

Working Paper 200

**Out of Reach: Local Politics and the Distribution of
Development Funds in Madhya Pradesh**

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Contents

Acronyms	iv
Glossary of Terms	iv
1 Introduction	1
2 Arguments for and Against Democratic Decentralisation	3
2.1 Arguments for and against central state planning	3
2.2 The case for decentralisation	3
2.3 The case against decentralisation	5
3 Decentralisation, Redistribution and Politics in India and Madhya Pradesh	7
3.1 The context of Indian politics and policy	7
3.2 The 73rd Amendment and the <i>Panchayats</i>	7
3.3 Decentralisation in Madhya Pradesh	10
3.4 MLA Area Development Scheme	11
3.5 Employment Assurance Scheme	12
3.6 The case study area	13
4 The Local politics of the Case Study Areas	14
4.1 The political economy of the district	14
4.2 Assembly and parliamentary politics	14
4.3 District <i>Panchayat</i> politics	15
4.4 Block <i>Panchayat</i> politics	17
5 Distribution of the MLA Development Fund in the Sample Wards	19
5.1 Politics and beneficiary choice: the spatial distribution of funds	19
5.2 Politics and scheme choice	22
5.3 Politics and agency choice	23
5.4 The role of the bureaucracy	23
6 Distribution of the EAS Fund in the Sample Wards	25
6.1 Distribution of EAS from block level	26
6.2 Distribution of EAS from district level	28
7 Concluding Remarks	30
7.1 Political structure of the district: patrons, <i>Panchayats</i> , and the residual bureaucracy	31
7.2 Reach and the logic of distribution	32
7.3 Opportunities for the marginalised in local politics?	33
References	35
List of Tables	
Table 1 Political structure of elected institutions of the district and our two case study blocks	15
Table 2 Distribution of MLA funds between <i>Panchayats</i> in sample wards / Rs1000s	20
Table 3 Distribution of block and district-determined EAS funds / Rs1000s	27

Acronyms

ADS	Area Development Scheme
AP	Andhra Pradesh
BJP	Bhartiya Janata Party (a Hindu nationalist political party)
CPI (M)	Communist Party of India (Marxist)
DPC	District Planning Committees
DRDA	District Rural Development Agency
EAS	Employment Assurance Scheme
GoI	Government of India
GoMP	State government of Madhya Pradesh
GS	<i>Gram Sabha</i>
INC	Indian National Congress Party
JGSY	<i>Jawahar Gram Samridhi Yojana (Jawahar Rural Development Scheme)</i>
JP	<i>Janpad Panchayat</i>
MLA	Member of the Legislative Assembly (State)
MP	Member of Parliament (National); Madhya Pradesh
OBC	Other Backward Castes
PR(I)	<i>Panchaytai Raj (Institutions)</i>
SC	Scheduled Caste
SGRY	<i>Sampoorna Grameen Rojgar Yojana</i>
ST	Scheduled Tribe
WBM	Water Bound Macadam
ZP	<i>Zilla Parishad</i>

Glossary of Terms

<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>Janpad Panchayat</i>	Block-level government
<i>Mandal</i>	Sub-district
<i>Sarpanch</i>	Head of a <i>Panchayat</i>
<i>Panchaytai 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>Zilla Parishad</i>	District level government

Summary

In the last few years the state government of Madhya Pradesh (GoMP) has been one of the leading proponents of democratic decentralisation in India. Following closely in the wake of the 73rd Amendment to the Indian constitution, the state has over-hauled the previous *Panchayati Raj* institutions creating new democratically-elected bodies at district level and strengthening and empowering those at block and village levels. Central to the new tasks of these bodies has been the distribution and – in some cases – implementation of development and poverty alleviation funds including the Employment Assurance Scheme.

At around the same time, the central government of India (GoI) passed legislation to devolve development funds to members of the parliament (MPs) for development of their respective constituencies. The separate state governments closely followed the central initiative and passed similar acts at the state level, allocating development funds to the members of the state assemblies (MLAs).

This study looks at these two schemes in Madhya Pradesh and investigates to what degree the have-nots – the intended recipients – have been able to access the development funds compared to the political and economic élites. It unravels the allocation and use of funds, the inclusion and exclusion of actors and the role of the bureaucracy from whom power over these funds has recently been transferred. In short, it attempts to understand the ‘logic of distribution’ in these areas.

Among its findings it concludes that:

- progressively higher political levels are populated by progressively higher castes; the lower levels leave room for the aspirations of lower-caste entrants;
- these levels are highly inter-dependent: patronage from above determines political nomination and mobility, clientelism from below secures vote-banks;
- *Sarpanches* are the key grass-root political intermediary, acting as fixers for powers above, in return for funds that can buy vote-banks;
- representatives are often remote-controlled from above, and the side; influences are often external to the *Panchayat* members;
- JPs are often more heterogeneous than ZPs and more prone to domination;
- SCs’ representatives exert influence and reach less than their relative voting-power, though they can be effective when they act in blocks or find themselves with higher marginal influence in vote-swinging situations;
- more competition and choice (more candidates, factions or parties of equivalent weight) gives more marginal power to the voter, including SCs;
- flexible funds are distributed almost entirely to buy votes, by rewarding successful or potentially successful *Panchayats* or factions, particularly floaters who can change the balance;
- the funds can often have significant cash pay-backs for the politicians;
- district bureaucracy seems powerless to stop politicisation of flexible funds (and may even benefit from it) and instead has created formal guidelines to allow more efficient politicisation (via individualisation). The bureaucracy, through its retained regulatory and administrative powers, continues to seek rent and paybacks (for no value addition, in respect of efficiency, effectiveness or equity).

It is clear that the interests of the marginalised may have been better served if the resources had been equally distributed among the villages in proportion to population or, even better, poverty ratio, proportion of scheduled castes or other such criteria. This process was followed in the *Jawahar Gram Samridhi Yojana* (JGSY), and is now followed for half of the allocations of the new *Sampoorna Grameen Rojgar Yojana* (SGRY).¹ There is, of course, no guarantee that the funds would be justifiably distributed ‘within’ the village, an area that this study has not dwelled on. In this context, some of the positive changes that have been incorporated in the new wage employment scheme, together with further attempts at targeting,² are commendable. Further, the technical and the administrative ex-ante approval of the bureaucracy are dispensable and could instead be replaced by more effective ex-post auditing. Social auditing norms should be developed more comprehensively and put into practice.

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, collective action and other democratic means. Beyond free and fair election and competitive political parties the quality of information voters have at their disposal; a widely distributed free press; public meetings; formal grievance procedures and the strength of civil society organisations are all important.

Critical assessments of decentralisation have argued that formal processes, such as decentralisation, representation and democracy, matter less than informal processes of power and change. Certainly the findings of this study would tend to support this conclusion, though this certainly does not imply that attempts to deepen democratic process should be abandoned. What it does suggest is that these should precede devolution of powers to ‘democratically’ elected representatives, particularly where these powers centre on redistribution.

1 Jawahar Gram Samridhi Yojana (JGSY), in which funds were directly allocated to the *gram Panchayats*, and the Employment Assurance Scheme (EAS) have now been brought together. Of the total budget in the scheme, 50% is directly distributed among the *Panchayats* while the rest is distributed in a 60:40 ratio by the district and block *Panchayats*.

2 Under the new guidelines half of the total amount placed with the blocks and the district has been earmarked for individual SC/ST beneficiaries schemes for providing economic and social assets and for developmental works on individual lands of below poverty line SC and ST families.

1 Introduction

In the last few years the state government of Madhya Pradesh (GoMP) has been one of the leading proponents of democratic decentralisation in India. Following closely in the wake of the 73rd Amendment to the Indian Constitution in 1993, the state has over-hauled the previous *Panchayati Raj* institutions creating new elected bodies at district level and strengthening and empowering those at block and village levels. Central to the new tasks of these bodies has been the distribution and – in some cases – implementation of development and poverty alleviation funds.

At around the same time, the central Government of India (GoI) passed legislation to devolve development funds to members of the parliament (MPs) for development of their respective constituencies. The separate state governments closely followed the central initiative and passed similar acts at the state level, allocating development funds to the members of the state assemblies (MLAs).

While these developments need to be independently, contextually and historically explained, they evidently represent an attempt towards the democratisation and decentralisation of the control of development funds and plans in the state. And, if only to that extent, they can be seen in the context of the ‘wave of decentralisation’,³ which has characterised governance reforms across the world, in the last two decades (Crook and Sverrisson, 1999). Prima facie, this seems to be the result of a loss of confidence in often inefficient, ineffective and corrupt centralised bureaucracies. More democracy, so the theory goes, should bring more accountable and responsive services while also empowering citizens. Yet this variant of democracy, also means more politics, which by its very nature, is tilted towards the dominants, to the extent that they are dominant and not expressly limited by ‘limiting’ regulations. Herein lies the dilemma.

While for many advocates of bureaucracy, politics is a dirty word, going hand in hand with élite capture, control, corruption, for many others, democratic governance is a pre-requisite for poverty alleviation and empowerment. While the ‘democratisation’ of development redistribution gives illusions of hope of empowerment, ‘real’ democracy⁴ is usually a distant dream and in many places the capture of the bulk of benefits by élite factions remains the reality. Democratic governance can only be as pro-masses as the politics, which constitutes it, especially if the mechanisms to ensure accountability are weak.

This paper addresses these issues in Madhya Pradesh by studying two development programmes that have been transferred to elected representatives at the district, block and constituency levels: the MLA Area Development Scheme (referred to here as the ADS) and the Employment Assurance Scheme (EAS). The case study areas are two clusters of villages, each representing a ward of a block in a western district of Madhya Pradesh. The village case studies are analysed in the context of the politics at the district, block and assembly-constituency levels.

The paper investigates the degree to which the deprived sections – the intended recipients – have been able to access the development funds compared to the political and economic élites. It unravels the allocation and use of funds, the inclusion and exclusion of actors and the role of the bureaucracy from whom power over these funds has recently been transferred. In short, it attempts to understand the ‘logic of distribution’ in these areas.

3 This term is used by James Manor in his draft paper ‘User Committees: A Potentially Damaging Second Wave of Decentralisation’ October 2002.

4 For a discussion over the limitations of the western liberal democracy, see ‘The classical doctrine of democracy’ in Schumpeter Joseph A. ‘Capitalism, socialism and democracy’ (1976) published by George Allen & Unwin (publishers) Ltd, 1976.

