes directly. As Jha (2000: 111) points out, the ‘higher level bodies are left out under the fear that tax powers to PSs and ZPs (block and district level *Panchayats*) would result in tax base fragmentation and inter-jurisdictional conflicts’.

The question of fiscal autonomy is a matter of some debate. Some (such as George Mathew, personal communication) have argued that *Panchayats* do not necessarily need their own revenues to operate effectively. Access to ‘guarded’ or ‘fenced’ transfers from higher level authorities can serve this purpose, so long as the *Panchayats* have the autonomy to decide how the money gets spent. Others, such as Oommen (1999) have argued that political autonomy is directly dependent on the ability to raise and spend public resources:

Fiscal autonomy cannot be built into a regime of grants-in-aid. PRIs can play a genuine role in local development and self-rule only if they enjoy some degree of fiscal autonomy. This attribute is clearly more than relying on untied funds and rests on innovative resource mobilization, including project-tied loans, public contribution and the like. Tax assignment with clear taxing powers, and tax sharing assume significance in this context (Oommen, 1999: 164).

Leaving aside the problem of raising revenues in poor areas, there is also a problem of inter-governmental transfers. As Jha (2000: 110–11) has argued, the State Finance Commissions (SFCs) have encountered difficulties assessing the financial needs of local bodies, reflecting both a lack of clear guidelines governing the function of SFCs and a dearth of reliable information on sub-district revenues and incomes (Jha, 2000: 119). For the *Panchayats*, this has reinforced a situation in which

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<sup>8</sup> The idea here is that the matching contribution helps to ensure that the contributor gets to decide how the money is spent.

local bodies (particularly village-level *Panchayats*) have been handed vast responsibility with insufficient authority to raise and spend revenues and resources.

In most States, the vast majority of *Panchayat* finances are provided either by New Delhi or by the State governments. Central transfers from New Delhi to the States can take one of three forms (Saxena and Farrington, forthcoming): (1) untied grants via the Finance Commission; (2) predominantly loan-based transfers from the Planning Commission/Finance Ministry to the States for 'Plan' or developmental expenditures; and (3) predominantly grant-based transfers from the Planning Commission/Finance Ministry to the Central Ministries for financing Centrally Sponsored Schemes and transfers to the DRDAs and the *Panchayats*. In 2001–2, the combined transfer of funds from the Centre to the States was roughly 1,135 billion rupees (700 billion from the Finance Commission, 400 billion from the Planning Commission/Finance Ministry for State Plans, and 250 billion from the Planning Commission/Finance Ministry for the support of Centrally Sponsored Schemes) (Saxena and Farrington, forthcoming). As a percentage of overall State expenditures, Central transfers dropped by around 18% between 1990 and 2001 (Saxena and Farrington, forthcoming). This decline has been attributed in part to a decline in Central tax collection and to the deteriorating fiscal position of the Central government (Saxena and Farrington, forthcoming). The Finance Commission recommended that 100 billion rupees be allocated to the *Panchayats* and municipalities for the period 1999–2004 (Saxena and Farrington, forthcoming).

As Mukarji (1999: 75) has argued, the prospects for self-government in India are greatly constrained by the political structures under which *Panchayats* are required to operate within India's federal system:

More telling than any shortcoming of the (73<sup>rd</sup> and 74<sup>th</sup>) Amendments is the all-pervasive mindset amongst the ruling élites that the natural mode of governing the country is through governments at the union and state levels only, as originally conceived by the founding fathers, and any attempt to insert a third stratum below the states would be fraught with unpredictable perils for the polity. The support for this view comes from the fact that the Constitution describes India as a Union of States, that its federal scheme divides powers between the union and the states, and that the union-states duality runs through its entire content . . . the 73<sup>rd</sup> and 74<sup>th</sup> Amendments make no consequential change in the pre-existing two-layered scheme of government outlined in the Constitution, (Mukarji, 1999: 75).

The tensions that strained India's federal system during the 1970s and 1980s have some bearing on the ways in which decentralisation has played out in the 1990s. Specifically, the rise of regional political parties (such as the Telugu Desam Party in Andhra Pradesh) and the more general feeling of resentment towards Mrs. Gandhi's strong arm tactics during the Emergency created a political context in which any weakening of the States would be perceived as an attempt to expand or consolidate the power of the Centre. Reinforcing this was a Constitution that conferred substantial power to the centre at the expense of the States. Although the relative powers of the states can of course vary with the resources they have at their disposal (e.g. state finances, political resources arising from their participation in coalition governments, etc.), the potential threat that decentralisation poses to the States cannot be underplayed. As Mukarji (1999: 76) has argued,

. . . the framers of the Constitution opted for a federation with a strong centre. Subsequently, the logic of the 'strong centre' concept shaped Congress politics and the policies of central planning in such a way as to make the union much stronger and, correspondingly, the states much weaker than the Constitution-makers ever visualised. If now the states endow meaningful powers downwards, the system will resemble an hour-glass, with the states at the narrow waist, the union power-wise broad at the top, and sub-state institutions function-wise broad at the bottom. Politically, this is unlikely to be acceptable to the states. Therefore, the union must first decentralize to the states so that they, in turn, may have enough to decentralize to lower formations.

In short, the political structures created during Independence and the political dynamics that unfolded in the 1970s and 1980s have combined to create a political environment that has been particularly hostile to *Panchayati Raj*.

However, there are exceptions to this rule, and the exceptions can tell us something about the ways in which decentralisation can work in this relatively inhospitable climate. As in many fields of governance and development, the southern State of Kerala is a particularly interesting case in point. In 1996, the Left Democratic Front government in Kerala launched the People's Campaign for Decentralised Planning, an exercise that resulted in the devolution of 35 to 40% of plan (i.e. non salary) expenditure to local bodies (Harriss, 2001). This involved unprecedented planning and co-ordination among the *Gram Sabhas*, as well as block and district-level *Panchayats* (see Harriss, 2001 for a detailed account of this process). Although there were problems of co-ordination and some resistance from the non-elected bureaucracy (Harriss, 2001; Ghatak and Ghatak, 2002), the process was notable both for the sheer scale of devolution as well as the political mobilisation that transpired around the issue of decentralised planning (Harriss, 2001).

Once again, however, it is vital to stress the fact that this process took place in a context of competitive party politics, in which the legitimacy of the ruling government (a CPI (M) coalition) was dependent on a re-distributive agenda. Moreover, this is a State where literacy levels for both men and women are in excess of 95% (Drèze and Sen, 1996).

### *The 'resistant' bureaucracy*

A second factor that is often associated with the lack of administrative and fiscal decentralisation in India is the power and nature of its non-elected bureaucracy (Behar and Kumar, 2002; Jha, 1999; Mukarji, 1999; de Souza, 2000; World Bank, 2000a). To understand the nature of this organisation, we need to address three inter-related factors:

- the colonial legacy;
- the nature of India's professional civil service, the Indian Administrative Service (IAS); and
- the relationship between public authority and private commerce in rural India.

From an early stage of their involvement in South Asia, the British had established district and village-level institutions as important instruments of public administration. As Jha (1999: 19) points out,

(the district) . . . was stabilized as a powerful administrative unit of British administration after 1857. Subsequent exhortations by the Famine Commission and the Decentralization Commission and increasing importance of 'law and order' with the progress of the freedom movement made the district the hub of the territorial administrative unit concerned with the two major administrative objectives, namely, collection of revenue and maintenance of law and order, (Jha, 1999: 19).

Within this structure, the District Collector assumed ultimate responsibility for the administration of the subordinate *taluk* or *tahsils* and villages, which served as the principal units for revenue collection (Jha, 1999).

After Independence, Jha (1999) argues, 'the logic' of India's local administrative structure changed in two important ways. First, the 'rationale' for local administration transformed from revenue collection and law and order to one of poverty reduction and development. Second, the planning requirements that resulted from this transformation required integration of local administration and local government (i.e. the district boards and village *Panchayats*). Jha (1999) contends that this

integration was incomplete, and that this helps to account for the tensions that remain between the elected *Panchayats* and the non-elected bureaucracy.

One important impact of Mrs. Gandhi's attack on poverty in the early 1970s was the establishment of the District Rural Development Agency (DRDA), which served as an important vehicle for administering centrally sponsored poverty reduction schemes in rural areas (Vyasulu, 2000). Until 1995, these were under the administrative control of the State governments and headed by the District Collector (Jha, 2000: 104). In 1995, however, the Union government 'decided to bring DRDA under the overall supervision, control and guidance of the PRIs, the elected head of the ZP being the chairperson of its governing body,' (Jha, 2000: 104). Under this amended structure, the DC retains responsibility for the execution of schemes approved by the governing body of the DRDA (Jha, 2000: 104). In both instances (i.e. both before and after 1995), tensions have endured between the States and programmes supported by centrally-sponsored schemes.

A central assertion that is often made about *Panchayati Raj* is that decentralisation challenges or undermines the existing pattern of incentives that define India's non-elected bureaucracy. De Souza (2000: 30) elaborates:

For a bureaucratic system that has been accustomed to being the repository of state power, a privilege enjoyed by hiding behind a web of procedures and rules which have regulated the pace and direction of State developmental activity in rural India, ceding power to local administrative structures has not been easy.

Part of the problem relates to the challenge of moving or changing an organisation of such size and complexity. As Frankel (1990: 498) has argued,

The all-India services of the Indian state were the major institutional legacy of the British Raj. These public institutions laid the foundations for the successor bureaucratic and managerial state, whose functions, powers and personnel grew exponentially once India embarked upon its strategy of planned economic development (Frankel, 1990: 498).

Das (1998: 15) cites figures which estimate that government employment accounts for 39.5% of all employment in India, which is third only to Nigeria and Senegal (45 and 43% respectively). If one includes public sector employment, India's ratio of public sector to total employment is estimated to be 71.3% (Das, 1998: 15). The point of citing these figures is not to debate the merits of structural adjustment (the central focus of Das' project), but to give some idea of the size and scale of India's civil service. Once again, Frankel (1990) puts these figures into perspective:

By the 1980s the bureaucrats manning the public sector were far more powerful than their counterparts in the large private business houses. They presided over the commanding heights of the economy in the organized industrial sector, and administered a formidable regulatory apparatus for the licensing and expansion of private enterprises, import and export of capital goods, allocation of foreign exchange and clearances to raise capital from the public, (Frankel, 1990: 498).

There is also an assertion that the rank and file of India's élite civil service – the Indian Administrative Service (IAS) – has an interest in retaining a professional bureaucratic order, which is somewhat antithetical to the nature and spirit of decentralisation (Das, 1998; de Souza, 2000). This, in turn, reflects the incentives and status that have been traditionally associated with the administration of India's rural areas. De Souza (2000: 30) elaborates:

In the past a punishment posting for incompetent and corrupt bureaucrats was a remote rural posting. In other words an area which required a competent bureaucrat got one who was instead being punished for incompetence.

