

NRI Working Paper

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

Rural Non-Farm Economy and the Role of Local Governance Institutions in Betul District, MP.

A Report Prepared by Debate for NRI

*The views expressed in this document are solely those of the authors and not necessarily
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1. Awareness of Local Governance Issues: Betul District, MP.

1.1 Introduction

The research findings presented here form part of a project concerned with improved understanding and appropriate policy development for the rural non-farm economy. The research is being undertaken by the Natural Resources Institute (NRI) in collaboration with local partners, with funding from UK government's Department for International Development (DFID) under a collaborative agreement with the World Bank. Interest in the non-farm economy originates from the growing realisation that agriculture alone cannot provide sufficient livelihoods in the rural sector and therefore the important role that can be played by the RNFE, and its potential contribution to poverty alleviation.

The research project has three main components:

- 1 Factors that determine household or individual access or capacity to engage in rural non-farm activities;
- 2 The influence of Local Governance on the development of rural non-farm economy (the subject of this report); and
- 3 Characteristics and dynamics of the rural non-farm economy in Central and Eastern Europe and in the Confederation of Independent States in Central Asia (CIS).

Components 1 and 2 have involved field studies in India, in the states of Madhya Pradesh and Orissa. The research was phased over a three year period 2000-2003 with activities taking place in India between mid 2001 to March 2003.

This report presents the findings of the questionnaire-based household survey undertaken by DEBATE in collaboration with Natural Resources Institute in the district of Betul, in MP. The fieldwork was undertaken in 2001 and 2002. The methodology used and details of the study area are given in Annex 1.

Definitions: The term **Local Governance** in this study refers to both formal and informal institutions of governance. The former includes Panchayat Raj Institutions (PRIs) and the latter includes the civil society organisations, the private sector, and lending and donor agencies. RNFE includes activities that are outside the primary agriculture, forestry, animal husbandry and fisheries, whether carried out in one's own farm or as labour on other's farm.

1.2 Local Government Institutions in Madhya Pradesh.

Panchayat Raj Institutions in Madhya Pradesh have been considered a model for most of the north Indian states. This is because of the common cultural and linguistic background with Hindi as the most common language among all main north Indian states like Uttar Pradesh, Uttaranchal, Bihar, Rajasthan, Haryana, Jharkhand, Chhattisgarh and Himanchal Pradesh. Social scientists, researchers and governments keenly observed the progress and changes so that the lessons from Madhya Pradesh could be replicated or followed in other places.

In last eight years, popular decentralisation through Panchayat Raj Institutions, have shown us many sides of decentralisation. The major portion of this learning has taken place at the level of the state government

where the state itself tried to make the law more people oriented. This exercise forced the government to amend the state act on more than 14 occasions in last eight years. Soon after the second round of elections (PRI election 2000), the state government realised that Sarpanch used all the powers given to the village community, i.e., the power was being centralised at the level of the Sarpanch. This experience initiated the process of biggest amendment popularly called Gram Swaraj amendment.

Perception of village community on the functioning of institutions of governance provides important insights on many of the issues like what are the status of Panchayat and Gram Sabha; what are the main causes of poor performance of these institutions; and what is the impact of new institutions established through Gram Swaraj act. In this report the focus is on analysing the people's understanding and perceptions of the system of local governance and of its performance and impacts on the local economy.

Plan of Report: The report first discusses the participation rates in local elections and the levels of awareness and understanding of the Gram Sabha and of the Panchayats in Section 1.3. Section 2 examines the links between the people and the PRIs and impact of such relationships on their livelihoods. Section 3 assesses the nature of links between the community and the Line Departments and the impact of Government Sponsored Schemes on the local community and their livelihoods. Section 4 assesses the influence that the informal local government institutions have had on the development of rural non-farm activities of households. It also looks at the wider relations that may or may not exist between these actors of development and the PRIs. This is done by examining the nature of links between project-based committees and the Gram Sabha and the Panchayat. Section 5 concludes the paper.

1.3 Participation in Panchayat Election and Levels of Awareness of Gram Sabha

1.3.1 Participation In Panchayat Election

Participation of people in Panchayat election is measured through their participation in voting. It was found that out of 442 respondents in the study area about 93 percent of respondents actually voted in Panchayat election (Table 1.1). The respondents were very clear that they had given four votes at a time for electing their representatives:

- Ward member for Gram Panchayat
- Sarpanch or the Chairperson of the Gram Panchayat
- Block Panchayat Representatives
- District Panchayat Representatives

Table 1.1 Percentage of Households that Participated in Local Elections in Betul District

Block	Participated	Did not Participate
Betul Block	91.5%	8.5%
Bhimpur Block	94.7%	5.3%
Total	93.2%	6.8%

The finding is significant and shows that the level of faith and expectation of rural people in Panchayat Raj System was/is very high. They consider Panchayat as a useful institution that can resolve their day-to-

day problems. During discussions people said that they voted in Panchayat election expecting that it would reduce their dependency on institutions like the Tehsil and Block level officials. If the Panchayats do not perform their functions then the trust level could be expected to decline.

1.3.2 Level of Awareness on the functioning of Gram Sabha

Madhya Pradesh is one of few states that accorded the power of controlling Gram Panchayat to the Gram Sabha. In the year 1995, just a year after the first term election following the 73rd constitutional amendment, the state government changed the role of Gram Sabha from that of an advisor to decision maker at the village level. This was reinforced in April 1999 and again in 2001 through amendment in the state legislation on Panchayats. The 2001 amendment changed the name of the act from *Madhya Pradesh Panchayat Raj Act 1993* to *Madhya Pradesh Gram Swaraj and Panchayat Raj Act 1993*. Thus, the Gram Sabha is the major constitutional body at the ground level that has the power to take all the decisions related to economic development and social change in the village. It is necessary for the people at the village level to know the existence of, and the important functions of such an institution. This is fundamental for a community to be able to participate and to access benefits.

Table 1.2 Levels of Awareness of the Gram Sabha as an Institution and of the Various Committees. (% of Households)

Level of awareness	Betul Block	Bhimpur Block	Betul District
<u>About Gram Sabha</u>			
Not aware	54.6	64.6	59.7
Somewhat aware	42.1	33.2	37.6
Fully aware	03.2	02.2	02.7
<u>It has been created through a Legislation</u>			
Not aware			
Somewhat aware	85.6	86.3	86.0
Fully aware	11.1	11.5	11.3
	03.2	02.2	02.7
<u>How it functions</u>			
Not aware	84.2	90.2	87.2
Somewhat aware	11.5	08.0	09.8
Fully aware	04.2	01.8	03.0
<u>Functions of the Gram Sabha</u>			
Not aware	85.2	88.1	86.6
Somewhat aware	12.5	10.6	11.6
Fully aware	02.3	01.3	01.8
<u>Functions of Committees</u>			
Not aware	88.8	93.4	91.1
Somewhat aware	08.8	05.8	07.3
Fully aware	02.3	00.9	01.6

The study, conducted in 8 villages of Betul district, shows that more than half of the people in these villages (59.5%) were not aware about Gram Sabha in general. Only 2 percent were fully aware the Gram Sabha as an institution and provisions related to the Gram Sabha (Table 1.2).

