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*Rural Governance and Inclusive Growth - Linkages and Implications (NCAER-IDRC collaboration)*

# Gramsurajya

*Good governance in villages*

## *Participation and Decentralization for Agricultural and Rural Development*

**The vision:** During the immediate post-independence period, India developed the theory of ARD decentralization that is still valid today. It includes four key elements that contribute to positive agricultural and rural development: (i) community participation, (ii) decentralization, (iii) autonomous institutions at local and community level, and (vi) the application of modern agricultural technology. Global evidence shows that the vision has tremendous value in revitalizing the rural sector.

**Implementation of decentralization and participation are still lagging after sixty years.** The fiscal system devolves less than 5 percent of the overall fiscal resources to local governments; and almost no revenue generation and functionaries; the design of India's central and centrally sponsored schemes centralizes power in the ministries at the national and state level, effectively clawing back the powers that were to be devolved. While community participation is advocated in most programs, full transfer of functions and funds to communities occurs rarely, and most programs, in design or practice, also claw back powers to higher level administrators. Therefore local governments and communities cannot function as intended, and their lack of performance, and even lack of interest, is then cited as a reason to continue to manage things for them. As a result, agricultural and rural development remains deeply centralized, with sectoral silos that have led to serious difficulties in service delivery. The plethora of centrally-sponsored schemes in India has rendered local governments and their citizens into chasers of grants and favours, and created a generalized system of bribes to access them that is so well described in the movie "Well done, Abba."

**Reforming dysfunctional rural development institutions involved a return to the four principles above:**

India has been a pioneer in articulating a strong vision for decentralization and people's participation in agricultural and rural development. It is time for India to finally translate its own vision into reality. The Second Administrative Reforms Commission, the Finance Commission, and the Planning Commission provide a full set of recommendations on how to move from decentralization as an intention to decentralization in reality. A key reform agenda would include:

1. **Centrally-sponsored schemes need to be consolidated into block grants, as long recommended.** Block grants should be directed at local governments not line agencies, with sharing rules among levels of local government and with communities
2. **Further decentralization** would include the transformation of local governments to independent tiers of government; strengthening of administrative decentralization and of horizontal and downwards accountability; and increasing revenue-raising and co-financing at all levels; otherwise efforts are likely to neither promote efficiency nor good governance.
3. **A clear plan of action is needed.** It will have to include practical ways to implement the already available recommendations of the various commissions, as well as political tactics to overcome resistance from central and state politicians and agencies. Advocacy from the highest level and a training program are needed to change the attitudes of the IAS officers and other central and state cadres to decentralization. The plan needs to involve the Interstate Council, local governments, progressive chief ministers, members of civic society.

*Does the democratic decentralization really create responsible governance in Rural India ?*

The 73<sup>rd</sup> Amendment Act, 1992 brings a new era in the federal democratic set up of India through increasing devolution of political and economic power to the Panchayati Raj Institutions (PRIs). Statements in favor of democratic decentralization are often based on the notion that democratization 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, does this democratic decentralization really create more responsive governance as a service provider to the rural population? Governance is, generally, defined as a concept encompassing all aspects of the exercise of authority through formal and informal institutions in managing the resource endowment of a state. The quality of governance is thus determined by the impact of exercises of authority on the quality of life enjoyed by its citizens<sup>1</sup>. There is now a growing realization that the autonomy of local political institutions through decentralization has generally failed to overcome the local dimensions of poverty and inequalities in service delivery through welfare programs. This is because of the persistent lack of information about the magnitude and timing of delivery of grants to the villagers clubbed with bureaucratic inefficiency in managing the system. Hence, it carries forward selectivity biases across eligible villagers and in turn brings corruption (repeated bribery) into the system.

