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Including the Excluded

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Editorial

The Poorest Areas Civil Society (PACS) Programme is mandated to strengthen civil society interventions to empower the poor to secure their entitlements. Poverty reduction programmes, no matter how well designed, often miss out on those segments of the poor whose needs are slightly complex. Focussing on communities that are easiest to bring out of poverty is not adequate to contribute towards the ambitious global target of halving the population living in abject poverty by 2015.

Achieving this target will require poverty reduction programmes to explicitly consider the status and the needs of the excluded. Disadvantaged communities and people with special needs namely, dalits, disabled, women and children require tailored strategies and approaches that are cognisant of their plights. Inclusion of the excluded in the planning and implementation process itself is critical.

This issue of *empowerpoor.org* presents perspectives on potential strategies that the PACS Programme could adopt to allow two disadvantaged communities – the Dalits and the disabled to claim their entitlements. The links between exclusion and poverty are explored. Exclusion is exposed as a denial of human rights that needs to be recognised overtly and targeted through rights-based approaches. While changing the mindsets of the larger community is arduous, it is an essential task within the realm of civil society interventions.

Inclusive development processes will also require changing the mindset of those not favourably disposed towards decentralisation of power – within and outside governments. A scan of the status of Panchayati Raj process within the PACS states highlights the hurdles that have to be overcome before responsive local governance that transfers power to the masses becomes a reality. Although the focus of the PACS Programme is on engendering long-term processes of empowerment through the social actions of capacity building and people-centred advocacy, it also recognises that the short-term vulnerability of the poor needs to be addressed. Although the design of the Programme limits its ability to address some of these needs directly, it has the option of establishing partnerships with other organisations. Possible strategies for promoting access to micro-credit for building the human, social, and physical capital of the poor are also analysed briefly.

It is the hope of the editorial panel that *empowerpoor.org* will continue to attract meaningful contributions and enlightened debates that could influence the strategic and policy outlook of the PACS Programme. To this end, we will welcome feedback on the current issue and contributions to future editions of the magazine.

Kiran Sharma and Robin Koshy

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Social Exclusion

Including the Excluded – Why and How?

Sukhadeo Thorat

Exclusion and Poverty

Social exclusion involves “the process through which individuals or groups are wholly or partially excluded from full participation in the society within which they live - on the basis of group characteristics like social origin, ethnicity and religious conviction”. Concerns about exclusion and discrimination are mainly because of resultant human rights violation, deprivation and poverty amongst excluded groups. From the human rights perspective, it essentially means denial of basic rights - economic, civil or social. In the context of PACS Programme, its consequences on poverty and the strategies that could potentially be initiated need to be examined.

In India, exclusion involves social processes that exclude, discriminate, isolate and deprive some groups on the basis of group characteristics like caste, ethnicity and religion. These groups include the erstwhile untouchables (or dalits), adivasis and some religious minorities. Although these social groups experienced exclusion and isolation that caused deprivation and poverty, there are differences in sources and process of deprivation. Since the source of poverty of these groups is rooted in economic and social exclusion amongst other reasons, solutions for eradication of poverty demand slightly different strategies from that for the general poor.

Dalits constitute one of the largest social groups and account for about a fifth of India’s population. Over the centuries, they have suffered extensively from caste and untouchability-based exclusion and discrimination. Traditionally they were excluded from access to property rights as well as economic, civil, religious and other rights. Disabilities of untouchables become more severe as they are also physically and socially segregated from the rest of the Hindu society through the institution of untouchability. It is this institutionalised, comprehensive and multiple exclusion of the low castes that have severe consequences on their deprivation, and hence differentiates them from their poor counterparts in the higher castes.

The adivasis account for about 8 percent of India’s population and suffer exclusion and deprivation similar to that of the dalits. The basis of tribal isolation and exclusion is however, not caste or religion, but ethnicity. Their isolation, neglect and exclusion, causes considerable deprivation and poverty among them.

Muslims, Christians, Sikhs are the main minority religious groups in India. The Dalits among these communities and the Muslims in general suffer from exclusion and discrimination to various degrees. Dalits among these religious minorities have suffered due to their religious background and because their lower caste status persists in the converted religion.

Chronic Poverty

In recognition of problems of the excluded, the state enacted anti-discriminatory laws and policies to foster their inclusion and empowerment. The Anti-Untouchability Act of 1955 (later renamed as Civil Right Act in 1986) and Scheduled Castes (SC) and Scheduled Tribes (ST) Prevention of Atrocities Act of 1989 number among some of the legal steps taken by government for the welfare of these communities. In addition to legal protection, the state also used affirmative action or reservation policy to provide due share in education, employment and other services. Some safeguards are also provided for dalits amongst religious minorities and the reservation policy covers dalit Sikhs and dalit Neo-Buddhists.

Despite these provisions for equal participation and empowerment, exclusion, discrimination and resultant deprivation of these excluded groups continue. The level of deprivation, in terms of poverty and other indicators of human development - like access to capital assets, education, employment, wage earning, health status and political participation, is quite high. Poverty among the SC and ST is about 40% to 50% as compared to about 20%

deprivation levels among other communities. Access to land is particularly limited among the SCs as the percentage of landless and near landless in this community is close to 70%.The literacy rate is two and three times lower among SCs and STs respectively. The mortality and morbidity which reflect malnutrition is much higher among them. Dalits among the Sikhs and Christians also suffers from similar deprivation, albeit to a marginally lesser extent.

Muslims, in general lag behind other sections in education, employment and political participation. Due to the limited access to regular jobs, Muslims largely tend to pursue self employment opportunities. All the excluded groups seem to face discrimination in both the private and public sectors.

Exclusion and discrimination as sources of chronic poverty continue even today, despite safeguards. Persistent evidences of untouchability and social discrimination indicate the violation of the rights of the excluded. During the sixteen-year period between 1981 and 2000 a total of 35,7945 cases of civil right violation and atrocities were committed against the SC community. This translates into an average of 22,371 cases of general crimes and atrocities committed against



the SC community during 1981-2000. The break-up of the crimes against dalits for the year 2000 include 486 cases of murder, 3298 cases of infliction of grievous injuries, 260 cases of arson, 1034 cases of rape, and 118664 cases of other offences.

Economic discrimination in and outside the market is also clearly evident. Micro-level studies such as those from Andhra Pradesh and Karnataka provide some evidence on economic discrimination in occupation, wages, access to credit and several other economic spheres. A recent study by ActionAid (2002) revealed that in the labour market, exclusion and discrimination are practised in both hiring and wage payments in a significant number of sample villages. In 36% of the sampled villages (out of 550 villages) the SCs were denied wage employment in agriculture. In 25% of the villages, the SC worker faced discrimination in wage payment. The SC wage labourer thus received daily wages at a rate less than both the market wage rate and the wages paid to non-SC workers. In a sizable number of villages, SCs were forced to carry on their traditional occupations that are considered to be unclean and polluting.