Finally and perhaps most important, the ideals that *Panchayati Raj* aims to uphold – transparency, accountability and democracy – appear somewhat inconsistent with the ways in which the Indian state has traditionally operated in rural areas. Specifically, the notion that state interventions would be guided by pluralist pressures institutionalised in elections, public meetings and the like, tends to underplay the strong incentives that exist for rent seeking and corruption. (This is not to suggest that elements within the Indian state would never uphold the public interest – just that it is difficult.)

Robert Wade (1985) gives some idea of the ways in which elected officials and (non-IAS) line bureaucrats can interact to extract rent from various forms of government intervention in the Indian State of Andhra Pradesh. Wade's principal assertion is that the actions of public officials are motivated less by Weberian concepts of service and duty than they are by a 'market for public office' created by a relatively closed and hierarchical civil service, operating within a system of popular democracy and limited economic opportunity.

To construct his argument, Wade (1985) makes a number of fairly credible assumptions *about the bureaucracy*:

- entry and promotion are restricted to (generally) only one department (i.e. servants spend their career in the same department);
- higher ranks are filled by promotion within the service (i.e. outsiders cannot 'jump the queue');
- decisions are made within a centralised hierarchical structure with most senior officials based in the capital city, overseeing regional, district and sub-district officials; and
- officials are effectively sanctioned through the use of transfers and promotions.

*About the preferences of civil servants within this system*, he assumes two:

- proximity to good amenities, such as 'schools, hospitals, clean drinking water, transport facilities,' etc. is highly valued (Wade, 1985: 469); as are
- posts that will allow the collection of large amounts of illicit revenues.

*And about the goals and ambitions of elected politicians*:

We assume a representative political system where elected politicians can be thrown out of office by voters, and where voters expect politicians to secure them favors or avoid penalties from the bureaucracy. The official has an incentive to maximize his revenue collections in post. If he attempts to *increase* the rates of extortion or to make people pay for things they have not had to pay for in the past, or if in dealing with contractors or suppliers he attempts to increase his share of the rake-off, the public and contractors may complain about him (1985: 469–70; italics in original).

The underlying logic of the market is therefore governed by the imperatives of winning and retaining public office:

Elected representatives depend on the public for votes and (in this model) on public sector contractors and suppliers for finance. If the complaints of the public and contractors/suppliers rise to a certain volume and emanate from influential enough people, the politician will seek to curb the official so as to placate those on whom he depends (Wade, 1985: 470).

The market for public office operates at a number of different levels and in a number of different ways. For the politician, it involves the pay-offs and pay-backs required to run on the party ticket, to attract the votes of his or her constituents and to rise through the ranks of the political hierarchy (Wade, 1985: 473). Improving one's portfolio is particularly important as it provides greater scope to divert larger amounts of money and resources into one's own pockets and into the political



machinery that drives the system. For the line bureaucrat, the market operates according to the system of transfers, which is controlled either by the elected official or by individuals under his or her influence (Wade, 1985: 469–73). As with votes and elections, transfers and the transfer system conform to a market based arrangement in which prices are paid for attractive and well-paying posts. Among the more lucrative departments, Wade (1985: 474–79) includes Irrigation, Public Works, Labor Welfare, Transport, Excise, Civil Supplies and Agriculture, all of which provide strong opportunities to raise money through the sale of contracts, licenses, and the like. Rural politicians, Wade (1985: 473) are particularly dependent on these forms of revenue:

Urban politicians can secure funding from private-sector businesses, then use those funds to help buy the votes of the mass of the urban population; the source of finance and the source of votes can be kept separate. Rural politicians do not have large concentrations of wealth from which they can obtain finance (except where some very high value crop – like sugar cane – is important, or where growers of this crop have formed associations to pursue their sectoral interests). It is much more difficult to persuade or force farmers to give donations than it is for the urban politicians to raise finance from businesses. Hence, the rural politician has greater need to use the state directly (through help in the transfer market), or by directly swinging state resources in favor of those who will in turn help finance him (contractors), or by having the state administration provide him with many opportunities to do things for which he can ‘legitimately’ take money from farmers in the role of the farmers’ friend (parentheses in original).

Wade’s account is noteworthy both because it highlights the ways in which public resources can be skimmed out of the political system but also because it illustrates the types of factors that would prevent a more transparent and accountable system from taking root in rural areas. Towards the end of the article, Wade (1985: 486) reflects on the ‘structural features of Indian society (which) predispose the administrative and political system to a high level of corruption.’ Among the most important, he includes:

- a pre-eminent bureaucracy, facing declining real salaries;
- a state whose regulatory and allocative role is large;
- a ‘new’ electorate ‘swayed by material and particularist inducements’ (1985: 486); and
- a Congress Party system whose organisational structure and support are largely dependent on money and vote buying, as opposed to populism or a coherent policy.

Wade (1985) makes a strong case that the characteristics he observed in Andhra Pradesh were not unique to this particular state; i.e. one can generalise beyond the borders of AP. However, the article was based on research that is now twenty years old. What has changed since Wade wrote his article? First, we have seen the rise of populist parties (Harriss, 2000) whose political fortunes have depended on constituencies wider than the (relatively narrow) ones documented by Wade. Second, it has been argued that the vote bank, which was so crucial to the market for public office, has dissipated as a means of organising electoral votes in rural areas (e.g. Frankel, 1990; Harriss, 1992; Robinson, 1988). Third, there have been (marginal and geographically specific) improvements in literacy and potentially empowering forms of rural infrastructure, such as roads, electricity and schooling. Fourth, we have seen the emergence and popularisation of rights-based movements (such as MKSS) in which poor people have made explicit demands for an end to the very mechanisms of corruption, secrecy and deceit that Wade describes in his article (see, especially, Jenkins and Goetz, 1999). Finally, and related to this last point, we have the 73rd and 74th Amendments.

Crook and Manor (1998) argue that decentralisation has helped to counteract the types of top-down processes that have traditionally sheltered public officials from scrutiny and accountability in India. In their account of a ‘typical’ forest department before decentralisation:

A forestry officer in a sub-district, for example, would decide what sorts of projects should be implemented and (often) where they should be located. He would then inform the generalist development officer in charge of the sub-district who seldom disagreed, and they would inform the generalist deputy commissioner at the district level. These proposals would be discussed at a monthly district-level meeting of these officers with legislators, but the latter were so sketchily informed that they tended to approve anything as long as their constituencies got a reasonable share of resources. This allowed most line ministry officials an untroubled life (Crook and Manor, 1998: 44).

Reflecting on the decentralisation process in the southern State of Karnataka, they argue that ‘bureaucrats at all levels were made considerably more accountable to elected politicians than they had ever been before,’ (Crook and Manor, 1998: 45). This, in turn, reflected the fact that:

- *mandal* (sub-district) councillors were far more vigilant in demanding and monitoring a wider distribution of public resources;
- coordination among different line ministry departments improved with the elected ZP presidents in an executive role;
- the power and authority of the Chief Secretary and other were challenged by more politically active councillors.

In other words, decentralisation did not necessarily sever the link between vote buying and the market for public office. Rather it shifted the process away from the traditional locus of power and conflict – i.e. the MPs and MLAs – to more local representatives, who were now vying for a larger share of the public purse, which they could use to satisfy the demands of their constituents.

Particularly important to this process was the level of public (as opposed to private or ‘back room’) contestation that transpires over the allocation and distribution of public resources. As Manor (1999) has argued, competitive party politics can provide an important means of bringing ‘promises, votes and pay-offs’ into the open during elections. Whether this type of political competition was operational in the setting Wade describes in his article is not entirely clear. What is clear, however, is that party politics can lead to pro-poor policies when they are competitive and when the political fortunes of political parties are at least partly dependent on the fortunes and needs of the rural poor. This appears to have been the case with left front coalitions such as Kerala and West Bengal, as well as with populist governments in Karnataka and AP (Harriss, 2000).

### *Elite capture*

A final theme that emerges during the Asoka Mehta Committee of 1978, and in more general writings on Indian decentralisation, is the notion that decentralisation creates new opportunities for local notables to ‘capture’ the resources allocated through local political bodies.<sup>9</sup> Framed in this way, the *Panchayats*, like the village and the household, constitute important institutions through which dominant groups – organised around caste, gender, religion, etc. – can appropriate labour, land and other economic resources (Harriss, 1992; Manor, 1990; Robinson, 1988; Reddy, 1989).

The 73<sup>rd</sup> Amendment contains a number of provisions that aim to counterbalance patterns of inequality and discrimination in rural India. Principal among these are the stipulations that:

- one-third of all seats must be reserved for women;
- there must be reservations for SCs and STs proportional to their population;

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<sup>9</sup> See, for instance, Alsop et al. (2000), Behar (2001), Echeverri-Gent (1992), Jha (1999), Mathew (2001a), Meenakshisundaram (1999), de Souza (2000).

- such reservations must apply to *Sarpanches*;
- the *Gram Sabha* has constitutional status as a formal deliberative body;
- individual States may enact further provisions creating reservation status for other backward groups.

In theory, reservations and the *Gram Sabha* provide an important means of ensuring that marginal groups are incorporated into local politics and that representatives act in a way that is consistent with their formal responsibilities and the plural interests of their constituents. In practice, however, neither appears to have lived up to this (rather lofty) ideal. Studies of decentralisation have consistently highlighted the fact that the 73<sup>rd</sup> Amendment and earlier attempts at decentralisation have failed to prevent a local (and primarily landed) élite from controlling local *Panchayats*.<sup>10</sup> Micro-level studies have shown that *Gram Sabha* often fail to fulfil their role as deliberative bodies or as a mechanism for accountability (Alsop et al., 2000; Deshpande and Murthy, 2002; Nambiar, 2001). This is partly attributed to low levels of participation among the electorate as well as the non-cooperation of local officials. Examples of the latter include officials delaying or postponing *Gram Sabha* meetings, officials not attending *Gram Sabha*, and, more generally, official decisions having no bearing on decisions reached during the *Gram Sabha* (Crook and Manor, 1998: Chapter 2; Deshpande and Murthy, 2002; Nambiar, 2001).

Explanations for poor participation in the *Gram Sabha* include (e.g. Alsop et al., 2000; Nambiar, 2001):

- limited benefits of participation;
- opportunity costs, particularly on the part of very poor groups;
- fear of disrupting existing patron-client relations;
- corruption;
- agenda fixing;
- factionalism;
- fear of exclusion from community.

The World Bank's study of 53 villages in Rajasthan and Madhya Pradesh (Alsop et al., 2000) found that gender and education were important determinants of political participation, measured in terms of campaigning, attending rallies, supporting a candidate, influencing voters, contacting a public representative, and attending *Gram Sabhas*. Interestingly, wealth – measured in terms of land holdings – was not a strong determinant of public participation (see below). Along similar lines, Deshpande and Murthy's study of *Panchayati Raj* in Karnataka (2002) found that levels of participation were 'considerably low', particularly among women. Similar conclusions have emerged from field studies in West Bengal (Ghatak and Ghatak, 2002), Rajasthan and Haryana (Nambiar, 2001).