86 percent of respondents did not know the legislative status of the GS. Those who were aware, did not know the legislation that governs the Gram Sabha or the provisions under the act. Looking at it in more detail, it shows that awareness among the respondents from scheduled caste category is zero. None of the scheduled caste respondents in either of the blocks are *fully aware* about the GS in general. About 68 percent respondents from upper castes, 47 percent from other backward classes, 36 percent from scheduled caste and 29 percent from scheduled tribes were **somewhat aware** about the Gram Swaraj in general.

More than 86 percent of the respondents were not aware about the functions of GS. In both the blocks it was interesting to note that **in the scheduled caste category none of the respondents** were fully aware about the functions of the Gram Sabha while in the scheduled caste category only 1% respondents (0.4% in Betul and 0.7% in Bhimpur) were fully aware. In the upper caste respondents category 4.9 percent (2.4% Betul block and Bhimpur block) and 3 percent in the OBC category were fully aware about the functions of GS.

The higher levels of awareness among the general castes allow them easier access to these institutions. The different levels of awareness among the tribal population and among the overall population explain the generally lower levels of awareness in the Betul Block. It can be said that while the general levels of awareness are low they are even lower among the socially and economically deprived groups.

During the field discussions the villagers stated that they do not have much information on the Gram Sabha. They noted that detailed information is not shared with them either by the government officials or by Panchayat representatives. Even if a Gram Sabha is held and government officials come to the villages they do not explain the reason for their visit or the purpose of meeting. Furthermore, they observed that they are not informed of the details of the agenda with which they come. The villagers further noted that the main concern of the government officials is to somehow finish their work. Some were of the opinion that the government officials consider them illiterate and useless, thus do not share information in detail. The majority believe that most of the time they are only given the information about various government schemes that are target oriented and very few people are actually eligible under the criterion.

About 91 percent people were not aware of the functions of various Committees under the Gram Sabha (Table 1.2). Only 1.6 percent was aware about the functions of the committees. The reasons of such low awareness about the functioning of the committees were explained by the people. They are as follows: "Previously there were no committees of gram Sabha. The committees have been formed after the enactment of Gram Swaraj in 2001 and most of the people are not aware about new committees". Some of the respondents were of the opinion that, "during the period of last 7-8 years several village level committees have been formed by the government departments and other agencies at the village level. Now it is very difficult for us to remember the name and purpose of each committee. We also get confused among the committee and their functions".

1.3.3 Levels of Awareness About the Panchayat

In the case of awareness about Panchayats the situation was not much different. Awareness about Panchayat in general was very low as 67 percent people (Table 1.3) were not aware about the Panchayat; about 29 percent of the people are somewhat aware as they come in contact with them for carrying out day to day business. The community is not aware except that it is an elected body and meets to discuss the works to be undertaken.

Table: 1.3 Levels of Awareness about Panchayat as An Institution (Percentage of Households).

Levels of awareness	Betul block	Bhimpur block	Betul district
About Panchayat			
Not aware	64.4	69	66.7
Somewhat aware	31	28.8	29.9
Fully aware	04.6	02.21	03.4
Created through Legislation			
Not aware	84.3	87.2	85.7
Somewhat aware	11.6	10.2	10.9
Fully aware	04.1	02.6	03.4
How does the Panchayat functions ?			
Not aware	82.4	90.3	86.4
Somewhat aware	13.0	08.4	10.6
Fully aware	04.6	01.3	03.0
What are the Functions of a Panchayat?			
Not aware	79.6	88.9	84.4
Somewhat aware	16.7	10.2	13.3
Fully aware	03.7	00.9	02.3

Furthermore, that the Panchayats have been created through certain legislation was not known to about 85 percent of the people. Only three percent were aware that it has come through certain legislation.

Almost around 85 percent households were not aware of the functions of various committees. It was surprising to note that only two percent of the respondents were able to recall some of the functions of the committees. Even the Panchayat representatives were not able to remember the names of all the three committees that are formed under the Panchayats.

Most of the respondents said that even the representatives at the Gram Panchayat level are not aware of the provisions, functions and responsibilities of the Gram Sabha and Panchayats. During the discussions with the representatives it was found that even the representatives were not aware fully aware of the functions of the Gram Sabha and the Panchayats.

1.3.4 Awareness of the Powers Given to the Gram Sabha

The Gram Sabha has been given a wide tranche of powers, ranging from right to levy tax (albeit in small amounts); manage the local natural resource base; and improve the village infrastructure. The analysis

below shows that there is very low public awareness of these powers and responsibilities. This allows these institutions and the elected representatives to get away with very poor performance levels.

Most of the respondents are not aware that the Gram Sabha has the power to levy taxes on the some of the items. Only three percent were aware that Gram Sabha has the power to levy taxes (Table 1.4)

Table 1.4 Awareness of Gram Sabha’s Powers to Levy Tax (% of Households)

Levels of awareness	Betul Block	Bhimpur Block	Betul District
Not aware	85.6	85.4	85.5
Somewhat aware	9.7	11.9	10.9
Fully aware	4.7	2.7	03.6

About 15% respondents were somewhat aware that the gram Sabha could collect revenue. While majority that is 77% were not aware that gram Sabha can collect revenue.

Table 1.5 Awareness of Gram Sabha’s Powers to Collect Revenue (% of Households)

Levels of awareness	Betul block	Bhimpur block	Betul district
Not aware	75.5	79.2	77.4
Somewhat aware	18.1	12.8	15.4
Fully aware	6.5	8.0	07.3

Majority of the respondents were not aware that the gram Sabha could

decide to levy tax on the property of the villagers (Table 1.5). There are certain criteria prescribed by the government for deciding the limits for fixing the property rates. The Gram Sabha can also fix the punishment for the defaulters.

Table 1.6 Awareness of Gram Sabha’s Powers to Levy Property Tax (% of Households)

Levels of awareness	Betul block	Bhimpur block	Betul district
Not aware	84.7	91.2	88.0
Somewhat aware	11.1	07.1	09.0
Fully aware	04.2	00.9	02.9

Nearly 90 percent were also not aware that the money collected by Gram Sabha through tax

would remain with the Gram Sabha. It would not be taken by the state government. Some of the Panchayat representatives, during informal discussion, explained that the Gram Sabha members are not ready to levy any tax on the property because they think that it will not provide any benefit to the village community and them personally. However, the reluctance is partly explained by the fact that levying taxes on the local population will also mean social audit by the people as to how this money is being spent. At present the local community has little information on the vast sums of money that the Panchayats receive from the central government and the way it is spent by the Panchayats and Gram Sabhas.

Table 1.7: Awareness of Gram Sabha’s Responsibility to Construct Village Roads (% of Households)

Level of awareness	Betul block	Bhimpur block	Betul district
Not aware	49.1	61.1	55.2
Somewhat aware	43.3	30.1	36.4
Fully aware	7.9	8.8	08.4

Majority of the people, 55%, were not aware of the Gram Sabha’s responsibility for the construction and improvement of village infrastructure (Table 1.7). About 36% percent were somewhat aware. In Betul block about 43% respondents were somewhat aware that the Gram Sabha could make plans for improving the village infrastructure. Only 8% people were aware that the Gram Sabha can now plan and take up constructions through the Infrastructure Committee of the Gram Sabha and Construction.

Table 1.8 Awareness of Gram Sabha’s Responsibility to Construct Toilets and Improve Sanitation (% of Households).