Exclusion from the effective participation in local bodies is also fairly high. In urban areas, Banerjee and Knight observe: "...there is indeed discrimination by caste, particularly job discrimination" and that "...discrimination appears to operate at least in part through traditional mechanism, with untouchables disproportionately represented in poorly-paid dead-end jobs".

How to Include the Excluded?

The Department for International Development (DFID) through its country assistance plan has already taken initiatives to develop strategies to 'include the excluded' - particularly the dalits and adivasis. In this context, it is pertinent to delve on a strategy for promoting inclusive development interventions through the PACS Programme. It is necessary to recognise that in so far as exclusion reduces the access of the excluded to sources of income such as land, capital, human development and social services, it becomes a direct cause of poverty. Therefore, PACS need to address this issue. From a human rights perspective, it limits the freedom of the excluded groups to develop capabilities. Since PACS involve strategies for strengthening the capabilities of the poor to secure entitlements, focusing on the interlinkages between exclusion and poverty is necessary. How can the strategy be made effective is a critical question? A few generic and group specific suggestions can be considered:

(1) Despite close linkages of exclusion and poverty, knowledge about the nature, forms and mechanism of economic discrimination, particularly market discrimination and its impact on poverty is quite limited. Inadequate knowledge has constrained our efforts in developing strategies for interventions against exclusion and discrimination. PACS needs

to promote studies to enlarge the insight on the causal links of exclusion to poverty. Findings of such studies need to be used as inputs while conceiving projects for civil society action under the PACS Programme.

(2) Since a large segment of the poor are dalits, adivasis and other excluded communities, the PACS Programme Strategy needs to adopt measures to proactively include these excluded groups. The specific issue of caste, ethnicity and religion-based exclusion and deprivation remains partially addressed. So there is need to address the issues of "inclusion" in a more direct manner. In this context, it needs to be noted that two issues need special attention. Firstly, there is a tendency of them getting excluded under the overall umbrella of general poor. Secondly, specific problems faced by the excluded groups, such as discrimination in the market, social processes and political systems need to be considered. Forms of exclusions that have poverty aggravating consequences could be considered

explicitly under the PACS Programme. Perhaps, the Programme would benefit from the formation of a core group that actively monitors trends and issues relating to the interface of exclusion and poverty, and feeds into the Programme.

(3) NGOs working on issues of discrimination and exclusion need to take a holistic picture of discrimination and exclusion. Access to markets, be it the

markets for agricultural land, products, capital, labour or retail, is critical. Discriminatory access to basic social services like water, electricity, housing and other amenities need to be targeted through awareness and advocacy initiatives.

(5) There is perhaps a need to increase the participation of the NGOs run or headed by dalit, adivasi and minority groups. Such affirmative steps could serve the purpose of PACS in numerous ways. Firstly, it could bolster the NGO movement among the dalit and adivasi communities, as they generally get excluded from the network of information and resources. Secondly, more exposure to these NGOs would help them build up capacities for leadership, advocacy and activism, among such communities. Lastly, direct involvement of these discriminated groups in carrying out development interventions could impart 'a sensitivity of original variety' to the Programme.

(6) The participation of members of these groups within the organisational structure of the Programme could further help in bringing in the perspectives and sensitivities of those who suffers from exclusion and discrimination.

"Direct involvement of these discriminated groups in carrying out development interventions could impart 'a sensitivity of original variety' to the PACS Programme"

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Helping the Poor Help Themselves

MICROFINANCE FOR THE POOR

Dr. Monisha Borthakur

Twentieth century witnessed large-scale conscious efforts at social change to improve the quality of life of the disadvantaged. The concept of microfinance emerged from the experiences of these efforts. It was recognised that making financial services available to the poor is a necessary, though not sufficient, condition for improving the quality of their life. However, it was also observed that in spite of a large established network of financial outlets, a sizeable majority of the disadvantaged had no access to formal financial systems. Therefore, development thinkers in different parts of the world made efforts to make financial services, including savings and credit, available to the disadvantaged.

Poverty reduction involves the transfer to and building up of essential human, social, and physical capital for the poor. Microfinance has attracted considerable attention as a suitable intervention given its potential to increase the physical capital of the poor while simultaneously building human and social capital.

Some innovative efforts in India and Bangladesh demonstrated that it was possible to extend financial services to the poor, if:

- Banking is made easy for them, with simplified procedures
- Transaction costs are reduced for both the borrower and the lender
- The person is financed, not the project
- Peers in the community are involved in appraisal and follow-ups
- Repayments are designed to fit the cash-flows of the borrower
- Small sums are collected at regular intervals instead of lump-sum payments

Developing New Approaches by Banks and Insurance Companies¹

Banks have had a positive experience of lending to Microfinance Institutions (MFIs), where transaction costs are lower when compared to lending to Self Help

Groups (SHGs). Repayment rates too are 98 percent and above. Given this, new private sector banks, notably ICICI Bank, UTI Bank and HDFC Bank are actively seeking exposure in the microfinance segment. While this is small in terms of amount to make a difference to their overall portfolio, these new banks are pursuing microfinance with a refreshing approach – as a potential business and not merely as a social or priority sector lending obligation.

Over one million SHGs across the country form the perfect conduit to the poor for the financial services that the public and private sector financial institutions have to offer. These SHGs, run mostly by women in rural and semi-urban areas, have become the 'potential customers' of the banking sector which has been increasing its exposure to them. This is in stark contrast to its reluctant disposition towards small businessmen, particularly in cities. Even more interesting is that many consortia of institutions (e.g. under Andhra Pradesh State Bankers Committee), have decided to up the quantum of funds for rural SHGs, given the tremendous response.



ICICI Bank is actively exploring portfolio securitisation of the micro-loan portfolios of some of the high performing MFIs, thereby reducing the need of MFIs to have increasing levels of equity or risk capital as their portfolios grow. ICICI bank is also experimenting with using MFIs as management and collection agents, where the loans remain on the books of the Bank, while all the operations with customers are handled by an authorised MFI. The Bank has launched a pilot effort for this jointly with Cashpor Micro Credit in the Chandauli district of Uttar Pradesh.

At the national level there are 444 MFIs (44 commercial banks, 191 regional rural banks and 209 cooperatives) serving over 7.8 million households through 17,085 branches. This would make it the largest micro financing movement in the world². However, distribution of these services is not even, as a majority of these institutions are in South India.

Supportive Regulatory Environment

The Government of India has taken several steps to create a supportive regulatory environment and sustain the momentum of growth within the sector. To encourage foreign participation in microfinance projects, foreign direct investment (FDI) was allowed in micro and rural credit in 2001. Micro-credit has been a thrust area with Reserve Bank of India (RBI) though the vehicles of credit extension have been evolving over a period of time. RBI's initiatives indicate that it places a high importance to a supportive regulatory environment. It recognises that it is imperative to promote linkage and integration of micro-credit

providers with the formal financial system so that a continuum of institutions providing microfinance can flourish.