Even when there are reservations to ensure that marginal groups have a place in the *Panchayat* system, there is evidence to suggest that these formal institutions have been usurped by more informal patterns of domination and power. Reservations for women, for instance, are notoriously prone to corruption by male relatives, excluded from formal participation by their lack of scheduled status (Vyasulu and Vyasulu, 1999). Similar patterns have been observed among SCs and STs, whose economic well being is dependent on the patronage of local élites.

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<sup>10</sup> See, for instance, Alsop et al. (2000), Behar and Kumar (2002), Deshpande and Murthy (2002), Echeverri-Gent (1992), Jha (1999), Mukarji (1999), Nambiar (2001), de Souza (2000), Vyasulu and Vyasulu (1999), World Bank (2000a, b, c).

Such findings highlight the difficulty of transposing a formal model of democracy onto societies in which power and politics are still determined by highly informal systems of inequality and domination. As the World Bank study of MP and Rajasthan concluded,

. . . the absence of effective accountability is linked to the wider socio-political context prevailing in a *Gram Panchayat* as well as lack of a more neutral and effective government set-up that can respond to local allegations of mismanagement (Alsop et al., 2000: 180).

The reasons for the systematic exclusion of women, *dalits*, and other subordinate groups in India are complex, and go well beyond the scope of this paper. However, it is important that we highlight the structural conditions under which power and domination play out in rural India. These we can group into two categories. The first stems from the political determinants – land, caste, access to state officials, etc. – that allow rural élites to establish and maintain control over subordinate groups. It has long been argued that the prospects for decentralisation and democracy in India are directly dependent upon the customs and inequalities that underlie the prevailing agrarian structure. De Souza (2000), for instance, has argued that

The biggest constraint on the ability of the PRI institutional framework to bring about equitable rural development is the rural power structure. The source of this rural power is the pattern of land holdings which gives the landlords not just power over the material lives of those working on their land, but also gives them access to the power of the state.

Underlying de Souza's assertion is the notion that land is both an economic and political resource, which can be used to secure entitlement over productive agricultural areas and to maintain control (through the use of debt, land consolidation, etc.) over subordinate groups in rural areas. Similar arguments can be found in Ghatak and Ghatak (2002), Lieten and Srivastava (1999) Crook and Manor (1998: 35) and Mukarji (1999).

A second form of domination stems from the fear and desperation that is so strongly associated with a lack of political power. Although based in fiction, Rohinton Mistry's account of village India captures the local politics we are addressing here:

. . . Dukhi listened every evening to his father relate the unembellished facts about events in the village. During his childhood years, he mastered a full catalogue of the real and imaginary crimes a low-caste person could commit, and the corresponding punishments were engraved upon his memory. By the time he entered his teens, he had acquired all the knowledge he would need to perceive that invisible line of caste he could never cross, to survive in the village like his ancestors, with humiliation and forbearance as his constant companions (Rohinton Mistry, *A Fine Balance*, 1995: 117).<sup>11</sup>

The recognition that participation and accountability are directly dependent on the power structures that underlie rural society reiterates the question raised earlier about whether and to what extent changes in formal institutions can lead to changes in more informal customs of power, domination and exclusion. The literature on *Panchayati Raj* suggests that formal regulations stipulating the participation of subordinate groups, such as *dalits* and women, have had minimal impact on the functioning of the *Panchayats*, particularly at the most local levels. However, there is also an assertion that, in limited cases, subordinate groups have been able to make their presence felt in local political institutions, and – crucially – that decentralisation has helped them in this process. The following section explores this argument further, particularly in relation to the functioning of the village-level *Gram Panchayats*.

A central assertion here is that when they are empowered and made democratic, *Panchayats* can act as agents of change, undermining traditional customs of inequality and repression in rural areas. At

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<sup>11</sup> For a real and equally graphic account of caste violence in Andhra Pradesh, see Srinivasulu (2002).

an international forum on the topic in 2002, George Mathew used the case of West Bengal as an illustration of the ways in which a party that is ideologically committed to the goals of social redistribution was able to use the *Panchayats* as a vehicle for over-riding feudal relations in rural areas. This position was hotly contested by many members of the audience (see point 2). Of central importance, Mathew concluded, was a political transformation in which people's political loyalties shift away from traditional patron-client relations towards party political loyalties in which parties vie for the support of the electorate in a competitive party system. The ideal policy would therefore be one that extends substantive power to the *Panchayats* and encourages a parallel strategy of social redistribution.

Such views evoked strong feelings of disagreement from the floor, which crystallised around the assertion that the effective functioning of the *Panchayats* is dependent on a prior social transformation, in which weaker groups in society are empowered and emboldened to challenge dominant groups. Only then can the *Panchayats* become effective forums for representation and democracy. An extension of this argument was that West Bengal cannot be a model for other States because it is historically exceptional and because the decentralisation process in the State is and was not democratic in character. The logical corollary of this argument is that societies must first undergo substantive social transformation before they achieve democracy. The ideal policy would therefore be a long-term strategy that serves to undermine the customs and institutions that perpetuate domination and dependence in rural India.

### 3.3 Agrarian change?

In the early 1960s, Barrington Moore (1966) argued that Indian democracy would not work unless the vast majority of peasant producers acquired the necessary intellectual and political resources to participate in political life. By this he meant that people would not engage in democratic politics while they were still under the control of powerful rural patrons. Landlord capitalism, he argued, was antithetical to the development of participatory democracy in India. Writing towards the end of the 1990s, Corbridge and Harriss (2001) question the continuing relevance of Moore's original thesis:

Since the time that Moore was writing in the early 1960s India's 'peasants' have come to play a significant role in India's democratic polity, both in terms of their participation in social movements . . . and in the elections that must be held at least every five years at national, regional and . . . local levels.

Along similar lines, Francine Frankel (1990: 516) has argued that,

. . . The downtrodden – *Dalits*, minorities and women – have begun to raise the question of which social forces are responsible for the persistence of grinding poverty. They have started to understand the benefits of organization in extracting from political parties tangible gains in return for their support.

Since the early 1970s, India has undergone a period of immense political transition, in which regional and 'sub-regional' interests have become increasingly vocal in Indian politics, and the political machinery at the Union level (particularly that of the Congress Party) has lost its traditional hold over politics within the States.<sup>12</sup> The 1970s were a watershed for Indian politics in many ways. First, they marked the end of Congress Party dominance in national party politics. Second, they witnessed a profound period of repression (popularly known as 'the Emergency'), in which India's Prime Minister ruled by near martial law from 1975 to 1977. Third, they saw a gradual dismantling

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<sup>12</sup> See, for instance, Chatterji (1997), Corbridge and Harriss (2001), Jha (1999), Kohli (1990), Sathyamurthy (1997), Suri (2002), Srinivasulu (2002).

of the central planning apparatus, which was so strongly associated with the Nehruvian vision of a unified and independent India (Byres, 1998; Corbridge and Harriss, 2001: Chapter 4). Finally, and partly because of these factors, Mrs. Gandhi's government introduced a series of targeted poverty programmes aimed at improving the lives of (and harnessing the electoral support of) India's backward and scheduled castes (Jha, 1999; Frankel, 1990). Some (such as Harriss, 1992 and Robinson, 1988) have argued that the dual impact of Mrs Gandhi's 'attack' on poverty and the decline of the Congress Party contributed to a political empowerment of traditionally subordinate groups in rural India. We shall return to this theme in due course.

To a large degree, the reforms that were implemented in 1993 were rooted in the political transformations that transpired in the 1970s and 1980s. As Ghatak and Ghatak (2002: 54–5) have argued,

While all political parties in India pay lip-service to the virtues of empowering *Panchayats* no action was taken on this matter by any state till the late seventies and early eighties when opposition parties defeated the ruling Congress Party in some states, notably West Bengal and Karnataka. *Empowering the Panchayat system was viewed as a strategy to enhance their electoral strength at the grass roots level. The success of these experiments created a demand for making such reforms mandatory in other states at the national level resulting in the constitutional amendment in 1993 . . .* (emphasis mine)

In States like West Bengal and Kerala, the political compulsions of electoral party politics have pushed State governments into devolving substantial powers to the *Panchayats*. In some cases, this has led to real improvements in participation, accountability and government performance (see, especially, Harriss, 2001; Ghatak and Ghatak, 2002).

On a wider scale, the economic transformations arising from India's green revolution are believed to have produced an ascendant class of affluent farmers (Varshney, 1998) whose interests have been associated with decentralisation (Jha, 1999). Framed in this way, regionalism and decentralisation are part of a wider economic transformation, in which affluent farmers have pushed for new channels through which to voice and institutionalise their interests (Bardhan, 1998; Jha, 1999). As Jha (1999: 24) has argued,

. . . the agricultural strategy of green revolution . . . and other processes of change in Indian society . . . brought in an ascendant class representing the agrarian interests, that wanted a share in the political power. Institutions of democratic decentralization were seen as 'opportunity structures' to gain such power. There was thus a push from below for more decentralization . . .

Finally, and perhaps most recently, India has embarked upon a course of economic reform, designed (in theory) to promote export-led development, to open domestic markets (to both domestic and international actors), to de-regulate key industries and, generally, to reduce the state's role in the economy (Jenkins, 1999; Byres, 1998). To say that this process has been difficult and incomplete is an understatement of great dimension (see, for instance, Jenkins, 1999). In the process, liberalisation has unleashed a debate that touches on a series of very sensitive political nerves in India, including the ability to regulate and protect important elements within the economy and to resist the effects of foreign influence. An interesting hypothesis – and one that goes well beyond the scope of this paper – is that decentralisation represents an attempt on the part of the national political élite to retain legitimacy in the face of mounting resistance to India's economic reforms. The timing of the two landmark decisions (1991 and 1993) are certainly close enough to infer some causal connection, and the idea of devolving power to defer responsibilities relinquished through the process of structural adjustment is certainly not without precedent (Slater, 1989).

Micro-level studies of *Panchayati Raj* have shown that – despite the odds – traditionally subordinate groups, such as women, backward castes and agricultural labourers have been able to

make their presence felt in local institutions. Crook and Manor's study of *Panchayati Raj* in Karnataka (1998: Chapter 2), for instance, widens the definition of political action to include 'proactive' forms of participation, such as campaigning during elections, signing a petition, attending non-official meetings, joining a protest and contacting representatives. As one would expect, educated men were somewhat more likely to contact a representative, although women also had relatively high levels of involvement (Crook and Manor, 1998: 34). Moreover, those with no education or only primary education were 'remarkably active' in contacting councillors (Crook and Manor, 1998: 34). Where their findings were more equivocal was on the question of reservations. Focusing on 'proactive' forms of participation, the results of their surveys showed that Scheduled Castes (SCs) were more likely than the general population to be involved in petitioning councillors and campaigning during elections (Crook and Manor, 1998: 36–7). However, and this has much wider relevance, campaigning was largely restricted to the hamlets in which individual castes are generally located. Where participation involved 'mixing with others,' during 'non-official' meetings in which reservations requirements did not apply (Crook and Manor, 1998: 37), levels of involvement were far lower.