However, governance accountability towards the provision of public goods and services can be evaluated through an appropriate grievance redressal mechanism – an important component of public administration as it provides feedback on the working of the administration. By law, no administration can claim to be accountable, responsive and user-friendly unless it has set up an efficient and effective grievance redressal mechanism. Therefore, to measure the efficiency and effectiveness of service delivery by the local government the grievance redressal mechanism needs to be evaluated.

The ARIS/REDS data, collected by National Council of Applied Economic Research (NCAER) represents a consistent set of information about the rural population from 242 villages spread across 17 states for the two consecutive panchayat periods-1999 and 2006. The survey results indicate that the percentage of villagers who approached the correct



functionaries to get their grievances redressed was only 14.9 per cent during the current Panchayat period and only 10.5 per cent in the previous Panchayat period (Table 1). However, in both the current and the previous Panchayat periods a lower percentage of villagers approached the correct functionaries for grievances related to household, family, and incidences of malpractice. The percentage of villagers seeking grievance redressal is even lower when the Panchayat is headed by a female (11.3 %) or the Panchayat Pradhan (head) belongs to an ST/ SC/ OBC group (11.5%). Similar findings are indicated across Panchayats and household types.

**Table 1 : Percentage of villagers approaching the correct functionary for grievance redressal**

Nature of grievances	Panchayat Period			
	Current (All)	Previous (All)	Current (Woman Pradhan)	Current (SC/ST/OBC Pradhan)
Issues pertaining to the village	14.9	10.5	13.6	14.0
Issues that affect you or your household/	7.6	5.7	7.6	7.9
Incidence of malpractices	10.8	8.1	11.0	11.0
<b>Total</b>	<b>11.9</b>	<b>8.5</b>	<b>11.3</b>	<b>11.5</b>

*Source: Estimated from ARIS/REDS data, 1999, 2006*

The data also permit us to examine socio-economic status of the villagers who approached the correct functionary in both the current and previous panchayat periods. The data is disaggregated into three

<sup>1</sup>For details, see Huther J. and A. Shah (1998), "Applying a Simple Measure of Good Governance to the Debate on Fiscal Decentralization" cited in @ info.worldbank.org

categories—household income, educational qualifications of family members, and employment category. The estimate reveals that in the previous panchayat period the percentage of villagers who approached the correct functionary was only around 8-9 per cent across all socio-economic classes except for members who had high educational qualifications, such as a post-graduate degree (10.82 %). But, in the current panchayat period, access to services is more dispersed across socio-economic classes (Table 2); the higher income class reported a higher percentage (12.0%) than the lower income class (10.9%). Educational qualifications also played a significant role in accessing functionaries.

This variation in the number of villagers who approached the right functionaries also exists in different employment categories. Farmers with large land holdings are better at accessing welfare programs than poor landless farmers. Further, people in non-agricultural blue collar jobs and those engaged in non-agricultural business seem to have greater access and are better informed about the functionaries than households engaged in agricultural activities. The data reveal another crucial fact. Inefficient service delivery by the local government and biases in selection for participation not only exist across socio-economic classes but also persist across panchayat periods.

Hence, in a democratic decentralized federal structure, the two basic fundamentals of a public good



delivery system, namely, efficiency and equity are not available in our governing apparatus. The reality is that since decentralization does not appear to be contributing significantly to rural development, the structural aspects of decentralization need to be re-examined and restructured.

**Table 2: Percentage of household members who approached the correct functionary by socio- economic categories in current Panchayat period**

Socio-economic classification	Panchayat period	
	Current	Previous
<b>Income</b>		
Lowest income class	10.9	8.28
Medium income class	11.4	8.99
Highest income class	12.0	8.95
<b>Education</b>		
Illiterate	12.0	8.02
Primary	9.7	8.28
Secondary	11.3	8.99
Higher secondary	11.8	9.53
College (but dropped out)	13.2	9.28
College (UG/G)	13.5	9.68
Post graduation	15.6	10.82
<b>Farmers' Classification</b>		
Landless	10.9	7.96
Marginal farmers	11.5	8.53
Small farmers	11.8	8.92
Medium farmers	11.8	9.26
Large farmers	12.8	10.1
<b>Caste</b>		
SC/ST	11.2	8.67
OBC	11.7	8.34
Other castes	10.9	8.84
<b>Employment Category</b>		
Agriculture and allied services	15.8	8.84
Non agricultural white collar	16.7	8.75
Non agricultural blue collar	16.2	8.64
Non agricultural business	15.5	9.17
Other Occupations	8.0	8.64