To a limited extent it sets these findings in relation to other schemes and programmes in Madhya Pradesh and India that have also been partly or fully decentralised to local bodies. In doing so it attempts to contribute to wider debates about the legitimacy of elected vs. meritocratic institutions. The results suggest that the chances of benefits flowing to the deprived targeted sections are higher in the case of the local governance system than from funds entrusted to the legislative members. While the former fares better than the previously existing bureaucratic arrangement, such an assertion is not possible in the case of the legislative members. The caveat is that while there may be marginal advantages of one of these arrangements over the other, there is little evidence of decentralisation making a qualitative difference. The political economic undercurrent rules the roost in either situation.

The paper begins with a brief overview of the arguments for and against democratic decentralisation in the use of redistributive, pro-poor development programmes, focusing on local politics and élite capture where accountability systems and citizen voices are weak (Section Two). It goes on to summarise the broad structure of newly decentralised government in MP and how this affects the implementation of its poverty schemes, placing the two case study schemes in context and describing the sample and methodology (Section Three). After describing the politics of district and sample areas in detail (Section Four) it reports on the results for each scheme (Sections Five and Six), offering discussion (Section Seven) and concluding with suggestions for policy (Section Eight).

2 Arguments for and Against Democratic Decentralisation

2.1 Arguments for and against central state planning

Arguments 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 means of allocating resources (and generating wealth) within society (Economist, 2001; Lal, 2000; World Bank, 2000). Three assertions are often used to support 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 needs and preferences. 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. 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).

There are however equally strong cases in favour of central state planning which, in spite of having lost popularity to the neo-liberal school in the past two decades, continue to carry conviction with many. The major argument here is that state-led development is needed in developing countries where the productive forces are not well developed and require the state's helping hand to arise. The model designed by the Indian economist Mahalanobis, which was at the heart of Indian planning for about forty years (between 1950s and 1991), is a widely acclaimed example of such an approach. While India effectively forsook the socialist leanings in 1991 for the neo-liberal path, it has proven hard for it to turn away from some of its philosophy.

2.2 The case for decentralisation

During the last twenty years, 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). Under-pinning this transformation have been a number of inter-related arguments.

The first has been generally supportive of the notion that decentralisation can – and should – be used as a means of improving the quality and reach of government services in the developing world (see, particularly, Agrawal and Ribot, 1999; Crook and Sverrisson, 1999; Crook and Manor, 1998; Ostrom, 1990; Ostrom et al., 1993). The principal aim of this body of scholarship is improved accountability, defined and interpreted within the rubric of liberal democracy.

Second, and related to this, certain studies suggest the possibility of collaboration between public agencies and local resource users producing '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.⁵

Third, the democratisation and empowerment of local administrative bodies can enhance participation in decision-making fora, particularly among groups that have been traditionally

⁵ This argument has however been strongly debated as being contingent and specific to social and historical contexts (Harriss, 2001)

marginalised by local political processes (Blair, 2000; Crook and Sverrisson, 2001; Crook and Manor, 1998). Regulations stipulating the inclusion of such groups (for instance the reservation system in India's *Panchayats*) can help to ensure that marginalised groups have a voice in local bodies (Crook and Manor, 1998).

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 (1985) describes 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).

Manor (1999) has argued that competitive party politics can provide an important means of bringing 'promises, votes and pay-offs' into the open during elections. Indeed, the experience in West Bengal has shown 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.

In this instance 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.

2.3 The case against decentralisation

The empirical evidence that liberal democracy improves poverty reduction is somewhat less convincing than the theoretical arguments. The collection of studies that preceded the World Bank's World Development Report 2000/1 (summarised in Moore and Putzel, 1999:8–9)⁶ illustrates this:

'All concluded that there was no consistent connection between pro-poorness and democracy. While the very worst performers tend not to be democracies – democracy does provide some kind of safety net – there are non-democracies among the best performers' (Moore and Putzel, 1999:8).

Thus a second school is decidedly more critical of decentralisation – as a means of improving life and living standards in the developing world – and liberal democracy as an organisational paradigm. Critical assessments (such as Cross and Kutengule, 2001; Harriss, 2001; James et al., 2001) have argued that the 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 – is in fact subservient to 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. Framed in this way, the formal mechanisms put in place by the bureaucratic state matter less than the informal institutions that underpin local political economies.

As numerous studies (e.g. Blair, 2000; Crook and Manor, 1998; Crook and Sverrisson, 2001; Dreze and Sen, 1996; Manor, 1999; Moore and Putzel, 1999:15) have pointed out, one of the dangers of decentralisation is that it may simply empower local élites and, worse, perpetuate 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

⁶ The key references here are Varshney (1999), Niles (1999), Moore et al. (1999).

(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.

3 Decentralisation, Redistribution and Politics in India and Madhya Pradesh

3.1 The context of Indian politics and policy

The 1990s marked significant and inter-related political changes in India and the resignation of the Indian state to three forces that it had hitherto withstood. The first were neo-liberal and global economic pressures which brought the demise of the Nehruvian development model. The second were proponents of political decentralisation, resulting in the 73rd amendment to the Indian constitution and the strengthening of *Panchayati Raj*⁷, an ideal that had always been revered for its central place in Gandhian thinking. The third and related force were the powerful strikes from new emerging centres. With the development of regional parties clear majorities became an exception, coalition governments the norm and the marginal value of each MLA and MP increased. Not all could be appeased in governments and so the allocation of small territories to them – including such resources as the MP/MLA development funds – became a necessity.⁸

In this paper, we deal with the two latter changes – the political decentralisation reforms and the MLA area development scheme. The decentralisation reforms in many states following the 73rd and 74th Constitutional Amendments of 1993 are widely known, have been much researched and have often been critically acclaimed. These reforms have inter alia transferred the functional responsibility of rural development from the bureaucracy to elected rural representatives via the creation of Panchayati Raj (PR) institutions. The second move however, the allotment of distributive development funds to members of the legislature, an issue potentially rich in its interpretive value, passed almost incognito.

3.2 The 73rd Amendment and the *Panchayats*

Although the provisions for PR were included in the original version of the Indian constitution, until the 1993 reforms they were limited to the ‘directive principles of state policy’ and were therefore not enforceable by law.⁹ The implementation of these provisions was left to the initiative of the respective state assemblies. Though some states did enact PR legislation before 1993 – notably those of Kerala, West Bengal and Karnataka – the idea of permanent, empowered local government institutions across the country remained virtually unrealised.

It was the 73rd Constitutional Amendment Acts of 1993 which made it incumbent upon the states to set up representative rural and urban bodies, and devolve defined powers, responsibilities and means of operation to them. This included instructions on the structure of the institution (a three tiered body – at village, block and district levels), on elections (five year terms), on reservations

7 Referred to as the saintly, to use Morris Jones’ idiom (Quoted in Paul Brass, ‘India, Myron Weiner and the political science of development’, EPW special articles, July 20–26, 2002; Vol XXXVII No 29). Brass further illustrates how political commentators have often used the ‘saintly’ idiom to explain developments in Indian politics. ‘*Panchayati Raj*’, for its central place in the Gandhian discourse had always had a hallowed place in Indian nationalism. Faced with its proven failures (after almost five decades of Independence, a large proportion of Indians still lived in conditions of poverty and hunger), the centralised model could no longer hold against the latter’s persistent demands for establishment of *Panchayats*.

8 Though these developments happened synchronously with similar or related developments around the world, their origins are largely independent (particularly of the latter two) and can be traced to the organic growths in Indian politics during the post colonial period. In fact, the agenda for political decentralisation has been an *ab initio* part of the post colonial Indian nation, as reflected in its inclusion as a ‘directive principle’ in the original constitutional draft (refer Article 40, part IV of the Constitution of India.) The Indian experience of ‘decentralisation’ is therefore to a large extent, unique to the Indian political and historical context. A caveat is therefore required that while comparison of decentralisation experiences across the world may be a useful means of learning, the lessons are hardly cross-comparable.

9 Part IV of the constitution of India

(for women and marginalised caste groups) and a broad definition of their jurisdictional areas. The amendments did not specify the appropriate division of responsibilities between the state and local governments, leaving this to the discretion of State legislatures.¹⁰ This process was to be accompanied by the setting-up of State Finance Commissions that would recommend appropriate devolution of resources from the states to these bodies, state election commissions to hold elections and District Planning Committees (DPC) to help in development planning (by consolidating the plans of the *Panchayats* and the municipalities).¹¹

To a large degree, the 73rd and 74th Amendments 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 added)

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).

Notwithstanding these fairly exceptional cases, 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.)

An enduring 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.¹² 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, 1990).

As noted earlier, the 73rd Amendment contains a number of provisions that aim to counterbalance patterns of inequality and discrimination in rural India. In theory, reservations and the regular elections 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 73rd Amendment and earlier attempts at decentralisation have failed to prevent a local (and

10 The eleventh schedule to the constitution does identify areas that can be given to the *Panchayats*. The final allocation has however been left with the state assemblies.

11 Part IX of the constitution of India

12 See, for instance, Alsop et al. (2000); Behar (2001); Echeverri-Gent (1992); Jha (1999); Meenakshisundaram (1999); Mathew (2001a); de Souza (2000).

primarily landed) élite from controlling local *Panchayats*.¹³ 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).

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; Nambiar, 2001). Similar patterns have been observed among SCs and STs, whose economic well being is dependent on the patronage of local élites.

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).

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), Crook and Manor (1998:35) and Mukarji (1999).

13 See, for instance, Alsop et al. (2000); Behar and Kumar (2002); Crook and Manor (1998); 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)

Is decentralisation therefore ultimately an exercise in futility? The answer is somewhat ambiguous. Micro-level studies of *Panchayati raj* have shown that – despite these considerable constraints – traditionally subordinate groups, such as women, backward castes, 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. Focussing 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).

3.3 Decentralisation in Madhya Pradesh

The State Assembly of Madhya Pradesh was the first in India to enact provisions for PR reforms in accordance with the 73rd Constitutional Amendment, in the form of a state level act. This has been followed by a series of amendments, the most recent and comprehensive of which was made in 2001, in which even the title itself of the original act¹⁴ was changed (Jafri and Singh, 2002). While the basic structure of the Madhya Pradesh PR model is derived from the constitutional provision, three variations are of note.

First, the 2001 amendment gives the *Gram Sabha* (the village general body) increased powers. Through this act almost all the decision-making responsibilities of the *Gram Panchayat* (the elected body) have been transferred to this general body. This initiative has been described as a bold attempt at direct democracy by some political scientists (Manor, 2002) though studies (e.g. Jafri and Singh, 2002) suggest that élite capture is still rife, if not even more concretised.