Other micro-level studies have shown that the ability to affect decisions through the *Panchayats* is not necessarily limited by class. The World Bank's study (Alsop et al., 2000) of *Gram Panchayats* in Rajasthan and MP, for instance, found that class (defined in terms of size and extent of land holdings) did not have a significant impact on different forms of participation, including membership, campaigning, attending meetings and voting. Likewise, Echeverri-Gent's findings from West Bengal (1992) suggest that *Panchayats* were not necessarily captured by a dominant landed élite. These findings are consistent with Ghatak and Ghatak's study of *Panchayati Raj* (2002) also in West Bengal, which found that levels of participation and involvement were particularly low among relatively affluent members of the community. This, they argue, was due to the fact that the village constituency meetings were principally aimed at designing, monitoring and selecting beneficiaries for poverty alleviation schemes and programmes (Ghatak and Ghatak, 2002: 51).

Marguerite Robinson's ethnography (1988) of village politics in Andhra Pradesh gives some idea of the economic and political transformations that can lead to the 'growing self confidence on the part of the poor,' (1988: 188). Central to the transformations she documented in the district of Medak were the pro-poor programmes introduced by the Union government during the mid- to late-1970s. Specifically, policies aimed at strengthening the enforcement of land ceilings, abolishing bonded labour and providing poor people with alternative sources of credit had the largely unintentional effect of dismantling the decades-old system of debt, bondage and vote buying that had defined electoral politics in the village of 'Mallannappalle.' Significantly, the credible threat that land ceilings would now be enforced encouraged the two main landlords out of moneylending, thereby removing a principal means of bonding local labour. During the same period, the introduction of the Indebtedness Relief Act and the availability of new sources of income and credit (arising largely from central government programmes) further severed the links between landlord and tenant/labourer. The end result was that by the 1977 Parliamentary elections, the principal village leaders were 'no longer in control of the Mallannappalle vote bank but neither was anyone else. For the first time since elections began, the Mallannappalle voters were not told how to vote', (Robinson, 1988: 246). As she concludes,

. . . voters now watch for performance from their candidates; they can be expected to change their votes if not satisfied. Also, it seems to be generally believed that village leaders presently do not control many votes, and candidates have changed their campaign strategies accordingly. They campaign directly among the voters rather than focusing their attention primarily on village leaders. (Robinson, 1988: 265)

In 1992, John Harriss (1992) re-visited Daniel Thorner's theory that repressive institutions like debt bondage, caste, and other forms of rural domination constitute a 'depressor' whose principal effect is to maintain a large and compliant pool of rural labour. In this article, Harriss (1992) questioned whether Thorner's theory still had relevance in contemporary (ca. 1992) rural India. Citing the NSS (National Sample Survey), the Indian Census and other longitudinal and cross sectional studies, he argued there had been four principal changes in India's rural economy:

- increasing areas of land were under marginal and small holdings;
- casual wage labour had become increasingly important to both the farm and non-farm economy in rural areas;
- there had been a related decline in 'self-employment'; and
- there had been a tightening of rural labour markets, caused by agricultural and non-agricultural opportunities and by state interventions, especially those relating to agrarian reform (mainly ceiling legislation), public employment programmes and subsidised credit.

Drawing upon Robinson's findings, Harriss (1992) makes similar assertions about the changing nature of agrarian relations in Tamil Nadu. In contrast to his earlier work in North Arcot (Harriss, 1982), he finds that institutions of repression, debt bondage, and the like appear to have dissipated somewhat. Moreover, incomes across all classes appear to have improved. The reasons for these transformations, he argues, are

1. the availability of high yielding varieties of seed that were both appropriate to local conditions and affordable to wide classes of farmer;
2. a rise in rural non-farm employment;
3. government programmes providing *inter alia* affordable credit, subsidised electricity, land ceilings and government welfare schemes, which had the effect of improving incomes and tightening the local labour market.

What makes these findings particularly interesting is the implication that government schemes – and centrally sponsored ones at that – can empower subordinate groups by improving their economic (and therefore political) power relative to that of dominant landed interests. Such findings appear very consistent with the experience in West Bengal, where poverty reduction and effective local governance were strongly associated with a government that was highly committed to the goals of social redistribution in rural areas (Corbridge and Harriss, 2001; Echeverri-Gent, 1992; Kohli, 1987).

Of course, one needs to be careful when interpreting findings such as these: i.e. one can generalise only so much from selected case studies. By no means can we infer that these processes imply a more general trend of empowerment and change in rural India or, as some have argued, in South India. Moreover, it is important that we recognise the variation that exists among States and regions. The examples we are dealing with in this case are based on field research in States (Karnataka, Kerala, Madhya Pradesh, Andhra Pradesh, West Bengal) where governments have been relatively supportive to the interests of *Panchayati Raj* and where historical political mobilisations among traditionally subordinate castes and classes have pushed political parties into a more re-distributive stance (Crook and Manor, 1998; Harriss, 2000; 2001; Ghatak and Ghatak, 2002). Finally one needs to be careful about generalising beyond the particular point in time.

That having been said, studies of this kind do shed a great deal of light on the kinds of conditions that can lead to political empowerment and agrarian transformation in areas traditionally dominated by rural élites. In Section 2 we identified three conditions under which local political bodies could be made more accountable to poor and politically marginal groups in society. These were:



- active participation among broad elements of society, including voting, campaigning, attending meetings, running for office, lobbying representatives, etc.;
- fiscal and political support from higher level authorities within government;
- the existence of competitive political parties whose legitimacy depends at least in part on the support of the poor.

To this list we can add an important fourth: the notion that *active participation and effective accountability are dependent upon deeper economic transformations which embolden traditionally subordinate groups to challenge local authority structures. Intriguingly, this may result from active intervention on the part of the state.*

Such findings raise interesting questions about the ways in which patterns of economic transformation can lead to political empowerment in rural areas. However, they also go well beyond the scope of this paper. In the following sections we document the variation that exists between Andhra Pradesh and Madhya Pradesh, both in terms of the institutional arrangements they have put in place to empower local elected bodies, and in terms of the ways in which the PRIs have actually performed since the constitutional changes were put in place.

## 4 A Tale of Two States<sup>13</sup>

The Indian States of Andhra Pradesh and Madhya Pradesh (AP and MP) provide an important context for understanding the ways in which decentralisation can affect processes of participation and accountability in rural India. Both States were relatively quick to ratify the 73rd Constitutional Amendment. AP introduced the Andhra Pradesh *Panchayat Raj* Act in 1994, which repealed the AP *Gram Panchayat* Act of 1964 and the AP *Mandal Parishads, Zilla Parishads* and *Zilla Abhivrudhi Sameeksha Mandals* Act of 1986 (World Bank, 2000b: 23). In the same year, MP ratified the Madhya Pradesh *Panchayat Raj Adhiniyam* Act, which replaced its pre-cursor of 1990 (World Bank, 2000b: 137). Both States have respected the basic stipulations of the 73rd Amendment, holding two rounds of *Panchayat* elections since 1993. Both have great variation and diversity, reflecting their own unique mix of colonial administration, feudal legacy and agrarian transition. Both States have taken very different approaches to the question of ‘self-government,’ particularly at the village level.

Although AP and MP have implemented vastly different systems of governance at the village level (see below), district and sub-district systems in both States are still highly centralised within the context of the line departments and the State administration. Two differences, however, are particularly noteworthy. One – at the district level – is the MP government’s decision to introduce a District Planning Committee (DPC) as outlined in the 74<sup>th</sup> Amendment. AP has yet to introduce comparable legislation. The second – and, for our purposes, more important – dimension relates to the MP government’s attempts to empower village-level *Panchayats*. Differences at the village level are thus emphasised as a basis for comparison between the two States.

### 4.1 Political histories

#### *Andhra Pradesh*

Despite more recent efforts to centralise fiscal, administrative and political authority (see below), AP was an early innovator in post-Independence *Panchayati Raj*. Along with Rajasthan, AP was one of the first States in India to implement the recommendations of the Balwantrai Mehta committee of 1957, and to institute the recommended three-tier structure of governance (Raghavulu and Narayana, 1999). Box 3 gives an idea of the major acts the AP government has passed since it was established as an independent State in 1956. Principal among these were repeated attempts to structure (and re-structure) democratically elected institutions at the sub-district level. Also important are the (brief and ultimately unsuccessful) attempts, such as the AP *Gram Panchayat* Amendment Act in 1976, to reduce the power of the District Collector. As we shall see, the continuing domination of the non-elected bureaucracy is an enduring theme in AP’s decentralisation process.

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<sup>13</sup> Note that this section is intended to provide a preliminary review of the literature on governance and decentralisation in AP and MP. Regional variations of political economy and *Panchayati raj* are explored in Johnson, Deshingkar and Start (forthcoming).

#### Box 4 Milestones in Andhra Pradesh's decentralisation

- 1956 AP is established as a State.
- 1959 AP *Panchayat Samithis* and *Zilla Parishads* Act abolishes pre-existing district boards and enables *Zilla Parishads*.
- 1964 AP *Gram Panchayats* Act brings all GPs under uniform legislation and empowers the Commissioner of *Panchayati Raj* to recognise GPs for the purposes of administration and elections. *Gram Sabhas* are recognised as formal components of *Panchayati Raj*. Reservations for women, SCs and STs are introduced.
- 1976 AP *Gram Panchayats* Amendment Act aims to reduce the power of the District Collectors by preventing them from chairing standing committees at the district level. GP *Sarpanch* and *Panchayat Samithi* president are now directly elected. Reservations strengthened for women, SCs and STs.
- 1981 District Planning Boards are re-introduced, chaired by a minister and appointed by the CM. The power of the DC lost in 1976 is now restored. DPBs are to develop 5-year plans for the district and to recommend works for the ZP.
- 1986 AP *Mandal Praja Parishads*, *Zilla Praja Parishads* and *Zilla Pranalika Abhivrudhi Sameekha* Act abolishes 330 *Panchayat Samithis*, and creates 1104 *Mandal Praja Parishads*, representing groups of villages with populations of 35–50,000. District Development Boards are replaced by *Zilla Pranalika Abhivrudhi Sameekha Mandal*, which are empowered to formulate and review plans of the ZPP.
- 1994 AP *Panchayat Raj* Act institutes the three tiered system in line with the 73<sup>rd</sup> Constitutional Amendment.
- 2002 Introduction of the village secretary.

Source: Shiviah et al. (1986); Raghavulu and Narayana (1999)

Cross sectional and ethnographic studies from the 1956–94 period suggest that basic systems of elections, decisions and some accountability were operational among PRIs in AP. Reddy and Seshadri's study (1972) of three blocks in Warangal District found that although dominant families and castes were still controlling local institutions, voters were exercising a certain degree of autonomy in terms of the support they gave to competing parties and factions within the nine villages. Moreover, like Robinson (1988) and later Suri (2002), the authors conclude that voting behaviour conformed strongly with the ability to provide development aid, as well other forms of state assistance (Reddy and Seshadri, 1972).