Levels of awareness	Betul block	Bhimpur block	Betul district
Not aware	88.9	89.8	89.4
Somewhat aware	8.3	6.6	07.5

Majority of the people 89 percent were not aware the gram Sabha could construct public toilets in the village (Table 1.8). About 7.5 percent were somewhat aware while only about 3 percent of households were aware that Gram Sabha can plan and construct toilets.

Table 1.9: Awareness of the Gram Sabha’s Responsibility to Provide Street Lighting (% of Households).

Level of awareness	Betul block	Bhimpur block	Betul district
Not aware	82.9	84.1	83.5
Somewhat aware	13.4	11.5	12.4
Fully aware	3.7	4.4	04.1

Most of the respondents were not aware that it is the responsibility of the gram Sabha to install, repair and

maintain the streetlight of the village (Table 1.9). While only 4 percent were fully aware and they were of opinion that “if very body realises this we can definitely improve our situations”.

Table 1.10 Awareness of the Gram Sabha’s Responsibility to Maintain Water Bodies and Water Supply (% of Households)

Levels of awareness	Betul Block	Bhimpur Block	Betul district
Not aware	61.1	74.8	68.1
Somewhat aware	30.1	16.8	23.3
Fully aware	8.8	8.4	08.6

Most of the respondents (68%) were not aware that gram Sabha has to maintain the ponds, wells and the water supply system of the villages

(Table 1.10). About 30 percent of households from Betul block were somewhat aware that gram Sabha has to maintain the ponds, wells and the water supply system of the villages. These are fundamental resources for the community’s livelihoods opportunities. Field discussions revealed that very often the

Gram Sabha takes advantage of the people's poor information base to abdicate their responsibility, often blaming the Line Departments.

Table 1.11 Awareness of Gram Sabha's Responsibility to Maintain the Natural Resource Base (% of population)

Levels of awareness	Betul Block	Bhimpur Block	Betul District
Not aware	83.8	82.7	83.3
Somewhat aware	11.6	9.3	10.4
Fully aware	4.6	8.0	06.3

Only 6 percent households are aware that Gram Sabha has to maintain the forestland and village forest (Table

1.11). It was surprising to note that government officials and the Panchayat representatives at all levels were unaware of the fact that Bhimpur Block of the district was designated a Schedule 5 Area; nor were they aware of those special provisions given to the gram Sabha with Schedule 5 status in a predominantly forested regions.

Table 1.12 Awareness of Gram Sabha's Powers to manages markets/haats (% of Households)

Level of awareness	Betul Block	Bhimpur Block	Betul District
Not aware	90.7	89.4	90.0
Somewhat aware	6.9	9.3	08.1
Fully aware	2.3	1.3	01.8

90 percent of the people were not aware that the Gram Sabha manages the market/haats (Table 1.12). In their opinion the Panchayats at the upper levels and

the municipal corporations manages the markets and the *haats*. These people were surprised when they were told that the Gram Sabha could take decisions on the management of the *haats* and markets within their geographical area.

Almost 91percent of the people were unaware that the Gram Sabha implements the government sponsored schemes (Table 1.13). It was interesting to note that the only 2 percent were aware that the Gram Sabha implements these schemes. During the discussions with the respondents it was said that earlier the Block Level Authorities would implement the schemes. Under the current system the Gram Sabha selects the beneficiaries, though the finalisation and approval is at the Janpad level. A majority believe that the Gram Sabha has no the power to implement the schemes because as they, the people, are not involved in any decision making with respect to different schemes, selection of beneficiaries, maintenance of resources or assessment of their needs.

Table 1.13 Awareness that Gram Sabha's Implement Government Schemes (% of Households)

Levels of awareness	Betul Block	Bhimpur B lock	Betul District
Not aware	91.2	91.2	91.2
Somewhat aware	5.6	6.2	05.9
Fully aware	3.2	2.7	02.9

Table 1.14: Awareness that Projects from Line Departments have been Transferred to the Gram Sabha (% of Households)

	Betul Block	Bhimpur Block	Betul District
Yes	11.2	12.9	12.1
No	88.8	87.1	87.9

About 12 percent of respondents (Table 1.14) were aware that after the enactment of the Gram Swaraj Act in January 2001, certain projects, which were previously coordinated by missions, had been transferred to the Gram Sabha. It is the responsibility

of the Panchayat, the missions, the government departments and the outside agencies to take the consent and approval of the Gram Sabha regards the planning and implementation of the programme activities under any project.

It appears that the state legislation has given powers to the people before giving them the means or the capacity to use these powers.

1.3.4 Awareness of Special Provisions Given to Gram Sabha (Under Fifth Schedule Area)

As Bhimpur Block is designated a Schedule 5 Area, it was important to note the awareness of the Tribal community of the extra provisions made for them. Betul block is no a Schedule 5 Area. Views were sought on the these provisions. They are:

- ◆ Management of Natural Resource Management
- Management of Non-Timber Forest Produce
- Management of money lending business.
- Management of Tribal Customs and Traditions

Table 1.15 Awareness of Special Powers of the Gram Sabha to Manage Natural Resources (% of Households)

Levels of awareness	Betul B lock	Bhimpur Block	Betul District
Not aware	NA	98.2	98.6
Somewhat aware	NA	01.3	01.0
Fully aware	NA	00.3	00.4

Most of the population in the Block 98 percent (Table 1.15) were not aware that the Gram Sabha has the power to manage the natural resources. Only 1 percent was aware that the Gram Sabha could manage

the natural resources. People were of the opinion that this may be power devolved on papers but was not practised as they face problems everyday from the forest, water resources department and the *Patwari* (person who keeps land records). Furthermore, the governments at the block and the district levels do not approve decisions taken by the Panchayats.

Table 1.16 Awareness of Gram Sabha's Powers to Manage NTFP (% of Households)

Levels of awareness	Betul Block	Bhimpur Block	Betul District
Not aware	NA	96.9	97.6
Somewhat aware	NA	02.7	02.1
Fully aware	NA	0.4	00.3

Almost 97 percent of respondents were not aware that the Gram Sabha has the powers to manage the Non-

Timber Forest Produces. The people were of opinion that the forest and forest products were being managed by the Line department as no information had been given to them on the powers related to management of the natural resources and NTFPs. There are rules already in existence, yet the people are exploited by these forest officials violating the law. The new laws have not protected the people from being paid exploitative rates by the middleman.

Table 1.17: Awareness that Gram Sabha has the Power to Fix the Money Lending Interest Rates in the Village (% of Households)

Levels of awareness	Betul Block	Bhimpur Block	Betul District
Not aware	NA	98.6	98.6
Somewhat aware	NA	01.3	01.0
Fully aware	NA	00.4	00.3

The Gram Sabhas in the Fifth Schedule Areas can manage and control the money lending business in their areas. It can set the rate of interest for

moneylenders. The moneylenders who are in the business have to take licence from the Gram Sabha. During the interviews most of the respondents, 98.6 percent people (Table 1.17), were not aware about these powers of the Gram Sabha to control the interest rate on the loan given to the people in their village. This power is applicable to individuals as well as institutions also.

Table 1.18 Awareness that the Gram Sabha has the Responsibility to Maintain the Tribal Customs (% of Households)

Levels of awareness	Betul Block	Bhimpur Block	Betul District
Not aware	NA	97.8	98.3
Somewhat aware	NA	02.2	01.7
Fully aware	NA	00.0	00.0

Majority of the respondents were not aware that the gram Sabha has power to maintain customs and traditions of tribal community (Table 1.18). It was interesting to note that none of the members in either of the blocks were fully aware of these responsibilities.