14 The title of the act was changed from 'Madhya Pradesh *Panchayati Raj Adhiniyam*' to the 'Madhya Pradesh *Panchayati Raj Evam Gram Swaraj Adhiniyam*', thereby emphasising the importance given to the village general body (*Gram Sabha*). The word '*Gram Swaraj*', meaning village Self-rule, has a central place in the Gandhian discourse. For more on this, refer to Mahatma Gandhi, '*Hind Swaraj*' (1914).

Second, by subsuming the District Rural Development Agency (DRDA) under its control, the district *Panchayat* has taken responsibility for the approval of works of the rural development department. Further, the village *Panchayat* and not the line departments execute all works below a certain financial limit (Rs300,000).

Third, the District Planning Committee has been given powers beyond the provisions of the relevant constitutional provision (Article 243ZD). Headed by a cabinet minister deputed by the State government it has been given wide financial and administrative powers,¹⁵ in addition to its planning responsibilities. Observers say that this has not only acted to overwhelm the ability of the district *Panchayats* to act independently but has also made the District Planning Committee (DPC) a non-starter in its primary task of planning (Jafri and Singh, 2002, Khanna et al, 2001).

3.4 MLA Area Development Scheme

The MLA ADS, operational since 1994, allows for a fixed amount to be placed at the discretion of the MLA for development of his or her constituency. The justification for the scheme is that while the process of election of representatives is heralded with fanfare, there is little that the representative can promise in terms of concrete development works for the electorate. The only route earlier was through the assembly or through pressure on the bureaucracy. This scheme provides MLAs with exclusive autonomy in the control of at least some development funds and therefore a more direct link between the voter and the handouts of the state. From one point of view it is a direct empowerment of elected representatives. On the other, however, it leaves development funds open to be used as electioneering funds.

Since 2002–3 in Madhya Pradesh the annual amount per MLA constituency has been increased from two million rupees to four million rupees.¹⁶ Unlike the scheme for MPs, which is financed by the central government, the State government funds the MLA scheme. Assuming about one hundred village *Panchayats* in an MLA constituency¹⁷ and subtracting the proportional share of urban areas, the average amount per *Panchayat* is about Rs30,000 per annum or about Rs150,000 (about US\$3000) in the full term of five years. Considering that a village *Panchayat* has an average population of about two thousand, the amount is low. However, the MLA area development funds constitute almost ten percent of the total district plan budget of an average non-priority district and are therefore a significant source of finance in local politics and development.

The MLA has almost complete autonomy over the approval of proposals, in accordance with the guidelines, which provide a list of acceptable works, a financial limit per work and the process of assessment. Construction of offices, donations and religious works have been prohibited. The financial limit for a single work is a million rupees, beyond which permission is required from the assembly. While the funds are at the MLA's discretion, they are placed with the District Collector, who functions as the watch-dog.

To access the funds, the MLA must send a recommendation letter to the District Collector proposing the works.¹⁸ The letter mentions the activity, the funds to be approved for the activity and the proposed implementing agency. The collector checks whether the recommendation agrees with the guidelines and forwards it to the appropriate line department for technical approval. This

15 The MP government went as far as calling it 'district government', a move which had to be taken back because of the criticism in the parliament, where it was described as violating the constitution, which only provides for two strata of government – the Union and the States (Article 1).

16 The amount allocated to MPs is twenty million rupees per annum.

17 There are about twenty two thousand *Panchayats* while the strength of the assembly is two hundred and thirty. There are more than fifty thousand villages.

18 The MLA may propose a collection of works in the same letter or send individual cases.

department coordinates with the proposed implementing agency, usually the *Gram Panchayat* for works below Rs300,000, and thereafter gives a certificate as to the technical feasibility of the project. The proposal accompanied with the technical feasibility certificate is then forwarded to the District Collector for final administrative approval after which the first instalment is released.

The MLAs and their affiliates agree that political considerations play an important role but claim that an assessment of needs is the determining factor in allocations. Empirical information runs counter to this claim.

3.5 Employment Assurance Scheme

The generation of wage employment opportunities is one of the primary components of the poverty alleviation strategy of the Indian government.¹⁹ The Employment Assurance Scheme (EAS) and the *Jawahar Gram Samridhi Yojana* (JGSY) have been the two main schemes for this.²⁰ The bulk of the funding for both the schemes comes from the centre, as do the provisions defining their implementation.

The two wage employment schemes are designed to complement each other. On the one hand, JGSY funds are directly provided to the village *Panchayats* for generating wage employment opportunities through infrastructural development works. The EAS, on the other hand, is conceived as a 'last resort' intervention that caters to places and periods of acute shortage. As the scheme is not supposed to be distributed uniformly, the responsibility for distribution has been placed with district and block level bodies. In the central guidelines, the responsibility for control over allocation was officially shifted from the district-level bureaucracy to the two upper tiers of the *Panchayat* system, the block and district, in 1998. The district *Panchayat* controls thirty percent of the total amount, while seventy percent is distributed among the block *Panchayats*.²¹ According to stipulations the allocations have to be planned by the respective bodies on the basis of an assessment of need and scarcity for the following year. The district *Panchayat* is the sole authority for planning its share while the plans from the block *Panchayats* need approval (often just a formality) from the former.

Both schemes are significant sources of funds in the blocks. Both provide for about the same quantity of funds, in the order of about 4 million rupees (US\$80,000) per block or, on average, about forty thousand rupees (\$1000) per village (if there are 80 villages per block). According to directives from the state government, works below a financial limit of Rs300,000²² are to be implemented through the village *Panchayats*. This condition holds for both the schemes, though MLA have powers to circumvent them in some situations. As the amounts are almost always lower than this ceiling, the *Sarpanch* – the elected head of the village *Panchayat* – is a necessary cog and must be favourably, or at least harmoniously disposed to the patron (the block and district *Panchayats* or the MLA) if funds are to flow.

Both schemes clearly leave elected representatives wide powers in deciding the allocation of resources destined for development works and poverty alleviation. How then do they make their

19 The Indian poverty alleviation strategy has four critical components: creation of wage employment opportunities, facilitating self-employment, distribution of subsidised food and provision of subsidised housing for the poor.

20 The two schemes have now been subsumed under the Sampoorna Grameen Rojgar Yojana (SGRY), a comprehensive rural employment programme, since December 2001. While half of the funds under the new scheme are allotted directly to the *gram Panchayats*, 20% are allocated by the district *Panchayat* and 30% by the block *Panchayats*. Wages are paid part in cash and part in grain. We will however continue to refer to the EAS, as it was before December 2001 as the primary tenets governing the allocation from district and block *Panchayats* remain similar, the conclusions continue to hold.

21 In the new SGRY, the relative share of the district and the blocks has become 60:40.

22 Recently increased to Rs500,000 (US\$ 10,000) from Rs300,000 (US\$ 6,000)

decisions? How well are pro-poor and pro-development guidelines followed? And what actors and influences determine this distribution?

3.6 The case study area

We studied the pattern of distribution of MLA ADS and EAS funds in the villages of one ward from each of two blocks in the district: one central (Block 1) and one remote (Block 2) from the urban centre. The wards in Block 1 and Block 2 contain four and six village *Panchayats* respectively.²³ The flow of funds to each *Panchayat*, the means of flow, and the use of funds in each case was studied. For the block EAS funds, this provided an opportunity to compare allocation not only between wards but within wards. It was also a large enough sample to draw conclusions on the distribution of MLA and district EAS funds. The two specific wards were selected to include villages, randomly chosen, in which a parallel village level livelihood and governance study was on-going. This helped to locate the findings in a wider context.

The following section lays out the political and economic context of the case study areas, and identifies the main actors who could be involved. The sections thereafter directly deal with these questions from the empirical findings.

²³ Each *Panchayat* contains about 500 households and usually covers between 1 and 4 villages, depending on size.

4 The Local politics of the Case Study Areas

4.1 The political economy of the district

The district is an agriculturally prosperous area with a developed urban sector. The soyabean revolution of the 1980s led to a distinct improvement in the financial condition of the middle peasantry. This was marked by farm mechanisation, investment in irrigation, purchase of consumer durables (such as motor cycles and jeeps) and construction of modern housing. However, as land distribution is very unequal, the overall agricultural prosperity does not translate into a uniform spread of economic well being. While about ninety percent of the rural population is employed in agriculture, more than one-third of them are agricultural labourers, working on other's fields.

About one third of the district's total households live below the official poverty line. About fifty percent of them belong to the scheduled castes (SCs),²⁴ a share much higher than their population share of twenty five percent. The OBCs²⁵ constitute about 45% of the total population and the forward castes another ten percent. The bulk of the SC population is absorbed as agricultural labourers and marginal farmers. The OBCs constitute the bulk of the middle peasantry and are also represented in the rich peasantry. However, the forward castes tend to own the largest land holdings and also dominate government and formal sector employment.

4.2 Assembly and parliamentary politics

The district is arranged in the form of one parliamentary (MP) constituency and seven Legislative Assembly (MLA) constituencies. Each of the latter more-or-less overlaps one of the six development blocks, though the city block has two seats rather than one. The parliamentary constituency has been reserved for scheduled caste (SC) candidates since 1977, as have been two of the assembly (MLA) constituencies.

While reservation has definitely helped in balancing caste representation, the forward castes continue to dominate politics. For the six elections since 1977, of a total of thirty representatives from the five non-reserved constituencies, all have belonged to the forward castes apart from three from the OBCs. Needless to say all these representatives, including the OBCs, have been economic élites as well. Thus, while the OBCs have carved out significant space for themselves in the economy, in mainstream politics their representation continues to be marginal. The scheduled castes, poor economically, have benefited from the politically mandated 'reservation'. However, as an analysis of local politics will show, this too has brought little real political empowerment of the scheduled castes.

By all evidence, the failure of the OBCs and SCs to take positions of power is not because of poor electoral performance but because of the reluctance of the two major parties to nominate anyone but forward caste candidates. The political party is the major force and the politics of nomination by the latter is as important as, if not more, the politics of election itself. Only eight times have either the Indian National Congress (INC) Party or the Bhartiya Janata (BJP) Party nominated an OBC for any of the five open seats in the last six elections (i.e. out of sixty nominations by the two parties in total). No scheduled caste candidate has been nominated from these two parties for any of these five open seats during that period.

24 Scheduled castes (SCs) and scheduled tribes (STs) are groups of castes and tribes respectively that have been identified in the Indian constitution for positive discrimination policies.