#### Box 5 Gram Panchayat elections and administration ca. 1970

1. Pressure on members over the election of the *Sarpanch* and subsequent indirect election of *Panchayat Samithi* president;
2. Block or group voting along the lines of caste, class and party;
3. 'Law of the fishes' enduring – powerful families controlling key positions;
4. Splits among CPI(M) and Congress undermined unity during elections;
5. Both though are part of a well-developed machinery extending to block and district levels;
6. Like Robinson (1988), Srinivasulu (2002) and Suri (2002), Reddy and Seshadri (1972) find that people are voting for a bigger slice of the pie, and a political empowerment of the poor.

Source: Reddy and Seshadri, 1972

Studying nine *Gram Panchayats* in the districts of Guntur, Nalgonda and Anantapur, Shiviah et al. (1986: 174) reach the broadly similar conclusion that:

... a large proportion of seemingly 'passive' voters have demonstrated strikingly high levels of configurative skills; as voters, they do not want to be pushed around by others a little too vigorously.

Robinson (1988: 202–5) describes in some detail an episode whereby members of the Mallannapalle GP removed the *Sarpanch* and *Upasarpanch* through a vote of non-confidence. Significantly, the BDO, the *Tehsildar*, the *Panchayat* inspector and members of the local

constabulary (i.e. all officials who draw their authority from 'higher-level' organs within the state) were instrumental in 'escorting' the leaders from power (Robinson, 1988: 204).

More recent assessments of decentralisation in AP have emphasised a State that has become decidedly hostile to the interests of *Panchayati Raj*. In contrast to Madhya Pradesh's ambitious 'experiment' in direct democracy (see below), the AP government has been associated with a system of governance that has undermined the *Panchayats* in favour of line departments and 'parallel bodies' such as water user groups, joint forest management committees, self-help groups and the like (Manor, 2000; Mathew, 2001b). The principal vehicle in this process has been the AP government's well-publicised *Janmabhoomi* programme. Introduced in 1997, *Janmabhoomi* aims to reduce poverty through the establishment of community development programmes, such as watershed rehabilitation, joint forest management, thrift and credit, and so on (Manor, 2000; Mooij, 2002; World Bank, 2000b). Central to the programme is the idea that poverty reduction is contingent upon the active participation of poor people, both in terms of self-employment through subsidised credit but also in terms of contributions in kind, such as voluntary labour (World Bank, 2000b). The assumption here is that poor people require both the resources and the incentive to lead healthy and productive lives. The programme was explicitly designed to build upon the widely popularised experience of 'self-help' credit and savings groups in AP (Mooij, 2002).

Whether or not it has been able to achieve these aims, *Janmabhoomi* is believed to have undermined the autonomy and functioning of the PRIs in two important ways. First it has been alleged that the AP Government has diverted public resources intended for centrally-sponsored schemes into the *Janmabhoomi* programme, thereby 'starving' the *Panchayats* of funds which are rightfully theirs (Manor, 2000). Second, *Janmabhoomi* is perceived to have used the village *Gram Sabhas* as a means of organising and identifying beneficiaries (World Bank, 2000b: 50), creating a situation of confusion for recipients and for the *Panchayats*.

The progressive 'weakening' of the *Panchayats* has been construed as a reflection of the Chief Minister's autocratic 'style' and the ruling Telugu Desam Party's strategy of creating and maintaining political control by channelling funds into local user groups (Manor, 2000; Mathew, 2001b). As Mooij (2002) and Suri (2002) have pointed out, the TDP's fortunes in *Panchayat*, State and national elections have been highly contingent upon the support of poor groups, such as backward castes, women and agricultural labourers. In the early and mid-1980s, this took the form of highly populist programmes, such as the Rs2/kg rice scheme, in which the State government (with GoI subsidies) provided subsidised rice to large numbers of people in rural areas (see, especially, Mooij, 2002). Similar factors were believed to have influenced the State government's decision to prohibit the sale of alcohol, an apparent response to the 'anti-arrack' movement among poor women in rural areas (Mooij, 2002).<sup>14</sup>

Justified as a means of encouraging decentralisation and accountability at the village level, the creation of the **village secretary** was also interpreted as a means of enhancing Hyderabad's control over the distribution of development funds and programmes. This, in turn, was seen as a response to the TDP's poor showing in the 2001 *Panchayat* elections (Suri, 2002), in which electoral losses were believed to be the result of a breakdown in the TDP's grassroots machinery. Hired, promoted and rotated from Hyderabad, the village secretary would provide a more reliable means of distributing government largesse preceding and during critical election periods.

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<sup>14</sup> Whether and to what extent these tactics influenced voting patterns is an interesting question, considered in some detail by Suri (2002).

## Madhya Pradesh

In contrast to AP, Madhya Pradesh is often portrayed as a pioneer in the field of *Panchayati Raj* (Behar and Kumar, 2002; Manor, 2001). Since 1994, the State government has introduced a series of legislative reforms, which have expanded the formal authority of the *Gram Sabha*. In 1999, an important reform was the ‘Right to Recall,’ which gave the *Gram Sabha* the power to dismiss the GP chairman (the *Sarpanch*) in the event of wrongdoing. In 2001, the State government expanded the *Gram Sabha*’s authority to include greater powers of planning, consultation and accountability (Behar, 2001; Behar and Kumar, 2002; Manor, 2001). The principal features of the reforms – *Gram Swaraj* – are outlined in Box 6.

### Box 6 *Gram Swaraj* in Madhya Pradesh: major provisions

1. Powers governing beneficiary selection and the location of externally funded schemes will be shifted from the GP to the *Gram Sabha* and to eight permanent and other ad hoc village committees.
2. All user committees shall be chosen by the *Gram Sabha*.
3. Proportions of seats on all user committees will be reserved: one-third for women and one-third for ‘deprived categories’ (Manor, 2001: 715).
4. The *Gram Sabha* will not be permitted to take a decision unless one-fifth of the *Gram Sabha* is present, of which one-third must be women and one-third SCs and STs (Behar, 2001).
5. Failing unanimous decisions on the part of the *Gram Sabha*, members will be required to vote on a secret ballot.
6. An appeal process is provided, whereby villagers can take their appeals to three ‘higher-level’ officials at the sub-district level (a sub-divisional officer, the *Janpad Panchayat Adhyaksh* and a member of the *Janpad Panchayat*).

Source: Behar (2001); Behar and Kumar (2002); Manor (2001).

Compared with AP, MP has instituted a number of reforms, which (in theory) empower the *Gram Sabha*’s ability to ensure efficient and accountable governance. One important manifestation of this relates to the State’s Education Guarantee Scheme (EGS). Under the scheme, the sub-district level *Janpad Panchayat* (JP) has the authority to fund and oversee the functioning of the *shiksha karmi*, the local schoolteacher (Behar and Kumar, 2002: 35). Significantly, the *Gram Panchayat* has the ability to choose and select the site of the school and the schoolteacher (Vyasulu and Vyasulu, 1999). Once a village provides the space for the school and identifies a teacher, the MP government guarantees to create and fund a school in the GP area within 90 days of the application (Vyasulu and Vyasulu, 1999). In contrast, *Panchayats* in AP do not have this authority.

### Box 7 Milestones in MP’s decentralisation

- |      |   |
|------|---|
| 1956 | MP is established as a State.   |
| 1962 | The Madhya Pradesh <i>Panchayat Act</i> provides for three tiers of <i>Panchayati Raj</i> at village ( <i>gram</i> ), block ( <i>janpad</i> ) and district ( <i>zilla</i> ) levels.   |
| 1990 | The MP <i>Panchayati Raj Act</i> , 1990 attempts to revitalise PRIs by introducing <i>inter alia</i> direct elections to GPs, JPs and ZPs, and transfers of new resources to the <i>Panchayats</i> .  |
| 1993 | The MP <i>Panchayati Raj Act</i> , 1993 introduces the three-tier structure, stipulating <i>inter alia</i> that GP, JP and ZP members are directly elected to five-year terms, that the GS meet at least 4 times per year and that the <i>Panchayats</i> are afforded powers outlined in the 73 <sup>rd</sup> Amendment. The SFC and SEC are established. The ZP and the DRDA are merged. |
| 1995 | The MP District Planning Committee Act specifies the formation of District Planning Committees whose primary responsibilities are ‘to consolidate the plans prepared by <i>Panchayats</i> and municipalities in the district and to prepare the draft development plan for the district,’ (GoMP, cited in Minocha, 1999).   |
| 1999 | District Planning Committees (DPCs) are introduced in MP.   |
| 2001 | The MP <i>Panchayati Raj Amendment Act</i> introduces <i>Gram Swaraj</i> at the village level.  |

Source: Behar and Kumar (2002); Minocha (1999)

Another important difference between the two States is the MP government's 1999 decision to create District Planning Committees (DPCs). The principal function of the DPCs is to co-ordinate, evaluate and oversee the plans and budgets of subordinate municipalities and *Panchayats* (Behar, 1999; Minocha, 1999). The Government of MP also reserves the right to devolve additional powers to the DPCs 'from time to time' (Government of MP, cited in Behar, 1999). A key component of district government in MP is the requirement that DPCs have a State Minister serving as Chair. The explicit aim of this stipulation is to expedite district-level allocations of government funding. (The Minister has the authority to approve district-level dispersals of money without going through the usual bureaucratic channels). Other members of the DPC include the president of the ZP, the District Collector, a pre-determined number of scheduled representatives, 'special invitees' from the *Lok Sabha* (union lower house), *Rajya Sabha* (upper house) and State Legislative Assembly, and elected representatives, four-fifths of whom shall constitute the entire DPC (Minocha, 1999).

Such 'high-level' participation within the DPCs and the large discretionary powers that still rest with the State government have prompted some analysts to conclude that DPCs actually constitute a threat to lower level GPs and JPs, as well as the ZPs (see, for instance, Manor, 2001; World Bank, 2000a). In the words of the World Bank study of decentralisation in MP, ministers, MPs and MLAs have 'completely usurped the powers of the ZP,' and 'completely undermined beneficiary selection of the GP, JP and ZP,' (World Bank, 2000a: 49). Others (such as Minocha, 1999) have argued that district government in MP is a 'laudable objective,' but one which lacks the technical and administrative ability to plan and implement the responsibilities now devolved to the DPCs. Finally, Behar (1999) lists criticisms from municipalities, divisional bureaucrats and opposition parties (i.e. the BJP) that the appointment of a Minister is undemocratic (in the sense that his/her loyalties transcend the district) and that the new system creates unnecessary confusion within the existing bureaucracy.

As in AP, decentralisation in Madhya Pradesh has been used by the ruling Congress Party as a means of maintaining political support in rural areas, as well as within the ranks of its own party. The creation of district government, for instance, has been interpreted as an attempt on the part of the Chief Minister to 'placate state legislators,' (Manor, 2001) whose interests were believed to have been threatened by the new-found powers of the *Panchayats*. This in turn, was seen as a response to Sonia Gandhi's efforts to undermine the authority of Congress Chief Minister Digvijay Singh by supporting a rival Congress member in MP (Manor, 2001). Along similar lines, *Gram Swaraj* has been interpreted as an attempt to wrest resource allocations and political loyalties out of the hands of the powerful village chiefs – *Sarpanches* – and back into the hands of the Congress machinery.