If we compare the responses on the basis of caste groups that exist in the district it is interesting to note that the level of awareness of the Special Provisions is very low in every caste. The general findings that the upper caste members have a lot of information and they do not share it with the low caste people were not observed in this instance. The level of awareness of Gram Sabha and the Panchayat representatives is same.

As far as the special provisions in Schedule 5 Area are concerned the ignorance level is very high even among the government officials and the Panchayat representative. It was surprising to observe that most people were unaware of the 5th Schedule status of the Bhimpur Block. There is lack of information flow from the administration regarding the act and its special provisions. It was said by the interviewees that the government does not want to give powers in the hand of the people; hence the information is not shared. The general view is that “if we want to use the powers, we need to have information and also the capabilities to use these powers”.

The study indicates that for most people, the functions of Gram Sabha, are limited to road construction, maintenance of ponds, wells and water supply and to some extent, upkeep of village forests and forestlands and collection of revenue. Very few people are aware of Gram Sabha’s functions and roles of the Panchayats related to the implementation of Government schemes, managing markets/*haats*, levying property tax and construction of toilets for sanitation purposes, maintaining tribal customs and most importantly controlling the money lending interest rates in the village.

2 Links with the PRIs and Impacts of These Linkages on the Community

2.1 Links with Panchayat Representatives

The household level survey revealed that in these two blocks of Betul District, a significant number of the households (67%) had no links with the Panchayat member or members of various Committees (Table 2.1). Only 7.5 percent of households were familiar with all members of the Committees. This demonstrates the poor status of household links with the members of various standing committees of the Panchayat.

Table 2.1 Percentage of Households with Links with Panchayat Representatives

Level of awareness	Betul Block	Bhimpur Block	Betul District
No Links	66.7	66.5	66.5
Knows one member of GS	12.5	12.1	12.2
Knows more than One member of GS	12.5	14.7	13.6
Knows all the members of GS	8.3	6.7	7.5

A caste-wise breakdown of those with no links show that 60% of general caste category; 67% of OBC category; 71% of SC category; and 67% of ST category do not have links with the Panchayat members. This still means that 40% of the general caste members have links with the Panchayat, the highest for all

groups. The Scheduled Caste members have the lowest levels of contact with the Panchayat. There is a small coterie of people(6-8%) who are familiar with all members of the Panchayat.

It is interesting to note that the people do not consider the Panchayat representatives important. According to them the representatives implement orders that come from the top, they do not have any real decision making powers.

The limited contact between the groups from the Scheduled Tribes category and the Panchayat members is partially explained by the fact that they have 'two types of Panchayats'. One is the traditional Panchayat, where all the decision related to the social and religious matters are taken up. Hence, they prefer to consult or take advice from the *mukhiya* (Head of the traditional panchayat). As every body has to obey his decisions they all maintain links with the *mukhiya*. Second, is elected panchayat called as *Sarkari Panchayat* (Government's Panchayat) as the representatives have to follow the orders given by the government. "Whenever we have to take any benefit from schemes we access Sarkari Panchayat". In their opinion the representatives at the gram Panchayat level have no real power.

2.2 Benefits from links with Panchayat member

Out of 442 respondents in Betul district 37 responded to this question. 65 did not respond as they couldn't say whether they had benefited from Panchayats. They had never approached the Panchayat for

any favours. The overwhelming response from all caste categories in the district is that they had not benefited (Table 2.2).

Table 2.2 Benefits from Links with Panchayat Members (% of Households)

Block	Caste Category				Total
	Upper Caste	OBC	SC	ST	
Yes	0	1.6	9.5	5.7	4.2
No	100	98.4	90.5	94.3	95.8
Bhimpur					
Yes	5.9	5.0	0	2.1	2.7
No	94.1	95.0	100.0	97.9	97.3

Only 3.4 percent of households felt they had some benefits because of their links with the Panchayat representatives. These people were of opinion that “now they do not have to bother for small things as they are taken care by the Panchayats”, for example, the Sarpanch can now issue certificates. Previously they had to visit block or district level offices for all paper work.

It was interesting to observe that none of the respondent from the upper caste category in Betul block and Scheduled caste category in Bhimpur block have benefited from the links. Members of the upper caste said that the government is very biased and that they do not draft any schemes keeping in mind the lower and middle class and upper caste people. All the schemes and the benefits are for SC and ST categories.

2.3 Household linkage with Committees of Gram Sabha

Table 2.3 Percentage of Households with Links with Standing Committees of the Gram Sabha

Response category	Betul Block	Bhimpur Block	Betul District
Yes	10.2	6.6	8.3
No	89.8	93.4	91.6

Majority of the respondents felt that they do not have any link with the standing committees of Gram Sabha (Table 2.3). 91.6 percent of respondents

said that no one from their household was member of GS committee. Only 8.3 percent said that they have linkages with standing committee, as individuals of their household were members of standing committee of Gram Sabha.

It was observed that out of 8.3 percent of household, whose members represents Gram Sabha committees, in Betul block about 5.3 percent are from upper caste, 11.6 percent from OBC, 13 percent from SC and 9.6 percent from ST category. In Bhimpur block there are 27.3 percent are from upper caste, 12.3 percent from OBC, and 3.6 percent from ST category are members in the GS committees. In Bhimpur block none of the respondent from SC category is member in the committees constituted. The statistics for Bhimpur Block show the greater dominance of the upper castes, in a Block designated as predominantly tribal.

2.4 Benefits from membership in GS committees

Among those who had links, only 0.7 percent thought that these links have helped them getting opportunities for increasing their income in agriculture. This is slightly lower than in the case of links

with Panchayat members. The survey team was told that ‘while links with committees have helped in increasing their status in society, it has not increased the financial status.’ Moreover, most were not aware of the standing committees. In some of the villages the committees had not been formed and in others, village committees were on paper; even members do not know the name of their particular committee. It was said “since the committees are still not functional, they are not aware of their roles; hence, it is too early to respond on the question of benefits from the membership”.

2.5 Impact of Panchayat Institutions on Non Farm activities

Panchayats have the basic responsibility to plan for economic development. The Panchayats are supposed to prepare annual action plan for their economic development in consultation with the Gram Sabha. Since the enactment of Gram Swaraj Act every village is expected to plan for its economic development. This is important as it has direct implication for developing non-farm activities. The first Phase of this study showed that these institutions do not consider local economic development as one of their responsibilities. The elected members believe it is the remit of the line departments. It is interesting to note here the people’s perception of this role.

Table 2.4 Showing the Level of Impact on Non-Farm Activities of Households (% of Households)

Location	Yes	No
Betul Block	15.7	84.3
Bhimpur Block	2.2	97.8
Betul district	8.8	91.2

In the opinion of the respondents Panchayats have limited impact on the non-farm activities of households. 15 percent of households in Betul Block have enhanced their non-farm activities (Table 2.4). It is a paltry 2 percent in Bhimpur. The main reason that was given by the

respondents is the lack of awareness among the Panchayat representatives on such issues; and hence ‘they only plan and implement those activities that are instructed to them by the district or state administration. The focus is on small infrastructure works.