25 'OBC' is a category of castes that came into being in the late '80s after a much controversial political struggle for positive reservation for castes claiming to be non-SC backwards. This heterogeneous group includes very backward castes as well as castes known to be prosperous.

The message is loud and clear. The forward castes dominate higher order politics and this party nomination policy ensures the continuation of forward caste control at Legislative Assembly level. The silver lining has been the provision for reservation of two assembly seats, and the parliamentary seat, for SCs. However, pitched against the political economy of the countryside, even this initiative has been limited in its effects.

The two assembly (MLA) constituencies that this paper deals with are both non-reserved. They also share many other similarities. The two incumbent MLAs are both urban professional women belonging to the forward castes. They had both lost in the last elections and came back to win on nominations from the same party (INC). They are both the first ever female MLAs in these constituency posts and also the first women to have been nominated by either of the parties in the district. Both are said to have got their tickets through contacts and canvassing with the national INC leadership. Neither however is on good terms with the state INC leadership and they stand in danger of losing their nominations for the next elections.

4.3 District *Panchayat* politics

The district *Panchayat* has 17 members and each of the six blocks in the district is represented by 2–3 members (see Table 1 for a summary of the structure of the elected institutions in the district). At the district level, the reservation provisions are more comprehensive and are more effective in preventing the caste biases found at the level of assembly elections. Five of the 17 seats are reserved for SCs, and five for OBCs. Also, one-third of the total strength is reserved for women. The district *Panchayat* is headed by an OBC, while the vice-president belongs to a SC. Though this implies a share of power going to backward castes, further investigation reveals a more complex picture.

Table 1 Political structure of elected institutions of the district and our two case study blocks

Position of elected power	Seats in district	Reserved	Constituency	Dominant Party
MP	1	1 (SC)	Entire district	BJP
MLA	7	2 (SC)	Closely aligned to the 6 blocks (city block has two MLA seats)	INC in both our sample blocks; was BJP in previous election
District <i>Panchayat</i> member	17	5 (SC) 5 (OBC)	2–3 members from each of the 7 blocks	INC faction A vice-president, INC faction B president
Sample Block 1 <i>Panchayat</i> member	21 (for block 1)	6 (SC) 5 (OBC)	One from each of 21 wards	INC faction A; control with previous MLA
Sample Block 2 <i>Panchayat</i> member	25 (for block 2)	6 (SC) 6 (OBC)	One from each of 25 wards	INC president, strong contest with BJP

As is the norm in Madhya Pradesh the *Panchayat* elections are not, officially, party based; the parties are not expected to nominate their representatives. Often several members informally affiliated with the same party are in contest for the same seat. However, party affiliations to one or the other of the two major parties, INC and BJP, or one of their leaders, are ‘actually’ crucial.

Parties are divided on the lines of factions, controlled by one or the other prominent district level leaders. These faction leaders are generally present or former MLAs belonging to the ‘upper’ castes and are highly effective in externally controlling the decisions of their political protégés and therefore the workings of the *Panchayat* institutions.

The INC, to which the president and vice-president of the body are aligned, is the dominant party in the district *Panchayat*. Eleven of the 17 members of the body belong to it, while the rest are with

the BJP. The political divide however does not end there. There are enough factions and amorphous relations within and between the two political parties to amuse any political scientist.

There are three visible factions within the INC in the district *Panchayat*. Let us call them INC-A, INC-B and INC-C. Faction A is headed by a former MLA and factions B and C by two serving MLAs. All the faction leaders belong to upper castes and are also (needless to say) economic élites. The central contest however is between faction A and B. Faction A derives its power from the proximity of its head, a veteran INC leader, to very senior politicians in Bhopal, the State capital. Faction B on the other hand is led by a forward caste Rajput, a member of another powerful political family, which is entrenched in key political positions within the party as well as in the state government.

The conflict between the two factions for the president of the present district *Panchayat* provides a useful example of the politics governing this institution. District *Panchayat* positions are elected by the district *Panchayat* members themselves. However, no member would vote without the support of his or her faction. This conflict between the two factions became so tense that the chief minister himself had to intervene. While faction B's candidate was given the presidency, faction A was appeased with the vice-presidency. Some speculate that one of the reasons for which the chief minister over-rode the claims of faction A (in spite of their closer relations with him) was because the rival candidate was an OBC capable of bringing others of this caste group to lend their support.

It is important to note that control of these key district *Panchayat* positions is from points external to the *Panchayat*. Neither of the faction leaders was actually standing for election yet their power to determine the structure of power and the decisions of their members is supreme. In this case, at least, the political power and status of the *Panchayat* and its members is significantly below that of their patrons. These patrons are close to the INC party centre and from MLA-level families, at the least. Yet the interest these patrons show illustrates the importance attached to district *Panchayat* elections and positions as a doorway to influencing fund distribution, the local political scene and thus eventual re-election to MLA, or higher positions. This is a symbiotic relationship between patron and client.

The district faction leaders (INC-A and INC-B) are, as we would expect and have mentioned, forward castes. Yet their two nominees for the top two district *Panchayat* positions were from the backward groups (OBC and SC). No doubt the influence of the faction leader in the patron-client relation is further increased by this caste differential. Indeed, though there have been two SC MLAs in the district for the last six elections, none has made it to dominant positions in any of the parties' factions. To be politically dominant a faction leader must be of the highest caste. Caste hierarchy is easily converted into political hierarchy and, despite increasingly pro-backward caste reservations, caste remains the dominant determinant.

After caste, we have seen how the political status and connections of the nominee and close family translates directly into political superiority. Much of the accreditation and patronage that allow political ascendancy depend on networks that tend to be family, as well as caste, based.

Economic class may seem to be a lesser influence. With the intensification of agriculture many OBC castes are competing with, or overtaking, the forward castes. But this has not allowed them to break into State-level politics. However, class remains a necessary, even if not sufficient condition for entry into higher level politics. Wealth has clearly helped most OBC district *Panchayat* members. Their average land holding is more than fifty acres. All members from the OBC group are rich farmers who also hail from prosperous, upwardly mobile and often not-so-backward castes within the OBC group such as the Patels, Anjanas and Sondhias. Likewise, the seats reserved for

SCs have been occupied by prosperous members of relatively better-off SCs like the Charmkars and the Balais.

4.4 Block *Panchayat* politics

The district has six development blocks which almost overlap the seven MLA constituencies²⁶ (see Table 1). With resources at their control, and Sarpanches whom they can influence, the block *Panchayats* act as an important show-ground and source of funds for higher level MLA politics in the same locality. It would be no exaggeration to say that MLA aspirations are central and dominant forces in block-level *Panchayat* politics.

A block *Panchayat* has about 20–25 wards, each of which sends an elected member to the body. Each ward represents about 5–8 villages. The provisions for reservations are the same as for the other *Panchayat* bodies: proportionate to the population for SC, ST and OBC (with a limit of 25% for OBCs) plus one-third for women. This study takes place in two blocks: Block 1 which covers the central urban area of the district, and Block 2 which is much more remote.

4.4.1 Block 1 *Panchayat*

The twenty-one member Block 1 *Panchayat* is an INC monolith. As with the district *Panchayat*, the control lies away from the body in the hands of the district INC party faction leaders. As we saw above, it is to this man that the district *Panchayat* president also ‘reports’. At this lower, block level, however, this former MLA’s son, who is seeking an INC nomination from the constituency in the next elections, heads the faction. The second faction (faction C, referred earlier) is led by the local MLA, also from the INC, whose position is, understandably, irreconcilable with that of faction A. The block *Panchayat* provides a political platform for competition between these two antagonistic aspirants.

It is faction A however, in spite of being pitched against a standing MLA, which dominates the body. Each faction had fielded its candidates in almost all the wards of the block and had actively campaigned for them. Faction A emerged the winner, taking all but three seats. Later, two of three members from the other faction defected to join the faction in power. There were no contests for election of the president and the vice-president as both were nominated by the faction A block patron (the district faction A leader’s son) and dutifully ratified by the overwhelming majority in the body. The hand-picked president (OBC) and vice-president (SC), not being organic leaders of the group, are unlikely to challenge the political supremacy exercised by the faction leader from outside the body. This wide rift between the leader and the led ensures tight control of the *Panchayat*’s politics and functioning.

4.4.2 Block 2 *Panchayat*

Much in contrast to Block 1 *Panchayat*, and perhaps reflecting its position somewhat periphery to the economic and political centre of the district, the twenty-five seat Block 2 *Panchayat* is not controlled by major district factions or their spin-offs. It is evenly split between a local faction led by an INC man and another local faction supported by a BJP man. This time the centre of gravity lies within the *Panchayat* body with the leaders of the local factions themselves members of the block. The INC local faction leader won the election for president by a narrow one vote margin, allegedly after forcefully preventing opposition block members from attending the nomination

²⁶ The city block has two MLA seats

meeting and threatening those that did. Though most block *Panchayat* members owe allegiance to one or the other party, in this case some voted (or were forced to vote) across party lines during the heated presidency contest. After the elections the INC faction president continued to wean away supporters of the other party.

Both the faction leaders belong to the same caste (Sondhia, an OBC caste) and are actually relatives. The INC president has a criminal record and is fighting against a murder charge, and exhibited some heavy-handed tactics during presidential elections. The BJP faction leader has been in politics since student days and in spite of his prosperous business and good contacts, has not been able to keep his supporters as loyal as his competitor has.

While essentially independent political actors, the two local faction leaders were supported by their respective party superiors: the incumbent MLA of the area, in the case of the INC-man, and a former MLA in the BJP's case. Since election, though, these local leaders have distanced themselves from their mentors. The congress block *Panchayat* president ascribes his split to the excessive interference of the MLA superior in the matters of the *Panchayat*. The BJP candidate is in conflict with his mentor as he also vies for nomination to the assembly from the same constituency.

This case suggests that in lower level *Panchayat* bodies, when elections are not officially held on party lines, party affiliations can weaken, as can the line of command from party superiors. One of the reasons for this is that as more than one candidate affiliated to the same party are often in contest, the credit for winning is the candidate's own and so allegiance to a mentor does not come into play so obviously. Moreover, party, as we will later show, is only a secondary factor in the voting pattern for these elections. Competitive local level politics forces the candidates to search for their own clientele. This independence has its advantages, especially in a situation where none of the parties is itself governed by a working class ideology.