As the apex-level facilitator, RBI's effort has always been to create an environment that enables micro-credit providers to evolve into institutions capable of achieving wider outreach and critical mass in operations. The regulatory environment has, therefore, been reviewed from time to time to make it easier for these micro-credit providers to pursue a process of institutional development.³ The MFIs will benefit substantially by the streamlining of an appropriate legal and regulatory structure for them.

In January 2000, RBI allowed banks to lend to MFIs and treat them as part of priority sector lending. A number of banks used this opportunity to lend to MFIs, mainly Non-Governmental Organisations (NGOs). As a result they have not only established friendly partnerships with a number of NGOs and MFIs, but have also innovated a number of products and approaches. For example, all the banks offer lines of credit in addition to term loans. However, the need for a Graduated Legal and Regulatory Structure for Microfinance cannot be denied, given the fact that most MFIs are NGOs.

How can PACS help?

As the PACS Programme completes three years of implementation, the Programme Management Consultants are indeed focusing their attention on the sustainability of interventions aimed at empowering the poor to realise their entitlements. The Programme recognises that to contribute to the Millennium Development Goal (MDG) of halving the population living in abject poverty by 2015, the short term vulnerability of the poor also needs to be addressed.

To date, PACS is committed to funding around 90 projects with various thematic foci in the 108 target districts across six states. Since clear thematic foci and stringent appraisal norms exist, the Programme funds CSOs to undertake only specific kind of activities that are conceived within a capacity building or advocacy framework. Service delivery and micro-credit activities are not directly supported, as

the Programme primary thrust is empowering the poor to 'demand' such services from the state and the market. Hence the focus of the Programme is primarily on the demand side and not on the supply side.

Notwithstanding this clear approach of PACS, there have been continuous submissions from the CSOs that to meet the immediate basic needs of the poor households it is essential for PACS to lend some support to self-help initiatives and income generation activities. Such support is viewed as being critical to both the immediate reception of the poor to the project interventions and long term sustainability. CSO partners have been encouraged to link up with the banks, financial institutions and government programmes to meet these needs. At the same time, PACS has considered fund allocation to some extent in the form of seed money to initiate income generation activities to meet their immediate basic needs. Such support could add value to the long term efficacy of the PACS supported projects by fostering the development of



SHGs and leveraging credit to enhance the scale of impact.

Given the experience of three years of implementation, a new strategy that seeks to build alliances with financial institutions for efficient rural financial intermediation in sustainable income generation and poverty reduction, could be considered. That is, rather than undertaking microfinance interventions directly, the Programme could spawn a series of collaborative ventures with existing MFIs to

cover the target districts. This would reduce the risk to the Programme and ensure that risk is borne by those institutions familiar with microfinance operations.

Opportunities therefore exist to bring MFIs, commercial banks and insurance companies who have rural micro-credit as an area of focus into the fold to promote and

support SHGs. Strategic tie-ups with rural livelihood promotion institutions such as BASIX and BAIF could also be considered to enhance multiplier impacts. Such collaborative alliance can pool resources and skills for greater impact and attract donors and strategic partners

“Microfinance has attracted considerable attention as a suitable poverty reduction strategy given its potential to increase the physical capital of the poor while simultaneously building human and social capital”



for long term support. Besides, creating such a large network of people, community-based organisations and financial institutions will enhance collective strength for bargaining, policy dialogue and advocacy.

Developing networks between the poor and a host of diverse institutions is not easy. Fundamental to the existence of sustainable networks would be a clear definition of common interest or purpose. It is important to clarify the interests and expectations of each stakeholder and identify common grounds on which the network could be based. It should start with the sharing of information and clarification of roles, competencies and challenges of each group.

“As an allocation of resources, building institutional capacity is a more pertinent role for PACS than directly providing resources for microfinance activities”

The extensive network of CSOs and SHGs that the PACS Programme already has in place in some of the remotest parts of the country provides a ready platform for leveraging microfinance and livelihood support activities. To begin with, the PACS CSO partners form a body of organisations whose credibility, competence and track record has been appraised with great scrutiny. The Programme also supports capacity building initiatives of SHGs to handle microfinance and income generation activities and for developing the skills within communities to manage sustainable livelihood initiatives. Building the institutional capacity of the organisations is a prime focus of the Programme. As

an allocation of resources, this is a more pertinent role for PACS than directly providing resources for microfinance activities.

The support that PACS extends to project partners covers basic administrative costs and hence lowers transaction costs for MFIs who seek to build alliances with them. The extensive interactions that the Programme stakeholders have with the communities should put the programme in a position to facilitate a working relationship between MFIs and communities.

The thrust of such a strategy does not lie in trying to keep credit cheap, but in opening up broad access to financial services for new and hitherto neglected people in PACS districts. The PACS network could open up access to credit to the poor in regions hitherto unexplored by the MFIs. Such a strategy will recognise the potential of the poor to save and pay back loans at market rates. It will also take cognisance of the discrimination that poor women suffer with regard to access to traditional banks.

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Disability and Poverty

FOCUSSING ON DISABILITY THROUGH THE PACS PROGRAMME

Sakina Mushtaq

Disability is challenging for anyone, but when disability is paired with poverty, it becomes significantly more difficult to cope. The connection between disability and poverty is well established. Either one may cause the other, or their presence in combination has the capacity to destroy the lives of people with impairments and to impose on their families' burdens that are too crushing to bear.

Disabled people are approximately 5-6% of our population and majority of them are living in chronic poverty. Disabled people are amongst the poorest of the poor in all parts of the country. The disability rate among households below the poverty line has been going up year after year, while disability rates have remained relatively flat for households at or above the poverty line. Whilst there has recently been a shift by some NGOs, donors, and governments towards considering the issues of disability, disabled people in many parts of the country, have seen little change in terms of concrete action.

The programmes for poverty reduction sometimes focus on those who are the easiest to bring out of poverty, which may exclude disabled people, whose needs are slightly complex.

A strategy based on economic growth and trade will not be beneficial to disabled people who, through discriminatory processes, are largely excluded from the labour market. If current strategies are continued, then it is highly unlikely that any of the targets vis-à-vis disabled people will be met. Disabled people would then become even more marginalised.

While the government has introduced many initiatives encouraging parents to return to work to help alleviate child poverty, the needs of families with disabled children have been

largely ignored. The parents of disabled children are much less likely to be in full-time work than parents of non-disabled children. They often find it difficult to work overtime or to take time off to care for their child due to inflexible employment practices and a 'long hours' work culture.

On an average, it costs three times more to raise a child with a severe impairment as compared to non-disabled child. Medical care, transport, toiletries, bedding and dietary requirements account for major additional expenditures. Quite often, families of disabled children are forced to go into debt to meet their disabled child's basic needs.

Including the Disabled in Development – A Message for PACS

It is quite clear that poverty alleviation programmes cannot achieve their goal without taking into consideration the needs of persons with disability. In order to do that, ensuring the inclusion of disabled people in the planning and implementation of poverty

alleviation strategies is of prime importance in programmes such as PACS.