Table 2.5 Areas of Positive Impact of Panchayat Activities (% of Households)

Areas of Positive Impact	Betul Block		Bhimpur Block	
	Yes	No	Yes	No
Increased in product out reach	0.5	99.5	0	100
Increase in agricultural product sale	0	100	0	100
Increased accesses to forest resources	0	100	0	100
Increased self employment opportunity	0	100	0	100
Increase in wage employment	1.9	99.1	0	100
Increase in the health and nutrition status	0	100	0	100
Support in welfare	0	100	0.4	99.6

In both blocks respondents do not think that the Panchayats have had any positive impacts (Table 2.5). In Betul Block less than 2 percent are of opinion that wage employment opportunities have increased after the Panchayats. This is contrary to the response

given in Table 2.4 where 15 percent of the households say they have benefited.

The people who noted that the Panchayats have some impact on the non farm activities of households, said that under the employment insurance scheme the Panchayat has to ensure employment for 100 days in a year. There are also construction works undertaken for JGSY and 10 finance commission project that engages people in construction works. The wages given under these construction works are (Rs 50-75.13), as per the minimum wages act. Whenever Panchayat takes up such assignments the wage rates are followed.

2.6 Negative Impact of Institutions

The respondents were unable to establish any negative impact of Panchayat on the access of household to common resources like forest, water bodies, irrigation facilities or even common grazing land. According to respondents the resources are controlled by respective departments and not by Panchayats. The act provides power to the Panchayat and Gram Sabha over resources and employees of line management departments but in practice Panchayats are not seen as the agency having functional control over the line departments. This is in contrast to the findings in Narshimapur district, where the community believed that access to forests have become more difficult with the establishment of Panchayat control.

It is important to note that Panchayats and Gram Sabha have not used powers related to taxation or imposition of fees. Gram Sabha can impose cess on land revenue but in practice they have not imposed it so far. The point here is that there is poor understanding about taxation and little capacity to impose taxes. Hence, Panchayats are not perceived as institutions having negative impact on the population.

2.7 Constraints and Community's Expectations

On the question of constraints faced by the Panchayats and the Gram Sabha to perform their functions more effectively, the responses of the people were quite perceptive. Despite their low levels of awareness of these institutions they note that the PRIs themselves are responsible for the poor performance of local government institutions.

Table 2.6 People's Perceptions of Constraints to Low Performance of PRIs (% of Households)

Constraints faced by PRIs	Betul Block	Bhimpur Block	Betul District
Not aware of responsibility	14.2	18.1	16.5
Not aware of functions	15.3	16.2	15.8
Little room for decisions	5.3	5.3	5.3
Time constraints	7.5	5.0	6.0
No information given regarding meetings	13.1	9.7	11.1
GP/Gs do not receive funds in time	4.9	5.0	4.9
No monitoring	1.8	4.1	3.1
Gram Sabha Members do not have interest	16.4	10.3	12.8
Have only vested interest	18.1	21.8	20.8
GP/GS cannot identify needs	2.2	4.4	3.5
Other	1.3	.2	.6

They are corrupt and inefficient. Nearly 30 percent think that the PRIs have little awareness of their roles and functions. 18 percent believe that the elected members have only vested interests and are not really concerned with local development (Table 2.6). Overall they appear to have little faith in these elected institutions.

Given the low confidence in PRIs, the households were asked what they thought the PRIs should focus on in the future. Nearly 70 percent of the households (Table 2.7) feel that PRIs should concentrate on creating employment opportunities. This view is perhaps a reflection of their current experience, where the only perceived benefit has been daily wage employment. Nearly 10 percent think that Panchayats and Gram Sabhas should assist the community to establish links that would enable them to access loans. Only 3 percent think that PRIs should disseminate market information for local produce.

Table 2.7 Perceived Future Role of PRIs (% of Households)

Perceived Roles	Betul Block	Bhimpur Block	Betul District
Improve infrastructure	3.1	3.1	3.1
Improve employment generation opportunity	68.2	71.3	69.7
Improve quality of natural resources	1.6	7.7	4.6
Improve in quality of products	5.4	7.3	6.4
Establishing linkages for getting loans	13.6	8.0	10.8
Information dissemination on market	4.3	2.7	3.5

Summing up: The study shows that the overall levels of awareness of the local government institutions, their roles, responsibilities and functions are unacceptably low. This allows these institutions to get by with very low levels of performance and high levels of corruption. Few have established contact with these institution or its members. Among those who have links with elected members and officials, appear to have received few benefits. Levels of awareness appear to be positively correlated to landownership/caste (0.34); household income (0.21) and household's level of education (0.19). It is important at policy and project levels to identify drivers that could be used to empower communities. All this implies that the local power structures have not been changed by the decentralisation of administrative powere.

One of the main objectives for decentralisation was to speed up local development with the local institutions taking the initiative based on local needs. This has not happened. The Panchayats and Gram Sabhas do not consider themselves as agents of economic development. It is considered the responsibility of the Line Departments.

The community's views of the PRIs are not very flattering. They consider them corrupt, inefficient and poorly informed. They recommend that PRIs should focus on creating employment opportunities.

3. Impacts of Line Departments and Government Schemes

3.1 Links with Line Departments

Following the devolution of power, 14 line departments were also transferred to the Panchayats and the committees of Janpad (Block) and Zila (District) Panchayat, so that elected members could approve the plans. The Line Departments have the responsibility to forward to the PRIs information related to the new schemes, rules and amendments. They are also expected to provide technical support for income generating activities. For example, the agricultural extension officer and the officials from the Department of Horticulture, have the responsibility to provide information to the Agriculture Committee of the Gram Sabha about the new varieties of seeds, fertilizers their uses and advantages etc., and provide financial assistance to these farmers. This study shows that these Departments have had little or no impact.

It was observed that most of the respondents do not have links with the departments (Table 3.1). It was also reported that the respondents are not aware about the programmes and schemes of the Line Departments like animal husbandry, horticulture, sericulture, fisheries, and rural industries.

Table 3.1: Percentage of Households with Links to the Line Departments

Line Departments	Betul Block		Bhimpur Block	
	Yes	No	Yes	No
Agriculture Department	6.48	93.5	3.9	96.0
Horticulture Department	0.9	99.5	1.3	98.6
Animal Husbandry Department	1.8	98.1	1.3	98.6
Sericulture Department	0.4	99.5	0.4	99.5
Fisheries Department	1.3	98.6	0.8	99.1
Rural industries Department	1.3	98.6	0.8	99.1
Forest Department	4.6	95.3	5.7	94.2
Public Health Engineering Department	4.6	95.3	5.3	94.6
Education Department	6.9	93.0	17.6	82.3
Women and Child Development	0.4	99.5	1.78	98.2
Revenue Department	1.3	98.6	1.78	98.2
District Rural Development Department	0.9	99.0	0.8	99.1
Panchayat and Social welfare department	1.3	98.6	2.6	97.3

According to the respondents there are no reasons for villagers to have direct link with most of the departments as officials from the departments seldom come to their village.

However, relations with Department of Education are stronger as the teacher regularly visits the village and provides assistance whenever they have to prepare documents or proposals. In Bhimpur the percentage is very high in comparison to the Betul block as many *Gurujis* (teachers) in Education

Guarantee Scheme (EGS) are from these villages. The children who attend schools get scholarships under various schemes hence they have links with the education departments.