The importance of the block *Panchayats* is at least three-fold. First, their boundaries overlap those for assembly seats and they are therefore an important ground for winning round constituents and preparing the ground for MLA elections. Second, the bodies are large (21 and 25 members compared to the 17 of the district) and the members politically immature. Generally these institutions are more submissive and malleable. In both cases faction leaders aiming for either the block presidency (in Block 1) or the Legislative Assembly (in Block 2) fielded their candidates, campaigned for them and logistically supported them turning a democratic body of equals into a body dominated by one, sometimes two, presidential characters. At this lower level it is relatively easy to take control of local politics. Third, the block *Panchayats* control significant funds and these provide the opportunity to buy supporters or take pay-backs. Having described the political context in these localities we now turn to describing the use and allocation of such funds.

5 Distribution of the MLA Development Fund in the Sample Wards

The MLA herself is virtually in full control of the distribution of funds from this scheme. In its amount as well as in the discretionary space, this scheme is one of their most significant powers, and one that they jealously guard. The MLA uses her discretion not only in the spatial distribution of funds, but also in the choice of activity (functional distribution) and the choice of implementing agency. It is in spatial distribution however – choice of one *Panchayat* or village over the other – where electoral politics is best at work. While it is the dominant ideology paradigm, which plays the major role in deciding the choice of activity, legal bindings limit the choice of agency. However, as we will witness, there are many other turns to the tale, and the bureaucracy, with its still quite significant powers, features prominently.

5.1 Politics and beneficiary choice: the spatial distribution of funds

The beneficiary/MLA interface usually occurs through the MLA's representative or other loyal worker. An MLA is surrounded by a number of people who are the first port of call. There is a declared MLA representative, who can officially represent the MLA in their absence, and a personal assistant. Others include personally loyal party workers, relatives and close confidantes.²⁷ Usually the applicant is the *Sarpanch* of the village *Panchayat* and usually he or she approaches the MLA circle to request funds. The approach is often a follow-up of pre-election promises, or the result of discussion with MLA confidantes. Alternatively, the MLA arbitrarily picks up areas of her choosing.

On the basis of fund receipts in the present MLA's term, we can divide the ten *Panchayats* in the two clusters into four groups in relation to the amount they have received compared to the average available per *Panchayat* for the district (about sixty five thousand rupees for a three year period):²⁸

1. Heavily-dosed (received more than average) – 3 cases
2. Moderately-dosed (received about the average) – 2 cases
3. Lightly-dosed (received less than average) – 2 cases
4. Un-dosed (received nothing at all) – 3 cases

The amounts given ranged between Rs20,000 (US\$ 400) and Rs100,000 (US\$ 2000). In Block 2 ward, though, only half of the six *Panchayats* received anything in three years, and none more than once (Table 2). In Block 1 ward all received something in one of the years, and *Panchayat* 10 received amounts in all three years and a total that was more than twice the next highest receiver. The village *Panchayat* was the implementing agency in all cases.²⁹

Popular electoral support and a politically supportive *Sarpanch* emerge as the two primary conditions for the MLA's benevolence. Among the heavily-dosed *Panchayats* (4, 6 and 10) the MLA incumbent had won handsomely in the last elections from the votes of two of the three *Panchayats*.³⁰ Though one village of the third *Panchayat* (*Panchayat* 6) is an opposition stronghold

27 In the latter category the vote mobilising ability is often one of the most important factors determining the extent of closeness.

28 Assuming an amount proportional to the population. The total amount was two million rupees per year per MLA for the first two years and was increased to four million rupees from 2001–02.

29 As we have remarked earlier, according to norms, all works below Rs300,000 are to be implemented by the *Gram Panchayats*. Though this is followed in most cases – as in all our *Panchayats*– it is not uncommon for the MLAs to choose a different implementing agency to avoid giving political rewards to an unfavorably disposed *Sarpanch*.

30 Generally the broad voting patterns of each *Panchayat* are well known.

the other more populated village supported the MLA. Not surprisingly, the development work was approved in the latter village; political rewards follow political loyalty.

Table 2 Distribution of MLA funds between Panchayats in sample wards / Rs1000s³¹

	Caste of Sarpanch	Party affiliation of Sarpanch	99-00	00-01	01-02	Total	Dosing	Implementing agency
Block 2 Ward						250		
<i>Panchayat 1</i>	Sondhia- OBC	BJP					Nothing	GS
<i>Panchayat 2</i>	Sondhia- OBC	BJP			50	50	Mod	GS
<i>Panchayat 3</i>	Charmkar- SC	INC					Nothing	GS
<i>Panchayat 4</i>	Jain- Gen	BJP		100		100	High	GS
<i>Panchayat 5</i>	Balai- SC	INC					Nothing	GS
<i>Panchayat 6</i>	Gurjar- OBC	INC		100		100	High	GS
Block 1 Ward						310		
<i>Panchayat 7</i>	Anjana- OBC	INC		25		25	Low	GS
<i>Panchayat 8</i>	Rajput- Gen	INC			50	50	Mod	GS
<i>Panchayat 9</i>	Trivedi- Gen	INC			33	33	Low	GS
<i>Panchayat 10</i>	Malviya-SC	INC	100	20	82	202	V High	GS
Mean						56		

As we might expect two of the three heavily-dosed *Sarpanches* belong to the MLA's party (INC) and are staunch supporters. The third *Sarpanch* (*Panchayat 4*), though traditionally an opposition supporter, is favourably disposed to the MLA and has worked on developing her popular support base in the *Panchayat*, in spite of his proclaimed party affiliations.

An indifferent or opposition *Sarpanch* and a divided electorate, on the other hand, tighten the MLA's purse strings. Only one of the other seven *Sarpanches* is a declared political supporter of the MLA. It is important to note here that as there are factions and great animosity within parties; just being a 'party loyalist' is not enough. The rest of the *Sarpanches* are indifferent, belong to the opposition or support a different faction in the same party. *Panchayat 1*, with its opposition *Sarpanch* and an electorate divided between the two major parties, is disadvantaged on this count and therefore received no financial support.

Party affiliations and popular support, however, are not everything. In fact, when it comes to marginalised groups they may count for very little. Caste remains crucial: while rich forward castes and OBC *Sarpanches* are able to influence MLAs and their funds, often defying obstacles of party affiliations, the resource-poor SC *Sarpanches* remain disadvantaged in spite of favourable, though often superficial, political affiliations. And being a woman³² can only further marginalise one's case. One forward caste member, who succeeded an SC woman as the *Sarpanch* of the *Panchayat* put it thus:

'The former *Sarpanch* could not get any work done. She couldn't bring in money because she didn't have the 'hold and the reach' (*pakad aur pahunch*). She was a Balai woman.'

'Reach' (*pahunch*) – the power to gain access to politically controlled resources – is clearly essential. In two cases – one highly-dosed (*Panchayat 4*) and the other averagely-dosed (*Panchayat*

³¹ *Panchayat 1* and *Panchayat 9* contained villages in which parallel research was taking place into livelihoods, as mentioned in Section 2.

³² Unfortunately none of our *Panchayats* has a current woman *Sarpanch*.

2) – *Sarpanches* were able to draw significant sums from the MLAs in spite of belonging to the opposition party. Both the cases are of influential *Sarpanches* hailing from the forward and OBC castes. This is in stark contrast with SC *Panchayats* 3 and 5 from Block 2 ward who have not been able to obtain any funds in spite of being INC *Sarpanchs*. These SC *Sarpanches* claim that their repeated requests have been dismissed, partly because of aggressive opposition from the politically and economically influential castes (OBC Sondhias and Anjanas) in their own *Panchayat* who resent their political positions. The conflict is one of political competition and caste snobbery. One of these SC *Sarpanchs*, an economically poor person, had won an unreserved seat, beating the OBC Anjana candidate (a rich peasant), a rare feat in rural India. The other SC *Sarpanch* had defeated another SC candidate (on a reserved seat) but one who was backed by the powerful Sondhias. These interfering actions were irrespective of their party affiliations.

These cases show the lengths to which ‘upper’ castes will go to block political support for their ‘lower’ caste competitors, even if it means less funds for the village as a whole. ‘Reach’ is clearly much greater for the higher castes. Higher level political patrons stoop to their demands much before those of the lower castes.

The case of the third SC *Sarpanch* (*Panchayat* 10) further affirms the subordinate political status of the SCs. Unlike the other two, this highly-dosed *Panchayat* received significant funds. In fact, it is the most heavily dosed of all the *Panchayats* in the two clusters. The *Sarpanch*, however, enjoys only a nominal authority and is by all evidence a stooge of the dominant (and rich) forward caste family of the village. It is the latter which has the long reach.

If we compare MLA fund allocation with the previous term, in which both MLAs were BJP, not traditionally the political beneficiaries of the SC vote bank, we find that the SC *Sarpanches* fared no worse. Of the twenty *Sarpanches* that have represented the ten *Panchayats* in the last two terms, seven have belonged to the scheduled castes. Only one (from *Panchayat* 10) has benefited from the scheme just described. While all SC *Sarpanches* from the 1999–2004 term belonged to the INC they continued to be as disadvantaged as they had been under the BJP in the previous term. Despite the rhetoric, in our sample the INC gives very little extra support to SCs compared to the BJP.

The MLAs and their parties are prone to taking certain traditional support groups, particularly the marginalised groups, for granted while they indulge their politically moody, generally dominant caste support bases. In both the clusters, the SCs have been a reliable INC vote-bank. Perhaps because of, rather than in spite of, this the INC MLAs have not made any efforts to humour them. *Panchayat* 9 (a low-dosed *Panchayat*) is another instance of the side-lining of the SC support base. The *Panchayat* is politically divided with the SCs pitched as traditional INC supporters and the OBCs supporting the BJP. However, in spite of a forward caste INC *Sarpanch* who is close to the MLA, the *Panchayat* has only received a paltry sum. In contrast, the OBCs *Panchayats*, who had supported the MLA in the elections, were all handsomely rewarded, in spite of divisions within the OBC vote bank.

Political jockeying can often be of much benefit. Able manoeuvring backed by some political reach helps to sway the odds. *Panchayat* 2, for instance, got fair funds (moderately dosed) in spite of the *Sarpanch*’s affiliation with the opposition party. *Panchayat* 7, managed to get at least some funds (low dosed) in spite of the *Sarpanch*’s proximity to the MLA’s antagonist within the party. While the MLAs do not have their support, they do not want to alienate them. Moreover, as the forward caste and OBC *Sarpanches* do have control over sizeable vote-banks there is always an attempt to win them over, or at least keep them sweet, especially if it is an important faction. As they say: there are no enemies in politics.