## 4.2 Funds, functions, functionaries

### *Andhra Pradesh*

Annex 1 compares the decentralisation processes that have transpired in AP and MP. Unlike MP, AP has yet to create a District Planning Committee. The principal development agency at the district level is the District Development and Review Committee (DDRC), which is chaired by a state cabinet minister and oversees development programmes in the district. The District Rural Development Agency (DRDA) acts as the planning arm for the DDRC. All major allocations of the state resources are decided at the state level and the DDRC coordinates spending and review at the district level. The *janmabhoomi* (JB) fund allows the pooling of departmental resources for management by the DC, initiates activities where demand and contribution comes from the GP and distributes welfare benefits. The District Collector serves as the member convenor of the DDRC, with the Chief Planning officer and the District *Panchayat* Officer reporting to him and not the

CEO of the ZP. The District Collector approves projects up to Rs500,000, while the DDRC is empowered to approve projects up to Rs5,000,000.

In terms of participation and accountability, citizens do not have any more authority than they did prior to 1994. Transparency is not mandated and therefore accountability is limited. *Panchayat* involvement in the DDRC is limited to the ZP chairperson who serves as the vice-chairperson of the DDRC. By all accounts, the DDRC is dominated by MPs, MLAs and the Chairman.

In terms of representation, members representing each *mandal* are directly elected to 22 ZPs in AP. The ZP president is then elected by members. There are reservations for ZPPs. MLAs, MPs and the State appointed ZP CEO are among ex-officio members of ZPs, but in theory have no voting power. In practice, MPs and MLAs exercise considerable power over ZPs. DDRCs and District Collector are pivotal. The state government has devolved only 13 of the 29 functions and functionaries have been brought under the PRIs for only two of these functions. Postings, promotions and staffing of *Panchayati Raj* Department are meant to reside with the ZP. In practice, the collector and line departments exercise bureaucratic line of control. ZPs also approve MP budgets, distribute State and Centre funds, prepare district budgets, maintain secondary, vocational and industrial institutions.

In theory, ZPs are supposed to have clear discretion over funds transferred from the State and Centre. In practice ‘funds are tied’ and ‘scheme bound’ (World Bank, 2000a: 46). In only five of the 29 functions have funds been devolved to the ZP. The AP *Panchayati Raj* Act provides no taxation powers to the ZPs.

Such findings are consistent with earlier periods of decentralisation in AP, in which district level *Panchayats* were still given a subordinate role to the non-elected bureaucracy. Reflecting on the changes put in place following the 1986 reforms, Raghavulu and Narayana (1999: 126–7) found that:

- the power of the ZPP was still entirely subordinate to that of the District Collector and the powerful district planning and development board;
- district and *mandal*-level development officers could effectively over-ride the decisions of elected ZPPs and MPPs; and
- the State government reserved the right to modify the budgets of ZPPs.

At the block or *mandal* level, *Mandal parishad* (MP) members from revenue *mandals* are directly elected by 3–5000 population constituencies. In turn, MP members elect MP president and vice-president. DC, MPs and MLAs are all non-voting members on the *Mandal Parishad*. In theory, the MDO is meant to work under the control of the *Mandal Parishad* and is to be directly answerable to the MP CEO. In practice, however, the MDO executes DRDA programmes and is directly answerable to the district collector. The MP has only limited powers of appointment.

In terms of fiscal authority, MPs are allowed to levy financial contributions from GPs in the *mandal*, providing they have prior approval from the ZPs. In theory, funds from state and centrally sponsored schemes are released directly to the MP. In practice, however, funds are tied and follow prescribed guidelines. Partly reflecting this feature, lines of accountability tend to flow upwards, to the district collector and the ZP, not to the GP or the *Gram Sabha*.

In sum, AP can be characterised as a State that has conformed to the basic requirements of the 73<sup>rd</sup> Amendment, but has failed to devolve substantial political, administrative and fiscal authority to the *Panchayats*. In 2001, the AP government agreed to hold *Panchayat* elections only after the

Supreme Court ruled in favour of the AP State Elections Commission that elections be held according to the five year cycle (Mathew, 2001b).

### *Madhya Pradesh*

According to the World Bank's assessment (2000a), the *Zilla Parishads* (ZPs) are entirely dependent on tied funds. In theory, the ZP is meant to advise the State on development plans of GPs. In practice, the ZP advises the DPC, which is dominated by MPs and MLAs. According to the MP *Panchayati Raj* Act, MLAs and MPs are ex-officio members of the ZP, but have no voting power. In practice, MLA and MP presence 'overwhelms' local bodies (World Bank, 2000a).

At the block level, amendments to the 1993 MP *Panchayat Raj Adhiniyam* in 2001 give *Janpad* officials powers of appeal for *Gram Sabha* members. In theory, JPs have power to transfer class 3 and 4 officers. In practice, however, the Minister and the DPC can usurp these powers. JPs have no tax base, and are entirely dependent on external funds. The DPC exercises considerable influence. JPs can supervise key officials, especially teachers, although they lack the power to transfer.

As noted earlier, the most important differences between decentralisation in AP and that in MP relates to the power and functioning of the *Gram Panchayat*. Amendments to the 1993 MP *Panchayat Raj Adhiniyam* in 2001 give the *Gram Sabha* powers to appoint user committees (see below). Apart from the EGS, the GP has power to implement development works under Rs300,000. The GP can employ functionaries, such as the *Panchayat* secretary. Once again, however, the fiscal powers of GPs are minimal and powers of taxation are largely unexercised. Most GPs are therefore highly dependent on funds that emanate from Bhopal and New Delhi.

Amendments to the 1993 MP *Panchayat Raj Adhiniyam* in 2001 require a GS quorum of at least one-fifth of eligible voters, one-third of which must be women, SCs and STs. The GS has powers to appoint standing and ad hoc committees. In reality, quorum conditions are not adhered to as meetings prove difficult to organise. Quorum are made up by collecting signatures later. Amendments to the 1993 MP *Panchayat Raj Adhiniyam* in 2001 give villagers the ability to appeal to a three-member committee at the *Janpad* level.

Behar and Kumar's study of 61 GPs and five districts in MP (2002) found that the power and autonomy of the *Panchayats* had been undermined by three familiar factors: a resistant bureaucracy, local élite capture and a gap between the capabilities of *Panchayat* councillors and their responsibilities. In particular, they found that:

- actual powers transferred to the *Panchayats* have been 'inadequate and superficial,' (Behar and Kumar, 2002: 33);
- *Panchayat* councillors were overwhelmed with various reforms, orders, etc. emanating from above;
- confusion arising from the merger of the ZP and the DRDA;
- line departments over-riding the authority of GPs (particularly in forestry);
- reported bribery between GP members and line department officials;
- conflicts between the *Sarpanch* and RD officials over the selection of beneficiaries;
- an unclear division of powers and responsibility among the three tiers of the *Panchayat* system, in which the upper tiers 'overstep' the functions of lower tier bodies.



In sum, the MP government has taken important steps to empower the decision making abilities of the *Gram Sabha*. Moreover, programmes like the EGS constitute a substantive devolution of power whose impact is believed to have been large (Vyasulu and Vyasulu, 1999). However, the powers and functioning of the *Panchayats* appear to have been undermined by a number of familiar factors: interference from higher level authorities, a resistant bureaucracy and élite capture.

This is not to suggest that the *Gram Panchayats* in either State are completely powerless vis-à-vis these district and State-level bodies. What it does suggest, though, is that *the formal latitude to decide and allocate public resources remains confined by bureaucratic and party political forms of regulation and control*. This, in turn, limits the extent to which *Panchayats* can be held accountable for public service delivery (see below).

### 4.3 Prospects for accountability

One of the more striking observations that emerges from this comparison (summarised in Annex 1) is the vast similarity that exists between the two States, particularly in terms of the lack of fiscal and political autonomy that exists at district and sub-district levels. In both States, powers governing the transfer and promotion of relevant officials and powers governing the ability to spend and approve financial transfers are still confined to a non-elected bureaucracy. At the district level, the non-elected DCs and ZP CEOs in both States play a large role in the assessment of subordinate performance (and therefore assessment of promotion and transfer) and in the approval of local development activities. In MP, this is further strengthened by the introduction of District Planning Committees in 1999.

At the sub-district level, decisions regarding staffing and spending are also largely under the remit of non-elected officials and bureaucrats attached to line departments. The AP *Panchayat Raj* Act stipulates that the *Mandal Parishad* Development Officer work under the administrative control of the elected *Mandal* President. However, ambiguity about the MPDO's authority relative to the MPP and the MP's lack of local revenues mean that the MPs are highly dependent on the fiscal and political authority of the DC, the DDRC and the DRDA. This, in turn, constrains the ability of elected officials to decide local spending initiatives. In the words of the World Bank report (2000b: 40):

The *Mandals*, like the ZPs, have no flexibility in using . . . (State and Central) funds. Even the funds collected by them are to be used based on certain guidelines, which are prescribed in the Rules (of the Act). 30% for maintenance of school buildings, 15% for SC welfare, 6% for ST welfare, 15% for women, 9% for emergency drinking water supplies, 16% office maintenance, 4% unforeseen contingency, fairs, etc. . . .

In MP, relevant powers governing the allocation of State resources are also under the influence of the powerful DPCs.

As the foregoing suggests, the most important difference between AP and MP is at the village level, most notably with respect to the power and functioning of the *Gram Sabha*. *Gram Panchayats* in both States are vested with powers of beneficiary selection. In theory these are meant to function in consultation with the *Gram Sabha* and with the GP members who represent their respective wards. As noted earlier, research on *Gram Sabhas* in AP suggests that local involvement is generally confined to *Janmabhoomi* rounds, i.e. periods during which beneficiary selection is expected to occur. In contrast, amendments to the MP's *Panchayati Raj* legislation give the *Gram Sabha* broader powers governing the selection of beneficiaries and the determination of the standing and *ad hoc* village committees. Moreover, unlike AP, they stipulate minimum guidelines governing the participation of women, SCs, STs and the general population in the *Gram Sabha*.

In theory, the constitutional amendments legislated by the MP government create a village structure with strong mechanisms for *downward accountability*. The principal mechanisms include:

- powers of appointment and approval in the hands of the *Gram Sabha*;
- the right of the GS to ‘recall’ or dismiss the *Sarpanch*;
- minimum requirements governing the GS quorum;
- direct elections of GP councillors and *Sarpanch*.

The legislation also provides important opportunities for *upward accountability*, in particular the guarantees provided through the EGS and the ability to appeal to sub-district officials. However, the gap between *Gram Swaraj* and the district and State-level systems of allocation suggest that these village-level mechanisms can provide only limited accountability to the intended beneficiaries of government schemes and programmes. In other words, even if all of the village level mechanisms are functioning in the way they were intended (a very large provision), they only govern the allocation and maintenance of very small amounts of assistance.