Agriculture officials occasionally visit to give information regarding new seeds etc when they have to reach their targets for any particular schemes.

3.1.1 Benefits due to Links with the Department

Majority of the respondents were unable to respond as they have had no contacts with the departments. Hence there was no question of assessing the benefits. As there are no statistically valid data, a matrix has not been generated.

3.1.2 Impact of links with the Department on Non Farm Activities of Households

Opinions on the impact of links with the department were taken from the respondents. Only 5.5 percent respondents in Betul Block and 7.1 percent of respondents in Bhimpur Block said that the links have helped in developing new income earning opportunities in the non-farm sector (Table 3.2).

Table 3.2: Links Helped in Developing New Income Earning Opportunity (Percentage of Households)

	Yes	No
Betul Block	5.5	94.5
Bhimpur Block	7.1	92.9
Betul district	6.3	93.7

The respondents felt that the departments had existed for a very long time and there are number of schemes; but the majority have not approached the departments as they were not aware of the schemes. Some of the respondents were of opinion that the formalities of getting financial and/or technical assistance are too time consuming and complicated for the rural people. They are unfamiliar with the procedures and generally have to depend on the field staff.

Some of the people who received support said that the departments do not provide information regarding the marketing or information regarding the quality of the product that could be marketed, etc. During discussions it was noted that corruption was one of the obstacle to getting any benefit. Most of people are not in position bribe the officials.

The data indicates that line departments and Panchayats have failed in assisting people in non-farm activities. It also shows that there is very little coordination between the Panchayat and line management departments.

3.2 Impact of Government Schemes

3.2.1 Schemes

It is important to note here that in Madhya Pradesh the Rural Development Department is responsible for the implementation of more than nine Centrally Sponsored Schemes (CSS). In all these schemes PRIs have been made delivery agents by the Central Government, but at the district and sub-district level majority of the schemes are being implemented through institutions parallel to the PRIs e.g. watershed committee for watershed activities (Watershed programme is financed by EAS, DPAP, IWDP).

It is pertinent to note here, that after 15 August 2001, some of the schemes related to wage employment, like JGSY, have been merged and one single scheme is being implemented and is known as SAMPOORNA GRAM SWAROJGAR YOJNA (SGSY). Earlier the schemes like TRYSEM; IRDP etc, were also merged in SJSY.

Table 3.3 Percentage of Households that Have Benefited from the Government Schemes

Type of Scheme	Betul Block		Bhimpur Block	
	Yes	No	Yes	No
IRDP	1.4	98.6	2.7	97.3
TRYSEM	0	100	0	100
JRY	4.8	98.2	1.8	98.2
IAY	4.3	95.7	1.3	98.7
EAS	10.6	89.4	1.6	98.4
Jeevan Dhara	1.4	98.6	2.2	97.2
SJGSY	0.5	99.5	0	100
Mini ITI	0.5	99.5	0	100
JGSY	13.8	86.2	6.3	93.7
DPAP	0	100	0	100
Credit cum Subsidy Scheme for rural Housing	0.5	99.5	0.4	99.6
Comprehensive Housing Scheme	0	100	0	100

Expectedly, the response of the households varied with the scheme (Table 3.3). The EAS and JGSY schemes are wage employment schemes and the people get daily wages under the schemes for any construction work. About 6 percent of households in the Bhimpur have benefited from the

JGSY. It was reported that some of the households that had received loans under the Jeevan Dhara scheme used the money to construct wells. This has allowed them to harvest one additional crop, which has added to their income.

In the opinion of the majority of the households there are very limited benefits from the schemes. The reasons are that there are no schemes for the people from the upper and OBC caste categories; all the schemes are for the people below poverty line or SC or ST. The respondents said that the there are many flaws in the way households below the poverty line are estimated. The influential people manage to get their names in the BPL list to get the benefits.

Table 3.4 Benefits from the Scheme to the Households (% of Households)

Impact of benefits from schemes	Betul Block	Bhimpur Block	Betul District
Increase in HH income	23.3	36.7	27.5
Increase in Non farm income	18.6	25	20
Improved employment opportunities	17	15	9.5
Increased opportunities in Developing new contacts	0.8	0	0.5
No impact	50.4	23.3	41.8

Table 3.4 shows that nearly 40 percent of households have not benefited from the schemes. However, in Bhimpur block

nearly 37 percent feel that the schemes related to wage employment has raised their household income. People were of opinion that due to the wage employment schemes they are able to get employment in the village itself.

Box 3.1 Beneficiary of the Employment Generation Scheme

Hari Singh of Paplspani village is from a poor family . He belongs to the Scheduled Tribe Korku. He used to go out of village for daily wages. He would get work for a week in month and it was very difficult for him to manage his family. After the establishment of the Panchayati Raj and the implementation of the ESA, JGSY, now he and his wife get work and earn good wages, which allows the household to meet the basic needs.

It is interesting to note that in Bhimpur the schemes have helped in getting wages employment other than agriculture wage labour. Work has been available under watershed management projects. Small individual loans under the SJGSY have facilitated some household to start small shops for cycle repairs, welding, retailing vegetables etc.

Summing up: Despite the vast network of schemes and large number of Line Departments; and new powers of local governments, little impact is felt on the ground by the community. The most beneficial and popular schemes are those that provide wage employment on a regular basis.

4 Impact of Informal Local Government Institutions

4.1 Project Based Committees and their relationship with GS and Panchayat

**Tables 4.1 Awareness of Project Based Committees
(% of Households)**

Type of Committee	Betul Block		Bhimpur Block	
	Yes	No	Yes	No
Joint Forest Management	0.5	99.5	0	100
Forest Protection Committee	2.0	98.0	2.7	97.3
Watershed Committee	11.8	88.2	30.5	69.5
School Management Committee	5.9	94.5	0.9	99.1
Self Help Group	11.8	88.2	19.5	80.5
Teacher-Parents Association	16.3	83.7	30.9	69.1
Water and Sanitation Committee	13.2	86.8	14.6	85.4
Other committees	7.5	92.5	11.4	88.6

All project based committees listed in Table 4.1 are operating in the two blocks. These run independent of the Gram Sabha committees and it is useful to assess the community's awareness of these bodies.

As seen in Table 4.1 Watershed Committee, Teacher-Parents Association, Water and Sanitation Committee and Self Help Group are the committees of which the community is comparatively better informed. Watershed Committee and Teacher-Parents Association have the highest visibility, as more than 30 percent of respondents in Bhimpur Block say that these committees do exist in their village. Self-help groups also score comparatively higher percentage as 11.8 percent respondents

in Betul Block and 19.5 percent respondents in Bhimpur Block say that the SHGs also exist.

It was interesting to note that people in Bhimpur were not aware of the forest protection committee. When probed people said that such groups are formed but in these groups people take the responsibility, there is no such named committee.

In Bhimpur, the predominantly tribal block, there are various schemes under the tribal development department and various user groups have been formed under different schemes. It was observed that there is tendency of constituting committees without wider consultation. Gram Sabha or the community is not informed. No links are established with the local government institutions. Panchayats representatives were of the opinion that the project coordinators do not involve them so as to bypass the Panchayats. The Panchayats are considered as political bodies and are kept out.

Selection of people for these project committees is done in small group consultations or on the recommendation of the influential people. It was observed that some articulate people and vocal women in the village are involved in the committees. One or two active villagers are found in several committees.