Panchayats that fare the best are those, who can take advantage of these duels among the political patrons. One such case, *Panchayat 10*, did very well from this. Not only does the INC MLA (INC faction B), who won handsomely from this *Panchayat*, reward it, but it is also being actively courted by her political opponents within the party (INC faction A), who control the block *Panchayat*. The *Sarpanch* explains this as follows:

‘Much of our work is through the block *Panchayats*. So we have to associate with them. Madam (the MLA) doesn’t have a hold over the block, so she tries to keep us on her side by giving us good funds.’

5.2 Politics and scheme choice

All works approved under the scheme in the two constituencies are ‘physical construction’ works. They include the construction of different kinds of roads,³³ water harvesting structures, drinking water facilities, drainages, water lifting systems, buildings and rooms for community resources like schools, primary health centres, waiting halls, maternity centres etc.³⁴

The objective of the MLA scheme is ‘to empower the MLAs to respond of their discretion to people’s demands’. However, as the list of ‘allowed works’ in the scheme suggests, the MLA development fund is in fact conceived as an infrastructural development fund. While this is due in no small way to the idea that physical construction is a prime constituent of development, the politicians also have a logic of their own.

Construction works are preferred not only for their visible and permanent character but also the ample opportunities that they provide for ceremonies. Ceremonies, of declaration, inauguration etc., in turn provide opportunities for political reward. Foundation stones are laid bearing the names of the donor MLA, the *Sarpanch* and other influential members of the political clique, which work as reminders of, and advertisement for, the benefactor.

Moreover, construction works are preferred not only because they require little in the way of innovative thinking, but also because related corruption tends to be simple and easily settled. A common method is the procuring of machines and material from pet contractors on rates often decided by the latter. In some cases, the MLA can be seen hiring out their own heavy machines. This is how one *Sarpanch* explains the distribution of activities:

‘Do you see this, almost all cases are of construction of gravel and WBM roads? That is where the madam’s JCB will be of maximum use.’

One common way of seeking payback is in the form of gifts and donations. This could mean becoming a member of the incumbent’s organisation by paying the requisite fees, donating for a purpose, or to an organisation. In other cases the paybacks are formalised with little attempt to disguise them. For instance, a former MP in the district is commonly blamed for bringing in a norm, now a standard, that paybacks should be 12 percent of project funds, and paid in advance.

33 They can be concrete roads, WBM (water bound macadam) roads, gravel roads or earth formations. A WBM road has one or two layers of WBM on top of an earth formation and a gravel layer. But for defective cross drainage, which may make them impassable in heavy rains, WBM roads are all-weather roads. An earth road is made of only an earth formation and a gravel road of a layer of gravel on top of the earth formation. Concrete roads are costly, all weather roads made of concrete.

34 In addition some MLA funds also contribute to *Panchayat* schemes where the *Panchayat* has to contribute a fixed minimum share of the grant. The common examples of this, are the 10th and 11th finance commission grants, which require a 10 and 25 percent contribution respectively from the *Panchayat*.

This said, the track record in our sample Blocks is not all bad. Though most of the works approved from MLA funds in Block 2 are for no more than the construction of roads, small tanks have also been constructed. And, in Block 1, the works have been a little more innovative. Construction of maternity centres is one agenda that the MLA has supported. She claims to have been particularly sensitive to this need, as a woman herself. While this study was more interested in the distribution of these funds rather than the impact of the end use of such funds, there is no reason to believe that the outcomes harmed the ‘have nots’, just as there is no evidence to suggest they actively supported them.

5.3 Politics and agency choice

In certain cases, the works are not implemented through the *Gram Panchayat* but via the line departments. The works are done through contractors who not only enjoy the political patronage of the MLA but also pay back generously. There are a number of cases in the constituencies where the implementing agency is not the *Gram Panchayat* (though none in our ward sample). If one asks the MLA – or her representative – for the reason, the reply is invariably that the *Sarpanch* was ‘not interested’. The lack of ‘interest’ is a euphemism for political opposition. These are – in all probability – circumstances where a certain politically supportive group or individual (the target group) has to be appeased, while bypassing an opposition *Sarpanch*. In such instances, a line department is made the implementing agency while “the target group” is either itself appointed as the contractor or is given a certain commission.

These circuitous routes (bypassing the *Sarpanch*) can normally only be used if the beneficiary group has sufficient reach. And as noted earlier, caste and class are necessary to ‘reach’. While no such cases were observed in our ward cluster in the distribution of MLA funds, there were two cases where groups mobilised funds from the Member of Parliament equivalent of the MLA ADS, bypassing the *Panchayats*. Both these groups are of dominant OBC castes. It is worth noting here that it made no difference whatsoever that the MP himself belongs to the SCs – caste loyalties understandably count for little when it comes to the real games in political economy!

5.4 The role of the bureaucracy

So far we have described the logic of distribution with respect to the beneficiary. This stage of distribution is almost exclusively controlled by the elected representative. As such it represents an empowerment of the politician and their formal inclusion into a space hitherto reserved for the bureaucracy. However, the bureaucracy still retains significant areas of control, particularly when it comes to the actual approval and release of the funds.

After the politicians have made their decisions and the collector has passed the order, the bureaucracy comes into play. First, a technical approval by the rural engineering department, verifying the technical feasibility of the project, within the agreed amount, is required. This is followed by an administrative assessment, after which the first instalment is released. The rest of the money is released in three instalments on completion of work stages to the satisfaction of the appropriate line department.

The bureaucracy’s role here can be differentiated into two elements: the monitoring agency (or ‘watch-dog’) and the fund controller (or ‘purse-holder’). Both parts insist on their paybacks and bribes. These may vary from small gifts to percentages and they may amount to enough to undermine the feasibility of the entire project. It is alleged that these pay back arrangements are well structured with built in flows from the lower bureaucracy to the higher echelons. Take this

account,³⁵ for instance, from the *Sarpanch* who was being cross-examined in the block offices for having nothing physical to show against a grant receipt:

‘I had to give 15% of the amount to [the patron] as advance, which I took as loan on an interest rate of 5 percent (per month). Everybody is aware of how one gets money from [the patron] and they all want their shares. The engineer would agree on no less than 10% to give the Technical Sanction, which again I had to take on interest. The first instalment (30%) got spent in repaying the loan. And then, I had to pay 5% each time to the *babu* [the administrative clerk at the department] for getting the four further cheques. What could I have done?’

The interrogator, after a moment spent in calculating, continued ‘But you were still left with half the money!’ The *Sarpanch* retorted, ‘Do you think I was a fool to be running around for nothing!’

Beyond corruption and rent-seeking, the bureaucratic culture is laden with discrimination on caste lines. The treatment meted out to an SC *Sarpanch* in a departmental office is vastly different from that which a dominant-looking *Sarpanch* would receive.

The above observations notwithstanding, the MLA ADS has provided explicit discretionary executive powers to the elected representatives. While the bureaucracy seeks and extracts rents, its role in distribution is minimal. The MLA’s hierarchical relationship with the bureaucracy is from a level or higher platform. The nature of the roles and relationships in the Employment Assurance Schemes, which we analyse next, is vastly different. The political undercurrent, though, remains the same.

35 As recounted by one of the *Sarpanches* who had attended the meeting

6 Distribution of the EAS Fund in the Sample Wards

The stated primary objective of distribution in the Employment Assurance Scheme (EAS) is to provide work as a 'last resort' in times of 'acute shortage'. To what degree has allocation been defined by power instead of objective assessments of need?

As we detailed above, resources are divided between the district and block *Panchayats* in the ratio 30:70 respectively. These bodies are expected to distribute their respective funds among the village *Panchayats* on the basis of needs. The distribution is to be largely decided in advance in the form of an annual plan. It is important to note here that the *Panchayat* body, as a unit, is responsible for distribution. However, in actual fact, the members of the body prefer to divide the total funds among themselves and then autonomously distribute their shares among the *Panchayats* falling in their constituencies. The result is like a local version of the MLA ADS.

In effect, before the funds can be distributed among the village *Panchayats* they have to be 'actually' distributed among the members of the district and block *Panchayat* bodies themselves. Previously, this process of distribution had been mired in conflict with different factions fighting for the largest shares. The strong factions appropriated the bulk of the amount leaving the weak with small amounts, often nothing.

In 2001, about three years after the transfer of the scheme to district and block *Panchayat* control, and a history of bitter fights over shares among *Panchayat* members, an unofficial model was designed by the district bureaucracy³⁶ for more equitable distribution among the members of the district *Panchayat*. In this model, the expected budget figures are divided among the members on the basis of the population they represent. They are then asked to submit annual plans in relation to these amounts.

The members are still highly influenced by faction leaders and sponsors, often outside the body itself. Though the members may now be allocated equivalent shares, their discretion is still subject to the control of the outside faction leaders.

The model used by the district *Panchayat* has also been prescribed for the block *Panchayats*. However, while the system is followed in one block of our sample, in the other, it is alleged, the dominant faction still takes control of the bulk of the amount. There are frequent shows of strength and skirmishes in the other block also, but officially, the model continues to be followed. In both cases, individual faction leaders control the distribution of funds apportioned to their protégés, much more so than in the district *Panchayat's* case.

In general the district *Panchayat* is a more 'equal' body than the block *Panchayats*. One reason is its élite composition: representatives have to be elected from 30–40 *Panchayats* rather than 4–5. This ensures a higher minimum level of power and influence and means it is more able to withstand assaults from political factions. In the block *Panchayat*, the leaders of various factions field their own candidates, invest in their elections and control them later. This leads to highly unequal relationship between the faction leaders and members. District representatives are more educated and aware, and also have a better understanding of norms and procedure.

The other factor is the character of the bureaucracy. As with MLA ADS funds, the bureaucracy is the 'fund controller' and the 'monitoring agency'. The rent-seeking role of the bureaucracy is

³⁶ Attached to each *Panchayat* institution, is a wing of the bureaucracy which is officially responsible for executing the decisions of the elected members. The bureaucratic component at both the district and the block level is headed by a chief executive officer (CEO), CEO district *Panchayat* and CEO block *Panchayat*.

significant in the implementation of the EAS too. However, the district bureaucracy is a better trained and more efficient body that commands greater authority. The block level bureaucracy is much lower in status; its officials may have equal or less status than the elected representatives they are meant to watch over. Further, it is more embedded and less able to crack down on misbehaviour among elected representatives.

So how does distribution work in practise in our sample wards in Blocks 1 and 2? Each of our wards is represented by one block *Panchayat* member, though it is only a fraction of the district *Panchayat* member's ward. The EAS funds into the village flow independently from the two *Panchayats* via the respective representatives (though as we shall see later, possibilities also exist for mobilization from other members).