Disabled people have the same right as non-disabled people to education, health care, employment and social activities. They also have the right to physical access to buildings, transportation and other public facilities. One of the areas of immediate

intervention, therefore, would be to address the access issue, which will enable disabled people to come out of their homes to participate in community activities.

In India, official developmental programmes and schemes have not reached the disabled people. Lower birth weight, poor nutritional status, higher illiteracy, lower inoculation and immunisation coverage, higher unemployment and underemployment rates, and lower occupational mobility amongst disabled people are some of

the indicators of the systemic failure. Increased effort is needed, not only in strengthening prevention measures such as promoting maternal and child health care, primary health care and immunisation programmes, but also in making information on prevention, treatment, and rehabilitation more widely available. Much of the literature on policies for disabled people focuses on the



“Disabled people are approximately 5-6% of our population and majority of them are living in chronic poverty”

inadequacy of existing income support programmes; however the core issue is that most of them do not even having access to primary education. There is an urgent need for emphasis on integrating disabled people in mainstream education system, whether formal or informal.

Integrated development programmes like PACS should be mindful of using the right strategy for the development of disabled people in the community. It should not be through exclusion, segregation and patronising welfare programmes (the charity mode); or, through attempts to "cure" the individual disabled person (the medical mode); or, more commonly, a mixture of the two. Rather, it should recognise the barriers that the disabled face (social mode) and that the disabled have equal rights.

The disabled in rural areas are the poorest among the poor; yet they have not benefited from the mainstream rural poverty alleviation programmes. Disabled people should be recognised as productive citizens who are capable of work as anybody else, if given the opportunity and supportive environment.

The Disability Act of 1995 mandates 3 % reservation in all poverty alleviation programmes. However, its implementation leaves much to be desired. Greater awareness amongst disabled people and support in accessing these employment schemes will go a long way in bringing disabled people and their families out of poverty.

Women with disabilities have double disadvantage. The situation becomes worse when it is coupled with poverty. It is therefore important for any programme to make a proactive effort to get disabled women into the mainstream development process.

Whilst the exclusion and discrimination faced by disabled people bears many similarities to racism and sexism, there is a fundamental difference. There is an element of reduced capabilities for people with some forms of impairments. This is sometimes used as a justification for exclusion. To make inclusion meaningful, all employees need to be trained on disability issues.

Disabled individuals may have specific requirements that need to be met before full participation is possible. Disabled people may become involved in an organisation without being able to participate fully. Such token involvement does little to reduce the marginalisation experienced by disabled people. This can then lead to confirmation of preconceptions about disabled peoples' lack of abilities. Community workers of civil society organisations (CSOs) supported by the PACS Programme could use already established rapport within the areas they operate in to bring about change in attitudes, such as ignorance, fear and prejudice towards disabled people. Although changing attitudes

is a long-term process, people can be made part of the change process, if it can be demonstrated that the change will endow advantages to them, their families and community. By sharing information and experiences with people through workshops and meetings, communities gain knowledge and understanding of disability and impairment and recognise the value of including disabled people in community life. Networking with disability organisations already working in these areas could help in providing knowledge and skills to get disabled people involved in the process.

Organisations working under the PACS Programme could also try to promote self-help groups of disabled people and make disabled people a part of other self-help groups in the community. In order to tackle the chronic poverty and exclusion experienced by disabled people, action is needed on several fronts. The existing policies and schemes need to be effectively implemented while information about The Disability Act 1995 should be disseminated. Disability needs to become an integral part of the National, State and local level policies. Policies to promote greater participation, representation

and involvement of disabled people in decision-making need to be lobbied for, at all levels—from Panchayat to Parliament.

Sakina Mushtaq

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Historic Achievement for the Disability Movement

- Wooden ramps were made available in as many polling booths as possible to improve access for the wheelchair-bound, in the recently concluded General Elections in India.
- The Supreme Court has ordered that in all future elections, starting from September 2004 the names of the candidates should be printed in Braille on the Electronic Voting Machines.

This victory for the disability movement came through the efforts of Shri. Javed Abidi (Executive Director, NCPEDP), who launched a fast-unto-death agitation to secure participation with dignity for the disabled in the democratic process.

Panchayati Raj

LOCAL SELF-GOVERNMENT IN THE PACS PROGRAMME STATES

Dr. George Mathew

The local bodies in India— Panchayats and Municipalities – came under Part IX of the Constitution after 43 years of India becoming a Republic. The 73rd and 74th Constitutional Amendments have made the panchayats and municipalities, institutions of self-government. Ever since 1994, when the State Governments began implementing it through their conformity Acts, a fresh thinking and considerable debate on local governance has been generated throughout the country, especially in rural India where more than 70% of our people live.

The Radical Change

With the 73rd and 74th Amendments, a third tier of governance, with a wide democratic base has come into existence in the country. For the Panchayati Raj institutions to function as institutions of self-

government, the essential pre-requisites are: (a) clearly demarcated areas of jurisdiction; (b) adequate power and authority commensurate with responsibilities; (c) necessary human and financial resources to manage their affairs; and (d) functional autonomy within the federal structure. Since the constitutional amendment opens possibilities for fulfilling these conditions the new panchayats can be seen as “third tier” of government.

In the Parliament, States and Union Territories Assemblies, we elect only 4,965 members. However, today every five years about thirty two lakhs people’s representatives are being elected by this democratic process. Out of this, more than ten lakhs are women. Through this process a large number of excluded groups and communities are now included in the decision-making bodies.

Panchayats (Extension to the Scheduled Areas) Act, 1996

Tribals in India constitute 8.08 per cent of the population (1991 Census). The Parliament extended the 73rd Amendment Act to the Fifth Schedule Areas on December 24, 1996 by the provisions of the

Table 1
State-wise Number of Panchayati Raj Institutions in Three Tiers (as on 02.09.2003)

States	BIH	CHH	JHAR	M.P.	MAHA	U.P.
No. of GP	8471	9139	3746	22029	28553	52028
Gram Panchayat(GP)- No. Elected Representatives						
General	96513	56481	*	119313	118996	293868
SC	18650	15532	*	32585	26824	83443
ST	866	52198	*	56458	31826	207
Women	40553	41913	*	106491	77548	230865
Total	116029	124211	*	314847	232644	608383
<i>Number of Intermediate Panchayats</i>	531	146	211	313	349	809
No. of Elected Representatives in I.P.						
General	9661	1259	*	2476	1902	25530
SC	1859	318	*	682	447	7743
ST	91	1062	*	1139	528	17
Women	4065	906	*	2159	1407	18580
Total	11611	2639	*	6456	3902	51670
<i>Number of District Panchayats</i>	38	16	22	45	33	70
No. of Elected Representatives in DPs						
General	966	152	*	286	931	1025
SC	187	30	*	78	225	313
ST	9	112	*	122	267	0
Women	410	95	*	248	658	788
Total	1162	274	*	734	1951	2126

* Elections to the Local Bodies are yet to be held

Source : Institute of Social Sciences

Panchayats (Extension to the Scheduled Areas) Act 1996. All states, except Bihar and Rajasthan, amended their acts within the stipulated period. The Extension Act for the tribal areas is notable for the vast powers given to the Gram Sabha (the assembly of all voters residing in a village). The Government and people's organisations are yet to make a concerted effort to make local government in the Fifth Schedule Areas a reality.