4.2 Membership of the Committee

In most of the household there are no committee members (Table 4.2). In both blocks membership of Self-Help Groups is popular. Self Help Groups are formed under different projects like Water and Sanitation, Women and Child Development, SJGSY etc. In Bhimpur block the SHGs are being formed by Non Government organisations under the projects implemented by them.

**Table 4.2 Membership of Project-based Committees
(% of Household)**

Type of Committee	Betul		Bhimpur	
	Yes	No	Yes	No
Joint Forest Management	0	100	0.9	99.1
Forest Protection Committee	2.7	97.2	11.9	88.1
Watershed Committee	0	100	0.9	99.1
DPIP	0	100	0	100
School Management Committee	1.9	98.1	6.2	93.8
Self Help Group	9.7	91.2	13.3	86.7
Teacher Parents Association	0.9	99.1	3.5	96.5
Water And Sanitation Committee	1.4	98.6	1.8	98.2

There are no members in the DPIP committee, as this project is not being implemented in Betul District.

4.3 Benefit from Membership in the Committee

About 5.6 percent respondents in the district feel that the membership has helped them in getting some livelihood as they get a honorarium for undertaking activities in the committee. The SHG members hope that once they have a lump sum amount in their bank accounts they can when they will get loans for undertaking some income generation activities.

Table 4.3 Type of Benefit to Households (% of Households)

Type of Benefit	Betul Block	Bhimpur Block	Betul District
Not benefited	93.9	85.7	89.6
Greater livelihood security	3.3	7.7	5.6
Higher Income	0.0	0.5	0.3
Increased non-farm income	0.6	0.5	0.5
Increased status	0.0	0.5	0.3
Other	0.6	0.0	0.3
No response	1.7	5.1	3.5

In both the blocks more than 85 percent of households were of opinion that they have not benefited from membership in the project committees. They argued that attending the meetings of the committee and participating in the activities was an additional burden. Membership has not helped them in getting any financial benefits.

It was observed that villager's improved access to new information and contacts are not considered benefits. The village community expects some financial or physical benefit from the projects. The

projects have not been able to provide financial gains to them hence they do not think that there is any benefit from membership. This view could perhaps contribute to an underestimation of the impact of these projects.

4.4 Control over decision-making in the Committees

Table 4.4 Level of Control exercised by Committee Members. (% of members)

Control over decisions of the committees			
	Betul	Bhimpur	
No Control	88.1	87.9	88.0
Very little Control	6.0	3.9	4.9
Some Control	5.5	4.4	4.9
Great extent	.5	2.9	1.7
Total Control	0	0.2	0.2

Table 4.4 shows that less than 1 percent of committee members feel they have total control over the decision-making process in the committee. They think that whatever the majority of members decide is implemented. 88 percent of committee members feel that they do not have any control over the decisions taken. According to this majority the decisions that are taken are not implemented. Generally, the more powerful people in the village influence/alter these decisions. Frequently, the project holders also tend to manipulate decisions.

4.5 Performance of the Committees

The households were asked to compare the performance or effectiveness of the project-based committees with Gram Sabha committees. The results are indeed quite unflattering (Table 4.5). The public considers neither of these bodies to be effective or capable of undertaking wider development projects or improving their performance.

Table 4.5. Judging the Performance of the Different Committees (% of Households)

Better performance of the Committee			
	Betul	Bhimpur	
Project Committees	3.4	6.3	4.8
GS Committees	3.4	5.1	4.3
Both	4.0	1.1	2.6
Neither	89.0	86.9	88.0
Do not Know	0.0	0.6	0.3

4.6 Relationship between Gram Sabha Committees and Project Based Committees

90.4 percent of the respondents (Table 4.6) were unable to take a decision as they did not have enough information about the projects. They are also unfamiliar with the roles and responsibilities of the project committees as well as those of Panchayat committees. Hence, they were not able to say whether there were overlaps in the work being done by these committees.

Table 4.6 Overlap in the Work being Undertaken By the Different Types of Committees.

Project Committees perform same functions as GS			
	Betul	Bhimpur	
Yes	6.0	5.4	5.7
No	4.2	3.6	3.9
Don't know	89.8	91.0	90.4

Five percent were of opinion that the project committees and the committees of Panchayat and Gram Sabha perform the same functions. It was reported that even within the projects the different project committees sometimes perform the same functions. As in the case of SHGs, formed by different department, these SHGs have some common members. The Health Committee of the Gram Sabha and the project-based Water and Sanitation Committee perform same functions. Similarly, the Education Committee of the Gram Sabha and the Village Education Committee and School Management Committees perform the same work.

Table 4.7 Perception of the Nature of Relations Between Different Types of Committees (% of Households)

	Betul Block	Bhimpur Block	Betul District
No relationship	13.0	16.5	14.8
Relationship due to Line Department	4.2	3.7	3.9
Common membership	0.9	1.4	1.2
Don't Know	81.9	78.0	79.9

Overlaps in the work of the different types of committees were expected. This is resulting in duplication of effort and waste of resource. It was important to see if any synergies were being generated with these committees linking up.

80 percent of households did not know whether there were any relationships between project committees and Panchayat committees. It was observed that the neither take much interest in the functioning of the other. About 15 percent of the people are of opinion that there is no relationship and that both set of committees work in parallel. The project committees do not involve the Panchayat members. Some of the Panchayat representative observed that as per legislation these committees should involve the villagers and the Gram Sabha. They should also present their accounts to the Gram Sabha but usually it is not done.

4.7 Impact of Informal Institutions of Local Governance on Non-Farm Activities

There are many agencies operating in the villages that are involved in village development and welfare activities. Their focus is on creating income generation opportunities, information dissemination, financial assistance etc. Views were taken to assess the impact of these agencies on non-farm activities of the village.

55 percent of the respondents (Table 4.8) were of the view that the banks are the most effective agencies as they provide loans for agriculture as well as for non agriculture activities. Under various government and non-government schemes finance is made available to the beneficiaries by the nationalised banks.

Table 4.8 Perceptions of the Impact of Informal Local Governance Institutions on Rural Non-Farm Activities (% of Households)

Type of Agency	Betul Block	Bhimpur Block	Betul District
NGOs	44.0	29.5	37.2
Community Based organisation	0.6	0.7	0.6
Government Schemes	56.5	38.9	48.3
Bank	48.8	61.1	54.6
Self Help Group	1.8	3.4	2.5
Individual/Organisation	1.8	1.3	1.6
Representatives/Politician	7.7	1.3	4.7

People involved in trade and agriculture receive financial support from nationalised and private banks.

Most of the respondents (48%) consider that government schemes also have had some impact on non-farm activities. One of the reasons given was that schemes have been in operation for many years. Every year the Centre and the State implement new schemes that

are focused on reducing poverty within the state.

The NGOs are also implementing integrated development projects in the villages where the user groups are provided with subsidy, loans, and technical inputs, information for generating income generation activities. The community-based organizations have started functioning recently and are helping the groups in planning and implementing the activities.