Our Block 1 ward is represented by a SC middle peasant in the block *Panchayat* and by a Rajput landlord in the district *Panchayat*. The former is a congressman and owes allegiance to the dominant INC faction (faction A) in the district and its influential forward caste leader who controls the body from an external position. The latter is an influential congressman, one of the dominant individuals in the district *Panchayat*.

Our Block 2 ward representative leads one of the two factions in the block *Panchayat* (the BJP one). He comes from a dominant OBC caste and is politically affiliated with the BJP. He has a successful business drilling borewells. The district *Panchayat* member, a congressman, is a Rajput landlord with interests in the liquor business. Their businesses are believed to have played an important role in their election; borewell drilling with its long list of rural debtors and liquor with the reach and muscle that are so much its natural associates.

In the Block 2 ward, the block representative is himself an MLA aspirant. In Block 2 ward the faction leader's ambitions to become an MLA determine distribution, and it is he who gains the credit.

6.1 Distribution of EAS from block level

In the current term of block level elections to date (00/01 and 01/02, see Table 3) all but two *Panchayats* (*Panchayat* 5 and 9 in Block 1) have received funds from EAS block funds. One-off amounts have ranged from Rs53,000 to Rs140,000 per *Panchayat*, a similar range to the MLA funds. Three of the *Panchayats* have received significantly higher funds than the rest (*Panchayats* 4 and 6 in Block 2 and *Panchayat* 10 in Block 1)

In Block 2 the block level ward representative gave funds to all the five *Panchayats* that voted for him, but not to the one where he lost (the SC-led *Panchayat* 5). Of the six *Panchayats*, he was supported by five *Sarpanchs*. He 'rewarded' all of them with EAS funds, roughly proportional and prioritized to the extent of their support.³⁷ The *Sarpanch* of *Panchayat* 1, which received nothing, was only a reticent supporter – the passive support of a party affiliate – and was penalised because of it.

The Block 2 ward representative is an ambitious man, vying for a BJP nomination for the legislative elections. Consolidating, expanding and exhibiting his vote bank to the party are his priorities. The scheduled caste support, hardly a BJP strength, is a major feather in his cap on these counts. Thus we see he has ear-marked funds in the coming year for the one *Panchayat* that did not vote for him. This *Panchayat* is also SC-led, and the SC support, if he can rely on it in the MLA elections, could

³⁷ The volume of fund flow in the Block 2 ward may be more than most other wards due to the dominant position the representative holds in the block

well stand him in good stead. This of course will depend on whether the BJP gives this OBC candidate the nomination, something this upper caste dominated party has resisted in the past.

Table 3 Distribution of block and district-determined EAS funds / Rs1000s

	<i>Sarpanch</i>	<i>Sarpanch party affiliation</i>	MLA fund Dosing	00/01	01/02	02/03 (Planned)	00/01	01/02	02/03 (Planned)
Block 2 Ward				Block Funds			District Funds		
<i>Panchayat 1</i>	Sondhia-OBC	BJP	Nothing		68	20		100*	
<i>Panchayat 2</i>	Sondhia-OBC	BJP	Mod		82	63		200	
<i>Panchayat 3</i>	Charmkar (SC)	INC	Nothing	53		48			
<i>Panchayat 4</i>	Jain- Gen	BJP	High		140			82*	
<i>Panchayat 5</i>	Balai (SC)	INC	Nothing			75		100	
<i>Panchayat 6</i>	Gurjar-OBC	INC	High	100	70				
Block 1 Ward									
<i>Panchayat 7</i>	Anjana-OBC	INC	Low		125	50		25	
<i>Panchayat 8</i>	Rajput-Gen	INC	Mod		75				
<i>Panchayat 9 (Jhalon)</i>	Trivedi-Gen	INC	Low			225	50		
<i>Panchayat 10</i>	Malviya (SC)	INC	V High	70	75				150

*Funds from other than local representative

Block and district *Panchayat* elections are not party political in that there are no official party nominations. With more than one participant from each party the district and block *Panchayat* elections are contests between members, not parties. The members have to go beyond their party loyalties. The party factor, however, is always there in the background, sometimes diffused, at other times concentrated, enabling certain alliances and resisting others. Our ward representative was also able to settle into alliances with factions of BJP supporters. However, in spite of his BJP affiliation, he attracted a major share of SC votes, traditionally safe INC votes. This is how one SC *Sarpanch* (of *Panchayat 3*) describes his promised support for the representative:

‘He was anxious, for we are traditional supporters of the congress. I laid his anxiety to rest saying: I promise you as many votes from my *Panchayat* as I get (for *Sarpanch*). He got every single one of my votes’

Thus *Sarpanches* carry much influence in these elections, acting as agents of power to larger interests. To a certain degree, they control the voting of their supporters at block, district and MLA level elections.

In the Block 1 cluster the undercurrent is MLA-level politics even more. As mentioned earlier, the INC faction A is in control of this block *Panchayat*. The SC ward representative is a protégé of this faction. The allocation within the block, as well as within the sample ward, is largely determined by the political priorities of the faction leader, who is looking for an MLA nomination from the INC.

His influence over *Sarpanchs*, through the block *Panchayat*, not only helps him construct and consolidate a vote bank but also display it to the party.

Three of the four *Panchayats* in the ward have received funds from the EAS block funds. All these *Panchayats* are led by INC *Sarpanchs*, and two of them are overt followers of the faction leader. The third *Panchayat* (*Panchayat 10*) has an élite-backed SC *Sarpanch* and ably bargains with the two INC factions, as described in the discussion of MLA funds.

Panchayat 9 received nothing. Why? Its *Sarpanch* was allied to the wrong INC faction and its electorate, mainly OBC middle peasantry and the stalwart of the BJP, was not likely to be brought round. However, it became immediately eligible when the OBCs reportedly ‘converted’ into congress supporters in a ceremony organised by the dominant faction of the block. They were promised a grand reward (Rs225,000) from the EAS-block, for the following year (as we see in the planned figures in Table 3).

Distribution has been determined by rewarding loyal *Panchayats* (amounts allocated early in the term) and preparing or sweetening *Panchayats* seen to have potential to be won around, especially in the run-up to MLA elections (amounts allocated later). This has led to a relatively uniform spatial distribution of the EAS-block funds in the two sample wards. Every one of the ten *Panchayats* has either already received funds under the scheme or has been allocated funds in the following annual plan (2002–2003). The losers, if any, were the ones who were not on the winning side or those who dithered (e.g. *Panchayat 1*). As we saw in the distribution of MLA funds it is those who showed a potential willingness to be converted who were (or will be) the winners (e.g. *Panchayat 9*). These voters had the greatest marginal value.

It is difficult to generalise about the influence of caste and class in the distribution. Only two of our SC *Panchayats* are ‘autonomous’ (*Panchayats 3* and *5*). One of them had pledged his support to the incumbent MLA (*Panchayat 3*, mentioned above) and only got average funds, which may well indicate discrepancy. The other opposed and has been promised average funds. In contrast, the élite status of the convert OBC rich peasantry of *Panchayat 9* was certainly a variable in the large reward they are likely to earn.

6.2 Distribution of EAS from district level

The distribution of funds by the two district *Panchayat* members tends to nurture territorial pockets of influence. In one case (Block 1) the pocket is centred near his home area. In the other case (Block 2) the member enjoys larger influence across two areas, but in one pocket more than another. The representative from the former cluster claims to be following a sequence for ensuring substantial development beginning, not surprisingly, with his village while the second has favoured the pocket that won him the elections.

Neither of our sample wards lies in any of these ‘favoured’ areas. Nevertheless, the Block 2 district *Panchayat* member has allocated EAS grants to two *Panchayats* in our Block 2 sample ward (*Panchayats 2* and *5*). Both of them had pledged their prior support in the elections.

Clearly prior unequivocal support leading to an electoral win seems to be the defining criterion. However, the caste and class factors cannot be ignored. In Mehidpur, the SC *Sarpanch*-led *Panchayat* (*Panchayat 5*) got half the funds of the other beneficiary *Panchayat* (*Panchayat 2*) which is led by a powerful OBC caste *Sarpanch*. Both had promised prior support. Two *Panchayats* (*7* and *9*) got grants in the Block 1 sample cluster. The largest amount went to a *Panchayat* where the member enjoys a good support base in the influential middle castes mentioned above (*Panchayat 9*).

Two more *Panchayats* got funds from the EAS-District in the Block 2 cluster (*Panchayats* 1 and 4). Their source, however, was not the district *Panchayat* member representing the ward. In one case (*Panchayat* 4) the BJP block *Panchayat* member mobilised funds for his political supporter, the BJP *Sarpanch*, from the district *Panchayat* through a BJP district member that he had links with. Such political connections are clearly very useful.

In the case of *Panchayat* 1, a woman district *Panchayat* member from a neighbouring village and a star supporter – now almost turned competitor – of the local MLA, gifted Rs100,000 to the *Panchayat*. She is an enthusiastic politician and wished to compensate the *Panchayat* for a huge tank the *Sarpanch* had constructed with voluntary help from the village. She stepped in when the promised support from the BJP *Sarpanch*'s BJP MLA and MP failed to materialise. This district *Panchayat* member, though belonging to the INC, promised an amount from her EAS funds. This was likely to have been an overture meant to attract the followers of the opponent couple, perhaps, with a refreshing stroke of generosity and genuine enthusiasm for an innovative project.

7 Concluding Remarks

As noted at the beginning of this paper, the 1970s were a watershed for Indian politics. First, they marked the end of Congress 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 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). 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 Congress contributed to a political empowerment of traditionally subordinate groups in rural India.

In the early 1960s, Barrington Moore (1966) argued that (liberal) democracy in India would not work until the vast majority of peasant farmers 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 élites. 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 organisation in extracting from political parties tangible gains in return for their support.’

Whether we can expect more than we have observed from elections is an important question. Periodic elections provide an important means of ensuring government responsiveness and accountability on broad social issues. At the same time ‘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.

The findings presented in this study suggest that although villagers were at times able to exploit political rivalries among competing factions and competing parties (see below), the overwhelming message is that public officials (at all levels) were generally sheltered from the interests of the poor. Findings from the case study research in MP have shown that SCs were able to use their scheduled status and the political rivalry of their patrons to trade votes for public resources. In this way, factionalism and political rivalry were able to serve the interests of the poor. However, such ‘favourable outcomes’ appear to have been highly dependent on the existence of ‘good leadership’ and strong collaboration among caste members. Moreover, the research findings suggest that SCs were able to vote strategically in the smaller, less-structured local elections, particularly at the block level.