Gram Sabha and Social Audit

Through the new Panchayati Raj system, the Gram Sabha has become the basic unit of Indian democracy. The Gram Sabha is an institution to meet, discuss and criticise the development and administrative actions of elected representatives. Today the Gram Sabha and the Panchayats provide the best organs to implement the social audit. Social audit may be defined, as an in-depth scrutiny and analysis, of the working of any public utility from the perspective of the vast majority of people in society. For effective social audit, the Panchayats can set up committees at various levels. The social audit committees are expected to scrutinise costs, estimates, quantity and quality of materials used in works, adherence to norms in selection and so on. A lot of groundwork needs to be done to make the Gram Sabha an effective body of direct democracy.

How have the six states – Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Maharashtra, and Uttar Pradesh in which the PACS programme works fared in the practical implementation of the promises made in the 73rd Constitutional Amendment?

The scale and numbers that we are dealing with in the above states can be judged based on figures given in the following table (Table 1).

Legislation

An act alone cannot bring about a qualitative change in the culture of governance. Nevertheless, a sound act is a necessary condition. The acts have to



equip panchayats with adequate functions and powers in respect of all aspects of governance – regulatory, revenue, developmental, judicial and so on. It should give them a sound structure and resources and build suitable mechanism to ensure their autonomy as well as accountability. From this viewpoint all the six state acts have several deficiencies affecting the emergence of Panchayati Raj as institutions of self-government. The weaknesses range from state governments retaining undue powers, which erode the autonomy of the Panchayati Raj institutions to provisions allowing political interference from MPs and MLAs. The functions of the panchayats are not well delineated and in several cases, Panchayats at different levels have identical functions, which create confusion and even conflict. The Gram Panchayats are too large for effective participation by the people and the limited powers of the Gram Sabha, are some of the other problematic provisions.

The Election Process

All the six states have attempted to postpone elections at one time or another. Bihar takes the prize for delaying elections, where elections were held after a gap of over twenty years, in 2001. Jharkhand is yet to hold its first panchayat elections. The disputes over

Table 2
Political Autonomy

State	Head of VP directly elected	MP and MLAs are members of local bodies?	State government has power to					
			Remove local body		Dissolve of local body		Countermand orders of local body	
			Village	District	Village	District	Village	District
Bihar	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
M.P	Yes	MLAs only	Yes	Yes	Yes	Yes	Yes	Yes
Maharashtra	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Uttar Pradesh	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Chhattisgarh	Yes	MLAs only	Yes	Yes	Yes	Yes	Yes	Yes
Jharkhand	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Source: Based on a table by Shubham Chaudhari in "What difference does a Constitutional Amendment make?" May 2003, (Some corrections and data for Chhattisgarh and Jharkhand has been added by the author)

these delays, usually end up in court through Public Interest Litigation (PILs) filed either by NGOs, as in the case of Bihar or political parties, as in the case of Jharkhand. The last panchayat elections in Uttar Pradesh were also held, only after intervention by the court. Maharashtra and Madhya Pradesh have managed to hold panchayat elections on a regular basis. All the six states have constituted State Election Commissions (SEC) but in case of conflicts of interest, the state government chooses to ignore the SEC as in the case of Jharkhand.

Another area of concern is that the scale of violence is very high in Panchayati Raj elections. So much so that Jharkhand is slated to be the first state in the country to insure the lives of candidates and voters in the forthcoming panchayat elections in view of this fear. The interest and empowerment of the people at the grassroots levels through Panchayati Raj institutions can be rattling to the political parties and hence they try to postpone local government elections.

Representation and Empowerment

The provision for reservation has led to significant changes. Reservation for women, Scheduled Caste and Scheduled Tribes (SC and ST) population is mandatory but reservation for backward classes has been left to the discretion of the states.

Cases of astounding success of women, SC and ST elected representatives are reported on a regular basis, alongside stories of proxy candidates, discrimination, humiliation, and violence faced by these elected representatives. A whole range of cases, which may fall in between are also, reported signifying an ever-increasing base of empowered representatives from the marginalised sections.

State governments, civil society and the judiciary have been providing much needed support and encouragement as these representatives slowly work



at creating a more equitable balance in power relations, breaking barriers in the public sphere established over centuries of suppression. This is being done through gender sensitising programmes in Maharashtra or through flag hoisting ceremonies in Maharashtra and Madhya Pradesh. In Uttar Pradesh women are being encouraged to take on responsibilities themselves by banning their husbands from meetings. An interim support measure adopted by the government in Madhya Pradesh is that the police has been directed to assist SC and ST Sarpanchs and to ensure that they get necessary funds and do not face any pressures from upper castes. This is, in response to the escalating violence being faced by SC and ST representatives in the state, while discharging their duties.

Political Autonomy

In all the six states a serious lapse observed, is the lack of autonomy for panchayats. Lack of freedom and autonomy cripples the local government. Control is exercised in the name of ensuring accountability. Accountability and monitoring mechanisms are needed, but through checks and balance. It should not be attempted by the State patronising, guarding and controlling the local governments.

Table - 3
Status of Devolution of Departments/Subjects with Funds, Functions and Functionaries to Panchayati Raj Institutions – State-wise

State	No. of Departments/Subjects Transferred to Panchayats with			No. of Departments/Subjects yet to be Transferred to Panchayats with		
	Funds	Functions	Functionaries	Funds	Functions	Functionaries
Bihar	-	-	29	29	29	
Jharkhand	-	-	-	29	29	29
Chhattisgarh	10	23	9	19	6	20
Madhya Pradesh	10	23	9	19	6	20
Maharashtra	18	18	18	11	11	11
Uttar Pradesh	12	13	09	17	16	20

Source: Report of the Task Force on Panchayati Raj Institutions (PRIs), Planning Commission, Government of India, December 2001

Here the states have totally ignored the Subsidiarity Principle; (what can be resolved best at a particular level should be resolved at that level and not at a higher level; all that can optimally be done at the lowest level should be resolved at that level; only problems/issues that cannot be resolved should be

functionaries clearly illustrates the slow pace of transfer. State governments make grand announcements as in the case of Bihar and Maharashtra but inevitably, these are not translated into real transfers. These transfers inevitably bring the local bodies in conflict with the bureaucracy. Devolution

Table 4
Status of District Planning Committees

State	Status of Constitution of DPCs
Bihar	37 districts out of 38 districts constituted on ad hoc basis. Chairman ZP is Chairman of DPCs
Chhattisgarh	Constituted. Minister is Chairperson of DPCs
Jharkhand	Panchayat Elections yet to be held
Madhya Pradesh	Yes. District In-charge Ministers are Chairpersons
Maharashtra	Not constituted
Uttar Pradesh	DPCs are not functional

Source: Ministry of Rural Development, Government of India

passed to the higher levels). The level of political autonomy is displayed in Table 2.