Table 4.9 People's Perceptions of Which Agency could be more Effective in the Future (% of Households)

Type of Agency	Betul Block	Bhimpur Block	Betul District
NGOs	49.5	40	44.4
Community Based organisation	1.1	0.5	0.8
Government Schemes	61.5	55.6	58.4
Bank	69.2	60	64.3
Self Help Group	0.5	0	0.3
Individual/Organisation	0.5	1.5	1.1
Representatives/Politician	4.9	0	2.3

The households were asked for their views as to the agency that could have the greatest impact on development in the future. The popular view (64%) is that banks were expected to play a bigger role (Table 4.9). Moreover, if the schemes are implemented properly and without corruption, schemes could have a much higher impact. 44 percent are also of opinion that the NGOs could have a better impact if they provide 'proper' information and technical inputs to the community and the Panchayats.

Furthermore, it was noted that if the capacities of the Panchayats, community-based organizations, and Self-help groups are enhanced in identifying the issues related to non-farm sector considerable benefits could be generated. Overall, the people take a dim view of as to what the politicians could contribute to local development.

5 Conclusions

Awareness of PRIs roles and functions: The research findings indicate that for most people, the functions of Gram Sabha, are limited to road construction, maintenance of ponds, wells and water supply and to some extent, upkeep of village forests and forestlands and collection of revenue. Very few people are aware of wider functions of the Gram Sabha and roles of the Panchayats related to the implementation of Government schemes, managing markets/*haats*, levying property tax and construction of toilets and improvement of sanitation, maintaining tribal customs and most importantly controlling the interest rates for money lending in the village. The low levels of awareness in the community are positively correlated to landownership (0.34), caste, household income (0.21) and level of education of household (0.19). This implies that the greater devolution of power has not changed the power relations at the village level. On the contrary, their position may have been strengthened as they now have better access to the information that is available.

As far as the special provisions in Schedule 5 Area are concerned the ignorance level is high even among the government officials and the Panchayat representative. Most were unaware of the 5th Schedule status of the Bhimpur Block. There is lack of information flow from the administration regarding the act and its special provisions. It was said by the interviewees that the government does not want to give powers in the hand of the people; hence the information is not shared.

The low awareness levels allow these institutions to get by with very low levels of performance and high levels of corruption. Few households have established contact with these institution or its members. Among those who have links with elected members and officials, appear to have received few benefits.

One of the main objectives for decentralisation was to speed up local development with the local institutions taking the initiative based on local needs. This has not happened. The Panchayats and Gram Sabhas do not consider themselves as agents of economic development. It is considered the responsibility of the Line Departments. The community's views of what activities the PRIs should undertake are not very flattering. They consider them corrupt, inefficient and poorly informed. They recommend that PRIs should focus on creating employment opportunities. This view perhaps reflects the fact that so far this is one of the few benefits they have enjoyed.

Line Departments: Despite the vast network of schemes and large number of Line Departments; and new powers of local governments, little impact is felt on the ground by the community. The most beneficial and popular schemes are those that provide wage employment on a regular basis.

Informal Institutions of local governance: These institutions are major players in development at the village level. Benefits have been generated through establishment of user groups and project committees. However, these benefits may be underestimated by the community as it regards financial benefits as the

only tangible benefit. For example, increased access to information and greater awareness of issues are not considered project benefits.

These institutions have not developed any links with the formal institutions of governance leading to duplication of activities, wastage of resources and lack of synergy. The formal and informal institutions work parallel to each other.

The popular view is that the banks have played a major role in enhancing rural non-farm activities. It is pertinent to note that funds from different government schemes are disbursed through these banks, albeit banks have their own schemes.

With respect to future roles of these institutions, the community believes that the PRIs should focus on generating local employment opportunities for wage workers. Furthermore, it was noted that if the capacities of the Panchayats, community-based organizations, and Self-help groups are enhanced in identifying the issues related to non-farm sector considerable benefits could be generated. Overall, the people take a dim view of what the politicians could contribute to local development.

Institutions play very critical role in economic development, social change and poverty alleviation because they provide institutional memory to make better plan and implementation strategies. There is need for institution at different level to tackle the issue of poverty and economic development. While national level institutions can focus on preparing broad policy level framework to tackle the issue state level institutions can use the broad policies to develop schemes suitable to the need and requirement of the people. At the same time the effective delivery mechanism is required at district and sub-district levels. In India, the task of poverty reduction is largely dependent on central and state governments. The governments have created their own delivery mechanism. District Rural Development Agency and line management departments are responsible for implementation of the schemes and programmes of central and state governments. If governance is poor at district and sub-district levels it affects poor people badly. In a recent study, Saxena and Farrington¹ categorised that how poor people are affected due to poor governance. The governance affects poor people because of number of reasons like

- Rent seeking behaviour of police, municipalities and other officials
- No benefit of government spending on social sectors like education and health
- No collaboration of people in government programmes because of distrust of people

Theoretically, Panchayats can change this situation as they provide a platform to the rural community to participate in governance and decision making process. This raises the issues of capacity building of these institutions. There is a need to identify the areas of low capacity of the Panchayats and then develop a strategy to gradually enhance the capacity to function as an unit of self governance.

¹ N.C. Saxena and John Farrington, Trend and Prospects for Poverty Reduction in Rural India: Context and Options, Draft working paper, October 2002, Overseas Development Institute. UK

Annex 1 Study Area and Methodology

Study Area: The Districts of Betul and Narsimhapur were chosen for research in Madhya Pradesh. Narsimhapur has relatively high agricultural potential and good road access; where as Betul District confronts a number of agricultural constraints, with substantial, but diminishing forest resources. Betul has a high proportion of tribal population.

The Study Area in Madhya Pradesh

State	District	Block	Panchayat	Village	
Madhya Pradesh	Narsimhapur	Gotegaon	Manegaon	Paraswad Manegaon	
			Jotheshwar	Jotheshwar Mawai A	
		Chichli	Batesera	Batesera Bandesur	
			Thalwada	Dahalwada Thalwada	
Betul	Betul	Devgaon	Devgaon	Devgaon Chowki	
			Bhimpur	Janthapur	Ratanpur Bundala
				Adarsh Dhanora	Adarsh Dhanora Hidli
			Palaspani	Palaspani Khatapani	

Methodology: A two-tiered methodology was developed to assess the effects of local governance on the development of the RNFE. The research strategy was therefore to undertake a top-down study in Phase 1 to analyse the structures of formal and informal institutions of local governance with the aim to assess their effectiveness. The results of this phase of analysis were reported in NRI Report No 2688. The second Phase of activity undertook a questionnaire-based household survey. It covered 400 households in each district.

The tools and techniques used in this phase were essentially implementing the survey, followed by in-depth discussions to draw out the details of the response; and semi-structured interviews to assess the perceptions of key stakeholders.

The questionnaire survey included the following steps:

- ◆ Brain storming sessions for design of the questionnaire;
- ◆ Preparation of questionnaire which focused on the activities of formal and informal local governance institutions and their impact on local development in general, and more specifically on the rural non-farm sector;
- ◆ Pre-testing the questionnaire;
- ◆ Finalisation of the questionnaire;
- ◆ Preparation of coding manual (by Dr P. Vegas, Independent Consultant);
- ◆ Sampling: A total of 800 households were interviewed in 16 villages belonging to 8 Panchayats. A proportionate sampling was used to reflect differences in size of population;
- ◆ Selection and orientation of field investigators;
- ◆ Data collection;
- ◆ Data cleaning;
- ◆ Data entry into database created by Dr P. Vegas.
- ◆ Data processing and analysis using SPSS, led by Dr P. Vegas; and
- ◆ Report writing.



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