Source: Estimated from ARIS/REDS data, 1999, 2006

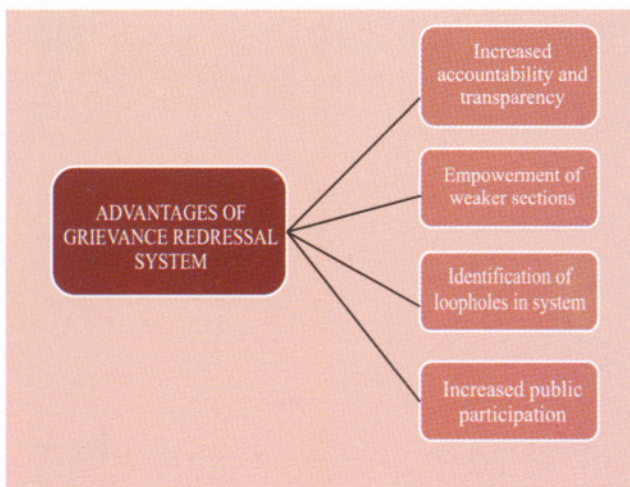
By Shrabani Mukherjee

## Complaints : Does anybody actually care?



The main argument for transferring the responsibility for the provision of public goods and services to a decentralized form of governance is the proximity of service delivery mechanisms to local bodies. Accordingly in 1992, the 73<sup>rd</sup> Constitutional Amendment Act mandated states to transfer this responsibility to the Panchayati Raj Institutions (PRIs). This is expected to bring about greater efficiency through better targeting, and infuse a greater sense of empowerment in villagers.

To ensure that public goods and services are delivered to the target beneficiaries, the Government of India has evolved a grievance redressal system, which allows villagers to register complaints, regardless of their socio-economic status. The following chart lists some of the advantages of the grievance redressal system.



Since the grievance redressal system is not uniform across India, we have attempted to outline some of the salient features of grievance redressal system in selected states of India. The following table

Gives the necessary details of the grievance redressal system in select states and the benefits flowing from the respective systems.

Table : Programs to redress grievances at the local level

States	Year of launch	Activity	Benefits
Kerala	2000	Kerala created an institution of 'Ombudsman for local governments'. This is an independent quasi-judicial authority to control the rising trend of irregularities, corruption and mal-administration under local governance. As per the law, only a former judge of a High Court can be appointed as Ombudsperson. The Ombudsperson has the power to enquire into system failures in administration and order corrective measures.	As the Ombudsperson has special powers, the conduct of cases is fast and inexpensive.
Andhra Pradesh	Jan. 2011 to Feb. 2011	The government launched a 15-day mass contact program, <i>Rachhabanda</i> (public meetings in villages), where the Chief Minister told all peoples' representatives to visit every village across the state to check whether the benefits of welfare programs reach the target beneficiaries and to rectify the lacunae. The focus was public grievances relating to ration cards, pensions, health insurance schemes, housing and the National Rural Employment Guarantee Scheme.	This program ensured speedy action of the complaints as the officials themselves went to the doorstep of the villagers.
Gujarat		The government launched an e-gram service that targets village panchayats to ensure that complaints are promptly handled.	These two programs are paperless, transparent, accountable, responsive and environment-friendly
Himachal Pradesh & Madhya Pradesh		The governments of both states launched e-Samadhan (online grievance monitoring system) through which people can register a complaint online and monitor the status of the application.	