Financial and Functional Devolution

Article 243G of the constitutional amendment makes suggestions to the state governments to 'endow' panchayats with power and authority to 'enable them to function as institutions of self-government'. Progress in this area is relatively slow and limited. The status of transfer of subjects along with funds and

status for the six states is shown in Table 3.

Article 243H, authorises states to pass legislation aimed at increasing the financial resources available to rural local bodies by increasing the latter's statutory taxation powers and by providing for grants-in-aid from the state government. For this purpose, the amendment mandates the constitution of a State Finance Commission every five years. Although the State Finance Commissions are charged with advising

Table 5
Devolution Status

Dimensions of Devolution	BI	MP	MA	UP	CH	JH
Political Devolution						
Regular elections	-1	0	1	1	0	-1
Women's representation	-1	1	1	-1	1	-1
Dalit/Adivasi representation	-1	1	1	-1	1	1
Political autonomy	-1	-1	-1	-1	-1	-1
Functional devolution						
Transfer of functions	-1	1	1	0	1	-1
Transfer of functionaries	-1	1	1	1	1	-1
District Planning Committee	-1	0	-1	0	0	-1
Expenditure autonomy	-1	0	0	-1	0	-1
Financial devolution						
Transfer of funds	-1	1	1	1	1	-1
Flow of funds	0	1	0	0	1	0
Share of funds	-1	0	1	-1	0	-1
Crude overall index	-10	5	5	-2	5	-9
Category	Minimal	Modest	Modest	Minimal	Modest	Minimal
Index of decentralisation 11th	Below	Above	Above	Average	Average	Average

Source: Based on a table by Shubham Chaudhari. Op cited

the state governments on the principles which should govern distribution, allocation of funds and taxes to be assigned to panchayats, no state has fully implemented the recommendations of the State finance commissions.

District Planning Committees

The constitution of District Planning Committees which was mandated by 243Z has been fraught with problems and reflects a lack of seriousness on the parts of the states to implement the 73rd CAA in its true spirit. Funds for centrally sponsored schemes are still being channelled through the District Rural Development Agencies and line departments. The rural local bodies are yet to be genuinely involved in the planning process from below. Even when the District Planning Committee has been constituted in Madhya Pradesh, contrary to the spirit of the amendment, it is headed by a state minister rather than the chairperson of the district panchayat. The status of the District Planning Committees is given in Table 4.



Overall Devolution Status

If one were to measure and classify these states according to the basis of their adherence to the 73rd Amendment one finds that only Madhya Pradesh and Maharashtra would belong to the category of 'Modest.' Table 5 shows an analysis of devolution status in the six PACS states.

The Way Forward

None of the six states surveyed has adopted the 73rd Constitutional Amendment in letter and spirit. In brief, it may be stated that these states even today have Gram Sevak (secretary) Raj rather than Panchayati Raj. Panchayats have constitutional rights and duties, but since they are devoid of their funds, functions, functionaries and freedom, in practice they are institutions having a form without content. The roadblocks in their effective functioning are in the form of bureaucrats, politicians, contractors, landlords and other traditional elites.

Civil society organisations need to plan their strategies, with the fundamental aim of bringing about a change of attitude towards Panchayati Raj institutions among people, especially those belonging to the above groups who are still not favourably disposed to decentralisation of power. There is an urgent need to **build a culture of local democracy** which is based on one-person-one-vote and sovereignty of the people.

A consciousness among people about their rights and duties as elected representatives and citizens needs to be developed for effective local governance. This will help to build governance characterised by respect and dignity for Panchayati Raj institutions and for elected

representatives, irrespective of their social status. The ultimate aim should be that Panchayati Raj institutions attain positions in the minds of the people and in their actions so that they command respect, due to them as institutions of local government.

This culture needs to be built up, not by direct confrontation but through education and continuous dialogue. The best strategy is to build a sustainable system for development by **encouraging the utilisation of institutional means** (Panchayati Raj institutions) for redressal of grievances, attainment of rights and also provision of services.

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The Meaning of Civil Society

CIVIL SOCIETY CONCEPTS AND REALITY

Subash Mishra

The encompassing nature of the term 'civil society' provides writers generous ambiguity. Analysts pitch civil society against the market and the government, in the process beatifying it and according it the status of citizens' saviour from the highhandedness of the state or the self-indulgence of the market. Naturally, glamourisation of civil society is accompanied by general disenchantment with the state as well as with the market.

Civil society is about the primacy of the citizen. Knowledge archaeologists dig out the term 'civil society', from Greek intellectual terra firma. However, a more serious and steady usage began with political philosophers like Rousseau, Locke, Tocqueville and Mills. In the contemporary context, a significant statement alluding to civil society – voluntary associations of the citizens – was made by de Tocqueville. Another practitioner who triggered the current usage was Antonio Gramsci.

The term was politically revitalised in the 1970s in Latin America and in the 1980s in East Europe but then moved onto the larger development canvas. Latin Americans – inspired by Che Guevara, who was influenced by Gramsci – and the Polish Solidarity played a significant role in resurrecting civil society and allowing the development planners to nurture it. Civil society is good for development as collective action adds to bargaining power. Thus, if there is no civil society then it needs to be created. Associations need to be formed and sustained for the sake of the larger society. Though civil society is about associations, it is certainly not restricted to regular, daily and routine kind of association. In fact, the sweeping usage includes an array of dissimilar associations.

The origin and existence of civil society in India makes a lively café conversation and also serves as a topic to feed conferences. The 'inclusive' school believes that India always had a robust civil society. Proponents of this school include all types of associations and movements under civil society. They would argue that an achievable cause and some element of voluntary and collective participation are enough to organise civil society.

The social reform movements of the 18th and 19th centuries amply capture civil society action for transforming prevalent social evils like sati, child marriage, untouchability and taboo against widow remarriage. It was during this period that organisations

like Prarthana Samaj, Arya Samaj and Ram Krishna Mission were set up. Besides these durable civil society organisations, there are recent examples of civil society organisations formed for short and sharp action on specific issues. For example, Kashi Sanskrit Raksha Sangharsh Samiti (KSRSS) and the Raksha Sangharsh Samiti (RSS) were formed overnight to target Deepa Mehta's film on widowhood - 'Water' and ensured that the venue of the film shooting was shifted from Varanasi.

Those on the other hand, who conform to what can be called the 'exclusive school' are more pedantic and accept only formalised associations as civil society organisations, therefore bringing in a legal facet to the mores governing civil society. The exclusive school does not accept that the innumerable caste and community associations spread across the country can be classified as civil society. The exclusive school believes in civil society being a distinctively modern phenomenon and argues that the defining character of civil society is defined by its opposition to the state. But it needs to be understood that this school of thought accepts that civil society may be opposed to the state but is not against the state.