In contrast, the key decision making bodies – the DPCs, the missions and the Legislative Assembly – are governed by systems that have only loose and informal lines of accountability to the vast majority of people in rural areas. One example of this is the vote that citizens are able to cast for MLAs and MPs, both of whom sit on the DPC. Although every citizen has in theory the power to elect MPs and MLAs in and out of office, these powers are greatly diluted by the sheer size of the electoral constituencies and the political machinery that governs party politics in MP (see, for instance, Jaffrelot, 1998).

One can therefore propose that in MP the most important functions relating to the power and performance of the GS and the GPs relate to the ability to identify the groups and individuals that will benefit from government schemes (which are largely tied), and the ability to collect and spend local revenues.

At the village level, AP presents a very different model of governance and very different prospects for accountability. In contrast to MP’s model of participatory democracy, AP has institutionalised a system based largely on **upward accountability**. Although implemented for party political reasons, the village secretary has been defended as a means of institutionalising a systematic source of administration which draws its authority and legitimacy from the State bureaucracy. In this way it is highly consistent with the Chief Minister’s public commitment to organised and accountable government. The various SHGs on which *Janmabhoomi* and other development programmes in AP depend are also largely based on a top-down model, in which local organs of the State encourage the formation of village-based groups.

There has been some debate about whether the use of parallel bodies is necessarily a bad thing for public service delivery. Vyasulu and Vyasulu (1999), for instance, argue that the *Janmabhoomi* programme in AP and the Education Guarantee Scheme (EGS) in MP are important examples of top-down programmes that can have positive effects for the rural poor. Manor (2000), on the other hand, argues that any benefits that derive from *Janmabhoomi* have come at the expense of *Panchayati Raj* because, in this case, the AP government had ‘illegally’ diverted funds designated for the *Panchayats* into its *Janmabhoomi* programme. Chandrababu Naidu, the State’s Chief Minister, has argued that because they are organised on the basis of class, caste, gender, etc., SHGs are actually more participatory than *Panchayats*. His main assertion is that SHGs conform with the divisions that already exist in rural society. *Panchayats*, on the other hand, aim to encourage democratic ideals, such as equality, transparency and freedom, but fail to enforce them, thereby creating a situation in which the local bodies are systematically captured by powerful élites.

To summarise, we can conclude that AP and MP have institutionalised very different systems of governance at the village level. In very general terms, AP's system conforms to our model of upward accountability, in which key decisions and responsibility for these decisions flow upwards from the village to the *mandal* to the district and beyond. In contrast, MP has institutionalised a system that aims to put these decisions squarely in the hands of the local electorate.

Whether either of these systems conform to these generalisations (and whether they promote outcomes that are more effective and accountable to the needs of the rural poor) is an empirical question, which we aim to address in our field research. In order to do this, we have selected *Panchayats* in regions that vary in terms of economic development, political history and ecological setting.

## 5 Concluding Remarks and Hypotheses for Research

Arguments in favour of decentralisation are often defended as a means of strengthening accountability and improving the delivery of public services. In the context of poverty reduction, access to the (myriad) resources and benefits that governments provide is associated with systems of governance that empower poor and vulnerable groups in society. An underlying hypothesis here is that strong mechanisms of accountability will improve the distribution of benefits to groups that are traditionally marginalised in local political processes.

A central aim of this paper was to review the literature on Indian decentralisation, and to assess the extent to which the Indian States of AP and MP have devolved substantive powers to district, sub-district and village level *Panchayats*. Although we have addressed participation, political transformation and the role that political parties can play in improving the effectiveness and accountability of local government bodies, *this paper has been primarily concerned with the extent to which Union and State governments have created an enabling environment for accountable local government in India*. This has involved a critical review of the 73rd Amendment, an assessment of the ways in which different States have followed or resisted the stipulations outlined in the 1993 reforms and an analysis of the problems most commonly associated with a lack of decentralisation in India: federal constraints, a resistant bureaucracy and local élite capture.

A general conclusion which we reach from this review is that many States in India have tended to retain powers of appointment, transfer, revenue generation, spending, etc. at the expense of the *Panchayats*. In very general terms, the States of MP and AP have tended to conform to this trend. However, there are States – MP among them – which have transferred substantive powers of appointment, planning, spending, etc. to very local spheres of political life. *Gram Swaraj* in MP is one example of this type of decentralisation, as is the Campaign for Decentralised Planning in Kerala and the Left Front Government's longstanding strategy of supporting *Panchayat* planning in West Bengal. In all of these States, substantive efforts to devolve funds, functions and functionaries have followed periods of political contestation among parties whose electoral support has been based in large part among the rural poor. In this context, decentralisation has been interpreted as a means of supporting – or at least placating – the interests of these groups.

The ideas, evidence and hypotheses developed in this paper are principally concerned with understanding the conditions under which decentralisation can lead to improvements in accountability in rural India. In the context of this paper, we define accountability as a relationship between public officials and citizens, in which the latter possess a means of challenging or counterbalancing the arbitrary use of power on the basis of a formal understanding of what constitutes appropriate behaviour on the part of public officials. The power on which citizens can counterbalance the power of public officials may be based on the hierarchical authority of the bureaucratic state (upward accountability) or on the general consent of the citizenry (downward accountability), or on a combination of the two. In its most ideal form, accountability should be based on strong norms of communication and consultation between public officials and citizens.

Reviewing experience from international and Indian settings, we have developed four general propositions about the conditions under which decentralisation can lead to improved accountability for poor and marginal groups in society:

1. active participation among broad elements of society, involving activities such as voting, campaigning, attending meetings, running for office, lobbying representatives, etc.;
2. fiscal and political support from higher level authorities within government;

3. the existence of competitive political parties whose legitimacy depends at least in part on the support of the poor; and
4. deeper economic transformations, which embolden traditionally subordinate groups to challenge local authority structures.

Further to these, we hypothesise that participation and the quality of government interventions will work best when formal institutions create conditions for downward accountability. (The counter-hypothesis is that these variables will be dependent on the existence of upward accountability.)

Our approach to understanding the relationship between decentralisation and accountability is comparative and empirical. Our research design provides an important means of studying these issues: we have selected **three comparably different regions** in AP and MP. (A copy of some of the questions, which were used to address these issues, is appended in Annex 2.) In AP, villages were selected in the districts of Medak, Krishna and Chittoor, which correspond with the broad historical regions of Telengana, Coastal Andhra and Rayalaseema. In MP, field sites were chosen in Ujjain, Tikamgarh and Mandla, which correspond with Malwa, Bundelkhand and Mahakoshal.

The three 'zones' in each State were chosen on the basis of agro-ecology and political history. Thus, for MP:

- **Malwa** in the west is a semi-arid, tubewell irrigated region with highly fertile black cotton soil, much soyabean production and relatively high urban and industrial development. The region was originally a combination of two princely kingdoms and has a common local language (Malwi). The proportion of tribals is low, but scheduled castes high.
- **Bundelkhand** is in the north-east, a region that straddles the MP/UP border. It is highly feudal and caste ridden and untouchability is still practised. There is high female infanticide and highly uneven land distribution. The region is semi-arid with less fertile red-black soils but high irrigation coverage and good tank distribution.
- **Mahokoshal** in the east, a predominantly Ghond tribal area, forested and undulating terrain with infertile skeletal black soils. The region was originally a British colonial administrative unit, ruled from Jabulpur, with a Christian missionary influence. The area is sub-tropical and rice and traditional minor millets are grown, mainly for subsistence. There is little industrial or urban development, though some mining. Out-migration is high.

And for AP:

- **Telangana** is a semi-dry region. It was under the rule of the Nizam and is comparatively backward in terms of infrastructure development, educational facilities and the advancement of women. This region is now home to some of the poorest people in AP, who migrate out for several months in a year to make a living. The capital city of Hyderabad lies within Telangana, and provides urban employment to many rural migrants. Medak has a large industrial belt in the south around Hyderabad and is said to be one of the most polluted areas in South Asia.
- **Coastal Andhra** includes a number of districts that have developed faster than other parts of AP and includes the coastal delta areas that are very similar to 'green revolution' parts of Punjab, Western UP, Gujarat and Maharashtra. In these canal irrigated lands, agriculture is based on intensively farmed high yielding paddy and sugarcane and the associated characteristics of the labour such as heavy inflows of seasonal migrant labour from surrounding poor areas. Many of these farmers have been typecast as capitalist farmers, who have invested their surplus into diversifying out of agriculture. Development indicators show much improvement in female literacy, income levels, infrastructure development, the sex ratio and the fall in infant mortality.

- **Rayalseema** on the other hand has some of the harshest environmental conditions in the state and even in the whole of India. Once a prosperous industrial and farming centre, this region is now characterised by drought. The summer of 2001 brought the fifth consecutive year of drought in some parts, with ancient tanks and wells running dry.

Thus, the political structures created by the decentralisation processes in MP and AP are sufficiently different to generate an interesting comparison of the ways in which formal processes of decentralisation can affect accountability and participation at the local level. Our principal unit of analysis is the *Gram Panchayat* and within it the *Gram Sabha*. Additionally, the regional variation, which is captured in our sampling design, will help us to understand the ways in which regional political economy has influenced patterns of political mobilisation – and thus participation and accountability – in the *Gram Sabha* and *Gram Panchayats*. An underlying assumption here is that agro-ecology (quality of soils and rainfall, extent and quality of irrigation, etc.), agrarian relations (feudal versus capitalist), agrarian structure (distribution of land holdings) and political mobilisation on the part of political parties, citizens' groups, and the like will influence the quality and nature of local accountability. Thus, we may expect to find that the functioning of the PRIs is more similar in *relatively feudal areas*, such as Telengana and Bundelkhand, for instance, than they are in Telengana and more capitalist areas, such as Coastal Andhra or Rayalseema. These propositions – and variations on which they are based – we explore more fully in a separate paper (Johnson, Deshingkar and Start, forthcoming).

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## Annex 1 Decentralisation in AP and MP

**Table A1 District level: District Planning Committees and District Rural Development Agencies**

Level	Dimension	Andhra Pradesh	Madhya Pradesh
DPC/ DDRC	Political	AP is yet to constitute DPC. There exists a District Development and Review committee packed with MPs, MLAs and chaired by a state cabinet minister that oversees development programmes in the district. PRI role in the DDRC is limited to ZP chairperson being the vice-chairperson of the DDRC. DRDA acts as the planning arm for the DDRC. All major allocations of the state resources are decided at the state level and department-wise while DDRC coordinates spending and review at the district level. The <i>Janmabhoomi</i> (JB) fund allows the pooling of departmental resources for management by the DC, initiates activities where demand and contribution comes from the GP and distributes NSAP benefits.	DPCs were formed in 1999, with the intention of expediting district-level allocations. Having a minister as chair of the DPC is intended to achieve this aim. In practice, ministers, MPs and MLAs have ‘completely usurped the powers of the ZP,’ and ‘completely undermined beneficiary selection of the GP, JP and ZP’ (World Bank, 2000a: 49).
DDRC	Admin.	The District Collector is the member convenor of the DDRC, with the Chief Planning Officer and the District <i>Panchayat</i> Officer reporting to him and not the CEO-ZP.	Collector can sanction projects up to 50 lakhs, and maintains control over transfer and promotion of class 3 and 4 officers. Collectors’ powers have increased vis-à-vis the PRIs.
	Fiscal	The District Collector approves projects up to Rs500,000, while the DDRC is empowered to approve projects up to Rs5,000,000.	Collectors’ powers have increased vis-à-vis the PRIs.
	Account.	Citizens do not have any more authority than before 1994. Transparency is not mandated and thus accountability is poor.	Citizens have no greater authority than before 1999.