In particular, three points can be made about the quality of accountability between villagers and the *Panchayats*:

- First, the *Panchayats* were largely unable to counteract corruption and inequality; indeed many *Sarpanches* and *Panchayat* councillors were directly involved in the process;
- Second, the party system was inherently tied into the corruption of development programmes;
- Third, the relationship between political power and economic opportunity was still very much a ‘closed shop,’ in which poor and marginal groups were either unaware of the corruption taking place or they lacked the ability to do anything about it.

7.1 Political structure of the district: patrons, *Panchayats*, and the residual bureaucracy

7.1.1 High politics

High politics remains the preserve of the forward castes. Except for the two reserved constituencies, not a single SC member has even been nominated by the two major parties for Legislative Assembly elections in the last six elections. Of thirty assembly representatives from the five non-reserved constituencies in the last twenty-five years, only three have belonged to the middle (or OBC) castes, who constitute about 45% of the district’s total population.

7.1.2 Patrons, protégés and Panchayats

The two upper *Panchayat* tiers – block and district – absorb the élite middle caste ambition though forward caste political actors from high politics often control *Panchayat* bodies remotely. The middle castes occupy the dominant space within these institutions but the centre of gravity is liable to be external to the institution with the patrons, forward caste actors in high politics, controlling events. Co-opted SC members may find a place in the dominant space in these institutions but generally they remain puppets to higher powers. The élite status of most in the district *Panchayat* ensures a relatively uniform spread of power unlike the high range in the block *Panchayats*. The centre of gravity of the latter lies with MLA aspirants, who use the institution to further their support and demonstrate their influence, usually in hope of party nominations. Most members of the block *Panchayats* are the protégés of one or the other faction leader.

The district *Panchayat* is more equitable than the block *Panchayats*. Most members who have reached this level of local politics have a significant degree of political influence and awareness and the more professional district bureaucracy is also more able to keep a watch on foul play.

The *Sarpanch* is the normal political intermediary between the village and potential political donors, including the upper *Panchayat* tiers and the MLAs. This interface is the primary determinant of the fund flow. However, dominant groups in the village, if not represented in the *Panchayat*, can enjoy outside links, by-passing the village *Panchayat*. In such cases, generally found where the *Sarpanch* is an SC, the outside links can be much more powerful than those the *Sarpanch* can muster. These dominant interests can bring funds in separately, and also choke the fund flow through the *Sarpanch*.

7.1.3 *The lower levels of local politics*

As our cases show, blocks may be rather local bodies but they are an important institution for higher political ambitions and the scene of patronage from high levels (such as from INC faction A in The district). One of the faction leader winners in one block confessed, 'I had to buy three of the opponent's candidates at between fifty to sixty five thousand rupees each'. That the dominant stakeholders chose to invest hundreds of thousands of rupees in these elections, in spite of the risk and without formal support from the parties, is an indicator of the perceived financial and political 'potential' of these bodies.

Block politics, as the Block 2 case suggests, can be a rich breeding ground for young politicians. The block can act as a more open field and spring board from which aspiring upwardly mobile politicians negotiate power (such as the BJP Block 2 leader trying to compete with his mentor for MLA nomination). However, the democratic content in these bodies is still limited by the exclusive factors of capital, contacts, caste and crime. These factors play a determining role in pre and post elections politics.

7.1.4 *The bureaucracy*

The bureaucracy has two sides. At one end of the spectrum is the image of a body working hard to infuse discipline into the working of institutions dominated by self-seeking politicians. At the other is a body innovative in finding ways of corruption in spite of new constraints and devolution to politicians of many of the powers it has hitherto enjoyed. The bureaucracy does carry out the role of regulator with which it has been ascribed, but it is a costly mechanism. Rough estimates suggest it takes about 15% of the total funds. These rents, combined with the shares other fixers demand and the need to pay some shares in advance, can be enough to make a project infeasible.

7.2 **Reach and the logic of distribution**

7.2.1 *Party and electoral politics*

As expected, there is an underlying method in fund distribution which may look arbitrary to the uninitiated. Political gain is the primary and very nearly only determinant. We have only seen one case – the support of villages building their impressive tank in *Panchayat 1* – where distribution might have been more altruistic. But what calculus determines political gain and, therefore, what logic and what mechanisms underpin distribution and reach? How can we explain who is included, and who is excluded from access to such development funds?

Party politics, as our introduction suggested, is a primary factor. The super-structure of formal party politics – based around INC and BJP opposition – and the sub-structure of district and local factions decide, at the most basic level, what resources or support one can draw upon. Factions, and factions within factions, seem to be even more important than party politics at the lower levels, especially where one or other political party has a strong, historic hold.

In the case of the block EAS, the party is a marginal factor though it's not uncommon for it to emerge in the relief. The *Sarpanch's* unequivocal support for the higher level political patron and donor, leading to a victory for the respective member, is an important condition for the supply of funds from the two bodies. In other cases the mere possibility that a voter group might switch allegiance to a different faction is enough and funds will be given out, before an election, to sweeten them. The two cases combined, most villages are likely to receive something, but those

with non-SC, economically dominant *Sarpanchs*, not only get more but do not have to fight so hard for it.

In the case of the district EAS funds, a territorial scheme of nurturing one's major support pockets features prominently. At higher levels within district politics, where party influence is much stronger, the political map is more likely to be categorised into supporting and detracting factions, with a narrower constituency sitting on the fence.

7.2.2 *Caste, class and influence*

It is, reach, a function of class and caste among other factors, which determines distribution of funds within party-political and electoral constraints. While a forward or middle caste identity accompanied with an upper class position makes a good case for inclusion among the beneficiaries, a scheduled caste identity is often enough of a case for exclusion. If the SC *Sarpanch* is at loggerheads with the village dominants exclusion is a distinct possibility, irrespective of party affiliations.

The leading individuals in all the institutions, without exception, also belong to an economic élite. In fact, it can roughly be argued that the poorer a member, the less his/her participation and voice in the body.

These structural constraints, built in to the fabric of society, provide a highly impenetrable barrier to upward political mobility, and to the reach of lower caste and class groups. While party or faction allegiance can be switched relatively easily between elections, caste, class, family and connections cannot. This affects entry into politics and also the available rewards from politically-distributed funds. In rare cases, trusted networks of political clients and patrons can be built-up but influential family members, powerful economic associates and high caste pedigree make a phenomenal difference in a hugely competitive, expensive and sometimes violent field. Lower castes can vote in numbers and sometime access significant funds. Often, though, their low influence in other political spheres, and ironically their lack of capriciousness – obviously rooted in socio-economic constraints – reduces their political bargaining power.

7.3 **Opportunities for the marginalised in local politics?**

Lower caste reserved seats can mean little when members are dominated by much more powerful politicians and interests in the *Panchayat* body – working from within or outside it– particularly at block level. This does, however, negate the valid and widely known arguments for positive discrimination. And while reservation does not seem to be opening up real political opportunity at the district and block levels, it does create new political spaces within village politics.

What is more apparent is SC's increasing ability to vote tactically. If they bargain, work collectively and have good leadership, they may be better placed in the smaller, less-structured local elections, particularly at block level, than they have conventionally been in higher level politics. This requires SC votes to be more actively managed and negotiated, a difficult operation considering the rootedness of such tendencies in embedded historically determined socio-economic realities. In the case of one of the study *Panchayats* (*Panchayat 3*) however, the SC *Sarpanch* promised support to a faction, kept his people together and influenced the distribution of EAS funds from the block. This was despite his antagonism with the village élite, which cost him the funds of the MLA.

At higher levels INC MLAs, reliant on the SC support to their party, are busier humouring the moody middle castes while the SC vote is taken for granted. And this is pragmatic considering that

it is a small percentage swing, generally believed to be coming from the OBCs, which often determines electoral fortunes in Madhya Pradesh. In such cases the SCs, who continue to support the INC, perhaps for historic reasons, may receive few sweeteners from an INC representative. The BJP MLAs on the other hand can value SC votes (a non-traditional voting block) at a premium, especially if they are in fierce competition with other factions to show their political influence. The *Panchayat* elections may be proving to be a good practice ground for the SCs who, as the example shows, may have started to marshal their votes more carefully.

The 'have nots' however have a greater marginal voice in *Panchayat* elections than they do at MLA level. First, the smaller wards enable a 'more equal' relation between the voter groups and the representatives. Second, the high number of contesting candidates creates greater competition. Thirdly, and related, the non-involvement of parties allows freer responses and more marginal value to each voter. It reduces the pressure and force that party participation, with its high investment, high-risk character, so often elicits. These elections thus create situations in which even small groups can occupy a good bargaining position. The non-participation of parties, which tend to structure responses, enables freer choices. The overflow of such voting behaviour into legislative and parliamentary elections presents prospects for adding value to the votes of non-dominant groups and bringing in shades of 'real' democracy.

Among the ADS programmes, political competition among Congress and the rival BJP was found to have a largely negative impact on the distribution of development funds. Here the super-structure of formal party politics – based around INC and BJP opposition – and the sub-structure of district and local factions decide, at the most basic level, what resources or support one can draw upon. Factions, and factions within factions, seem to be even more important than party politics at the lower levels, especially where one or other political party has a strong, historic hold. At the block level, the 'voices of the poor' were strongest where the non-involvement of parties allowed freer responses and more marginal value to each voter. The smaller wards allowed for a more direct and 'more equal' system of contestation between representatives and local voters. Such findings are potentially at odds with Manor's assertion (1999) that political parties help to articulate and organise the interests of local people, although one wonders how well this would work in groups of larger size and complexity.

If the objective of routing development funds through elected representatives is to ensure better targeting of the needs of the people, especially of the have-nots, then these two schemes do not present a success story. The needs that are targeted are those of the politicians who wish to ensure election or re-election to high, usually MLA, political positions. This objective is more often exclusive of the interests of the 'have-nots' than it is inclusive. As 'planning' simply does not take place, the argument for decentralised planning, at the district and block level, is redundant. Further, because capital, contacts, crime and caste, the various forms of political factors are all exclusive – even exploitative – of the have-nots, such 'democratisation' can often be counter-productive. In our study the lines of accountability have run between the high-level patrons via lower level, politically ambitious clients to agents, often *Sarpanchs*, who can guarantee votes banks, by a variety of means, at the village level. The stated objectives of targeting the needy has clearly not been achieved and the entitlements of the electorate have been diluted by those fixers above them.

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