Irrespective of the school of thought, civil society is fundamental to bringing order to human existence in the modern democratic world. There is little debate on the fact that society depends on and is about order. However, there are innumerable prescriptions for societal order that keep changing with the times. Bullet and ballot are the most common methods, and possibly two extremes of organising the world. The choice is between free will and coercion and of course an array of possibilities in between. Civil Society is conceptually

opposed to Government, which uses the bullet as well as ballot, and the market, which runs on rational will. In a sense, civil society is neither about coercion (participation is voluntary) nor is based on rational will alone (values play a significant binding as well as governing role).

The Manifestations of Civil Society

Civil society manifests itself in many forms, including almost every variety of association: grassroots organisation, civility expressing organisation, autonomous organisation, private voluntary organisation, and community based organisation, and non-governmental and quasi-non governmental organisation. The only functional caveat being that it should be neither government nor strictly market. UNDP's evaluation of Civic Engagement accords criticality to 'public opinion' organised around a set of institutions with distinctive practices like civility, equality, criticism and respect.

However, the 'third sector' understanding of the civil society also has fragile foundations, as governments



have their own civil society organisations in the form of autonomous bodies, and markets promote corporate foundations. The importance of civil society emanates from its obsessive independence founded on the absence of profit making. If CSOs today are big business, with over a trillion dollar turnover and employing millions, without competing for profit, they have succeeded in establishing their credibility. Once, the most prominent and active CSOs were the trade unions. However, it seems that with an increased welfare orientation of the state and regression of the left movement, the trade unions have lost their lustre. Alternatively, development organisations – NGOs and Voluntary Organisations – are the most visible and dynamic members of the contemporary civil society.

The visibility of CSOs has increased with globalisation and free trade. The Seattle Round of trade talks organised by the World Trade Organisation in 1999, saw some of the most enthusiastic demonstrations by the CSOs. Earlier, in 1992, the CSOs had participated in full force at the Earth Summit at Rio de Janeiro that sought to put sustainable development on the global development agenda. Whether it is trade or environment, the CSO stand is in the interest of the citizens as opposed to that of 'insatiable' markets and 'coercive' governments. In such situations, civil society organisations not only educated the public about the issues at stake but also, and for the first time, asserted their right to sharing responsibility with states for the governance. Similar mobilisation drives by civil society were carried out at the Vienna Human Rights Conference (1993), the Cairo Population and Development Conference (1994), World Summit on Social Development (1995) and the Beijing Women's Conference (1995).

The Indian Scenario

Civil society in its current form is a recent phenomenon in Asia and follows the formation of modern states. Formation of civil society organisations in India dates back to the times of the British Raj. Mahatma Gandhi's *satya agrah* was certainly a civil society action even by this definition. The British themselves had recognised the existence of civil society in India by the Societies Registration Act of 1860, which was to pull the leash of organisations that disregarded the authority of the Raj.

Political analyst Rajni Kothari feels that civil society functions best in rural India. It is in the villages, away from prying and destroying eyes of the techno-managerial urban elite that civil society gets an opportunity to be truly effective. NGOs are closer to the marginal and subjugated people and hence better tuned to the stirrings of the society.

The most systematic of the post-Kantian idealists and the major influence on Karl Marx, Georg Hegel felt that administration of justice constituted an important aspect of civil society. The courts exist to ensure that irrespective of private interests, the abstract right embodied in the law forms the basis of individual and collective action in society. In general terms, it is the responsibility of civil society to ensure that all its members enjoy 'the broader freedom and especially the intellectual benefits of civil society'.

There are a number of judicial actions that have helped strengthen civil society in India. Compressed

Natural Gas (CNG) as the fuel for Delhi public transport vehicles is a case in point. The Best Bakery Case of Baroda, Gujarat, where 14 people were killed by a mob also typifies this relationship of justice and the civil society. On the pleas from an NGO, the National Human Rights Commission (NHRC) asked the Supreme Court to intervene and set right the judgement by the Trial Court, saying that 'fair trial is human rights issue'.

A strong, vibrant, lively civil society is the foundation of modern open democratic polity; NGOs are the very life force of civil society. Civil society when not used as a synonym for society in general is used to refer to that segment of society that interacts with the state, and NGOs are normally quite adept at doing this. NGOs have now become an integral part of Indian social change and transformation. The concept of third sector, although extremely popular, should be looked at with some reservations as from the sociological point of view, it would be absurd to maintain that NGOs do or can fill the entire space in society not occupied by either state or market.

The decline of the state is accompanied by increasing attention towards civil society institutions. Among the social groups and associations of various kinds that are believed to make up civil society, NGOs have become especially prominent in the last two decades. After independence, the state took the initiative with respect to social transformation. Now the expectation is that NGOs will carry forward development work. Be it education or health, providing drinking water, or organising forest management groups or thrift societies for working women, NGOs have been taking the lead. The rise of NGOs is one of the central processes in the sphere of development since the 1980s. There is a greater need to change relationships among NGOs, state agencies, multilateral and bilateral funding institutions and other social groups. Several efforts have been made by the government and international development agencies to support civil society organisations in the poorest districts of India.

Contemporary India has a large and active civil society sector. As India adopted the British system of governance, it is not surprising that the civil society here is modelled along similar lines to the non-profit sector in Britain. It has been estimated that there may be about one million CSOs in India and that about half to two-thirds of these are active. However, the sector is fragmented and poorly documented and there is little by way of a national or regional infrastructure of coordinating organisations to document, support or represent it.

Around 24,000 CSOs were registered until the year 2001, under the Foreign Contributions Act (FCRA), 1976, thus becoming eligible to receive foreign funds. An estimated 100,000 NGOs are involved in development activities and there may be as many as 600,000 active voluntary organisations. Most organisations operate at a state or sub-state (district, block or village) level, and though some cover several, often adjacent, states, only a few operate at national level. The origin of CSOs in India could be traced from either political or religious ideologies. Several existing CSOs desirous of continuing with the ideals of Mahatma Gandhi can be called Gandhians; an offshoot is the followers of Jayaprakash Narayan called JPites or the Gandhian Socialists.

All major religious groups in India have their own organisational mobilisation. Christian organisations, important during the colonial period, still contribute substantially to education, health and development work. Hindu societies and Muslim associations are on the rise too. On smaller scales, there are societies promoted by other religious groupings such as Jains and Parsis. There are also some secular organisations that cover the political spectrum from Marxism to Conservatism.

Civil Society, like any other entity, enterprise or organisation, require resources. As there are finite resources and increasing number of CSOs, the need for making CSOs more efficient is increasingly felt. It is here that NGOs are emphasising their utility. The term NGO gained strength in the 1980s. While religious organisations appeal to sublime senses and thus corner large resources, NGOs work in the rational-legal-value domain and that is the basis of their appeal for resources. NGOs have been classified as 'development' NGOs – those who implement development programmes, 'knowledge' NGOs – those who collect and disseminate knowledge, and finally 'activist' NGOs – those who advocate peacefully or otherwise what they deem right for the people.