**Table A2 District level: Zilla Parishads**

Level	Dimension	Andhra Pradesh	Madhya Pradesh
ZP	Political	Members representing each <i>mandal</i> are directly elected. There are 22 ZPs in AP. ZP president is elected by members. There are reservations for ZPPs. MLAs, MPs and the State appointed ZP CEO are among ex-officio members of ZPs, but have no voting power. In practice, MPs and MLAs exercise considerable power over ZPs. DDRCs and District Collector are pivotal.	MLAs and MPs are ex-officio members, but have no voting power. In practice, MLA and MP presence 'overwhelms' local bodies. In theory, ZP has powers to prioritise and select beneficiaries. In practice, DPCs exercise all authority.
	Admin.	The state government has devolved only 13 of the 29 functions and functionaries have been brought under the PRIs for only two of these functions. Postings, promotions and staffing of PR Department are meant to reside with the ZP. In practice, the collector and line departments exercise bureaucratic line of control. ZPs also approve MP budgets, distribute State and Centre funds, prepare district budgets, maintain secondary, vocational and industrial institutions.	ZP has no formal role in hiring, promotion and transfer.
	Fiscal	ZPs are supposed to have clear discretion over funds transferred from the State and Centre. In practice 'funds are tied' and 'scheme bound' (World Bank, 2000a: 46). In only five of the 29 functions have funds been devolved to the ZP. The Act provides no taxation powers to the ZPs.	ZP is entirely dependent on tied funds. In theory, ZP is meant to advise the State on development plans of GPs. In practice, ZP advises the DPC.
	Account	Limited measures. Members are elected; the CEO is accountable to the ZP chairman. Lines of control divided between line departments, DRDA and local bodies, thereby reducing accountability. In practice, all authority comes from 'above'.	Although ZP President and members are accountable to constituencies through elections, such processes have little direct impact on the DPC.
	Committees	Seven standing committees – covering Planning and Finance, Rural Development, Agriculture, Education and Medical Services, Women's welfare, Social Welfare and Works – with scope limited to area-wise prioritisation as standing committees work based line department budgets and plans.	Five Standing committees – General Administration, Agriculture, Education, Communication and Works; and Cooperation and Industries committee <i>Zilla Panchayat</i> can constitute other standing committees for matters not specified for the above.

**Table A3 Sub-district level *Mandal, Taluka and Janpad Parishads***

Level	Dimension	Andhra Pradesh	Madhya Pradesh
MP/JP	Political	MP members from revenue <i>mandals</i> directly elected by 3–5000 population constituencies. MP members directly elect MP president and vice-president. DC, MPs and MLAs are non-voting members	<i>Janpad Parishads</i> co-ordinate the plans of GPs, and then submit to ZP, although no decision making powers.
	Admin.	In theory, the MDO is to work under the control of the MPP and is to be directly answerable to the MP EO. In practice, MDO executes DRDA programmes and is directly answerable to the collector. MP has limited powers of appointment.	Amendments to the 1993 MP <i>Panchayat Raj Adhiniyam</i> in 2001 give <i>Janpad</i> officials powers of appeal for <i>Gram Sabha</i> members. In theory, JPs have power to transfer class 3 and 4 officers. In practice, the Minister and the DPC usurp these powers.
	Fiscal	With prior approval from the ZPs, MPs are allowed to levy financial contributions from GPs in the <i>mandal</i> . In theory, funds from state and centrally sponsored schemes are released directly to the MP. In practice, funds are tied and follow prescribed guidelines.	No tax base. Totally dependent on funds. DPC exercises considerable influence.
	Account	To District Collector and ZP, not to GPs.	JPs can supervise key officials, esp. teachers, although they lack the power to transfer.
	Committees	No standing committees on the MP.	Five standing committees covering general administration, education, agriculture, communication and water.

**Table A4 Village level: *Gram Panchayats* and *Gram Sabhas***

Level	Dimension	Andhra Pradesh	Madhya Pradesh
GP/GS	Political	In theory, <i>Sarpanch</i> and members are elected to a five-year term on a non-party basis. In practice, all representatives have party political affiliations. The <i>Sarpanch</i> and all ward members are directly elected. Ward members indirectly elect the <i>Upasarpanch</i> .	<i>Sarpanch</i> and members are elected to a five-year term; <i>Sarpanch</i> has authority over the GP. Amendments to the 1993 MP <i>Panchayat Raj Adhiniyam</i> in 2001 gives the <i>Gram Sabha</i> powers to appoint user committees (see below). These multiple user committees provide low motive for action. <i>Sarpanch</i> chairs the <i>Gram Sabha</i> and <i>Panchayat</i> secretary is a member.
	Admin.	<i>Sarpanch</i> is superior to VEO and VDO, and chairs the GP. The collector controls the GPs; the state appoints and promotes all extension officers. The non-elected position of village secretary was created in January 2002.	GP implements development works under 3 lakhs. <i>Panchayat</i> secretary works for GP. GS retains powers of appointment to user committees.
	Fiscal	GPs have some taxation powers (over fishing rights to tanks, house taxes, village produce, stamp duties, advertisements) and funds that come directly from Centre and State. In practice, funds are tied to specific programme guidelines and taxes difficult to collect.	Minimal powers of taxation, but largely unexercised. Largely dependent on funds from State and Centre.
	<i>Gram Sabha</i>	The GS is expected to meet twice annually to consider GP accounts, proposals relating to new and existing taxation, and selection of schemes, beneficiaries and location of development activities in the GP area. The <i>Sarpanch</i> chairs meetings. The Act does not specify a quorum.	Amendments to the 1993 MP <i>Panchayat Raj Adhiniyam</i> in 2001 require a GS quorum of at least one-fifth of eligible voters, one-third of whom must be women, SCs and STs. GS has powers to appoint standing and ad hoc committees. The quorum must not be less than one-fifth of the entire GS. In reality quorum conditions not adhered to as meetings prove difficult to organise. Quorum made up by collecting signatures later.

Level	Dimension	Andhra Pradesh	Madhya Pradesh
	Account.	Although the <i>Gram Sabha</i> is meant to ensure accountability of the GP, meetings only occur during periods (e.g. <i>Janmahboomi</i> ) when benefits are being allocated and use of line department budgets mediated. Instead of devolution, the JB seeks to make the line departments accountable to the GS, but this is not seen in reality as the GS is not empowered or in a position to ask the right questions. <i>Sarpanches</i> can be removed on grounds of non-performance or misconduct, but only by the Collector. Members can be removed for missing three subsequent GP meetings.	Amendments to the 1993 MP <i>Panchayat Raj Adhiniyam</i> in 2001 give villagers the ability to appeal to a three-member committee at the <i>Janpad</i> level. Citizen's charter put up by GP in village, but largely unreal.
	Committees	Four functional committees – Supervision of health and sanitation, Agriculture, Women and child welfare, and SC/ST and BC welfare. Amended to bring in the Village Water and Sanitation Committee, but operated only in the SRP districts. Self-help groups are recipients of fund flows from state and central government programmes allowing broad beneficiary targeting. Perceived to be route for benefit distribution of political parties and TDP government schemes. .	Amendments to the 1993 MP <i>Panchayat Raj Adhiniyam</i> in 2001 create eight standing committees, as well as additional ad hoc committees, governing matters relating to education, forests, watersheds, etc.

Sources: World Bank (2000a; 2000c); Behar and Kumar (2002); Manor (2001); Taru (2002).



## Annex 2 Governance Interview Guide

Key informant interviews to be conducted with elected *Panchayat* members (ward representatives, *Sarpanch*, *Upasarpanch*)

### Introduction to discussion

- Thank you for your time.
- The reason we want to speak with you is to get a better understanding of how the *Gram Panchayat* works and to ask your opinions about how government poverty programmes in the village could be strengthened or improved.
- We are particularly interested in the powers that the *Panchayats* have to implement employment and credit programmes in the village.
- We are also interested in how beneficiaries are selected for these programmes.
- As you know these questions are part of an international research project aimed at enhancing rural livelihoods in South Asia.
- All of your responses will be treated as confidential.

### Personal information

Objective: to get an idea of the experience and socio-economic background of the respondent.

- Name of respondent
- Age of respondent
- Period of time (years, months) in current post
- Gender
- Caste
- Primary occupation

### *Panchayat* powers

Objective: to understand the fiscal, administrative and political powers the *Panchayats* have in relation to *mandal/Janpad Panchayats* and *ZillaParishads*, as well as non-elected officials at block and district levels

- Ask each respondent to give an idea of the general responsibilities s/he is expected to undertake in their official capacity as a *Sarpanch*, ward representative, etc.;
- Explain that we are particularly interested in understanding the process of beneficiary selection for employment programmes (such as FFW, EAS, etc.) and self-employment programmes (such as DWCRA, IRDP, etc.)
- Make a list of the different government programmes in which they have been involved in the past 12 months, which were aimed at providing labour or providing credit to people in the village;
- Are they able to decide how much money will be allocated to each particular programme?
- If not, who decides allocation?
- Do they have their own separate budget, which they can decide to spend?

- What is the overall budget for the *Panchayat*? (this may be most appropriate for the *Sarpanch*, the VAO)
- Are they able to hire staff to assist them in their work?
- Are they able to develop plans for village development?
- Or do they receive funds from the block and district level officials?

### **Beneficiary selection**

Objective: to understand how beneficiaries are selected for employment and credit programmes

- What specific role do they play in deciding who will participate in or be eligible for the employment/credit programmes just described?
- How are beneficiaries selected for labour programmes?
- How are beneficiaries selected for credit programmes?
- What role does the *Gram Sabha* play in the selection of beneficiaries for these programmes? (expand)
- If contractors are involved in construction projects, road works, etc., how are the respondents involved in this process?
- Does the respondent feel s/he has the authority to make decisions about beneficiary selection, development projects in the village?
- Overall, how would the respondent assess the *Panchayat*'s ability to implement poverty programmes in the village?

### **Accountability and participation**

Objective: to understand the extent to which and means by which villagers are able to participate in local decisions about development planning and spending

- To what extent does the respondent consult with villagers to decide/plan development projects in the village?
- How does this happen?
- Through the *Gram Sabha*?
- During elections?
- Informally/during private discussions?
- If villagers are unhappy with a government programme, do they speak with the respondent?
- If not, where do they take their grievances?
- If there are conflicts over government programmes, does the respondent play a role in resolving these disputes?
- If there are conflicts among *Panchayat* members, how are these resolved?