The government funds CSOs for development through a number of central and state agencies. Almost all ministries involved with development sector fund CSOs through their schemes. Significant sources of government funding come from Council for Advancement of People's Action and Rural Technology (CAPART), Central Social Welfare Board (CSWB) and Khadi & Village Industries Commission (KVIC). Besides the government and international development agencies, there are several other sources for funds, including Non-Resident Indians (NRIs), corporations (national as well as trans-national) and community contributions. It must be admitted that all these sources are limited and are meant only for some organisations.

There are two main sources of funding for development work, which accounts for 95 per cent of the resources going to development NGOs:

- Government – For each of the five years of the Seventh Five-Year Plan (1985–90), Rs 1 billion was allocated for NGOs, which has gone up to Rs 70 billion for the Tenth Plan period (2002–07). The Eighth Five-Year Plan (1992–97) advocated that government should actively participate in work with NGOs, but made no additional allocation of funds for NGOs. The Ninth Five-Year plan (1997–2002) allocated substantial sums to the voluntary sector, but these were not fully distributed or spent.
- External funding – In 1997-98 the total foreign funding receipts were valued at Rs 2,800 crore (\$6.3 billion), which went up to Rs 4,000 crore, (\$9 billion) in 2000–01. This amount distributed through international funding agencies was nearly half of the support given by the Government of India.

Due to the marked increase in the level of foreign funding in recent years, the gap between government and foreign funding to NGOs has decreased. This situation could change noticeably as Government has announced that it may cease to accept funds from small

foreign donors. However, a realistic assessment is difficult to make as comparable figures are not always available and also there is a gap between allocation and expenditure. Besides, grants and loans are computed separately.

Most development organisations are dependent on aid funding (from one or other or both sources), but there is now plenty of talk about developing sustainable funding strategies and moving into fundraising. Borrowing a leaf out of commercial marketing methods, ActionAid India, a Delhi-based NGO, has launched a donor-loyalty programme 'Karm Mitra' through which it hopes to collect Rs 15 crore by December 2004.

The Tenth Five-Year Plan (2002–07) has advocated liberalisation of the voluntary sector and removal of laws restricting the sector. The tax framework and the foreign receipts regulation framework will be looked at, as would be a new law for NGOs working in development. However, post-September 11, the law is being reviewed as there are new regulations regarding checking of accounts by the Home Ministry (FCRA Department).

Conclusion

India has always been home to associations and movements. In the formal and legal sense, civil society has emerged and grown in India with the British system of governance and democracy. Today, civil society is organising itself in several forms of which NGOs are the most prominent. There has been an increase in the number of CSOs and also in the support for such organisations.

The government has encouraged the CSOs but at the same time wants to regulate their functioning. However, the indispensable role that these organisations play is increasingly being recognised. An indicator of the growing importance of civil society is the setting up of the Joint Facilitation Committee (JFC) by the World Bank that seeks to create a strategic forum for dialogue at the global level—bringing together senior Bank managers and staff with, to begin with, leaders of 14 civil society networks, including faith-based groups, trade unions, foundations and NGOs.

The all encompassing definition of civil society being that it is the space between the government, market and family. Kofi Annan, Secretary General of UN, referring to the dark side of globalisation, mentions that this space is becoming increasingly dangerous and uncivil with increasing crime, right-wing extremist riots, drugs and worst of all, terrorism. It is time that the space is not paved with good intentions alone but with prudence and ethics and is in the best interest of the citizen. After all, didn't Rousseau lament that 'man is born free, and everywhere he is in shackles'? The role of civil society is to not allow the restraints of market and state to limit the natural freedom of humanity. Let there be freedom from fear as well as greed and let us (the state, the market and the civil society) together put the last person first.

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Members of Parliament Local Area Development Scheme

PARLIAMENTARIANS' LARGESSE – Taming the MPLADS

Siba Sankar Mohanty

Highlights of the Report on MPLADS

Basic Features of the Scheme:

- **Members of Parliament Local Area Development Scheme (MPLADS)** was announced in the Parliament on 23rd December 1993, owing to the long-standing demand of the Members of Parliament (MP) that they should be able to recommend developmental works of capital nature in their respective constituencies.
- Initially, a token amount of Rs. 5 Lakhs per MP was released. Later on, the amount stood at Rs. 1 crore per year per MP from 1994-95 to 1997-98. It further increased to Rs. 2 crore in 1998-99 and there has been a demand to increase it to Rs 4 –5 crore per year in recent times.
- Under the scheme, each MP gives a choice of works, to be undertaken in his/her constituency, to the District Heads concerned who get them implemented by following the established procedures laid down in the guidelines for the implementation of MPLADS. The MPs of Rajya Sabha and nominated MPs can recommend works in a wide range of constituencies.
- Implementing agencies can be either Government or Panchayati Raj institutions or any other reputed NGO who is capable of implementing the works satisfactorily.
- At present the Ministry of Statistics and Programme Implementation administers the Scheme at the Centre and Office of the District Collector/DRDA / District Planning Officer at the Constituency level.
- Between 1993 and 2004 a total amount released was Rs. 12077.3 crores, out of which Rs. 9818 crores were spent, with around 81.29 per cent level of utilisation over release. Out of the 6.8 lakh works recommended by the MPs under the scheme, about 4.6 lakh works were completed by July 2002.

Assessment of the Scheme by Different Agencies

- **CAG Report-2001** mentions the low rate of utilisation (around 64 %) of funds under the scheme. Some other major drawbacks of the scheme were, the release of funds is not linked to their end-use, utilisation certificate could be obtained for only 29.78 % of the total works, reporting of inflated and fake expenditure to the Ministry, use of MPLAD funds for inadmissible purposes, tinkering with labour material ratios, appropriation of money meant for labour expenses by obtaining fake muster rolls and large scale evidence of incomplete works.
- Evaluation report of the **Planning Commission** highlighted the overlap of works in certain specific

constituencies or districts by several MPs leading to a regional imbalance as well as overburdening the district administration. Over-emphasis on electoral benefits while recommending works led to a concentration on works like lower quality roads and bridges as the decisions were driven by the motive to lay foundation stones for more works in more locations ignoring the question whether the money sanctioned is sufficient for the work or not. This is not in conformity with the stated objective of the scheme, which is to create durable assets. In some cases, insufficient appropriation in individual projects, lead to funds being supplemented from other sources, in spite of the fact that a large proportion of MPLADS funds are remaining idle with the ministry.

CBGA's Research Findings

Budgetary Provisions

- In order to incorporate the scheme in 1994-95, the Ministry of Rural Development proposed a **massive cut in the budgetary allocation** in items meant for rural development. There has been a reduction up to 21.55 per cent in the case of central employment generation programme (JRY), 5 per cent in employment assurance schemes, 29.25 per cent in total allocations for agricultural marketing, up to 25 per cent for housing and 29.6 per cent for land reforms.
- The inclusion of MPLADS in the plan expenditure as a part of central assistance for state plans is unjustifiable in a sense that the money does not go to the state exchequer but directly to the District Collectors who spend it on the projects recommended by the MPs. The state planning authority does not make any intervention as far as planning of usage of funds are concerned.
- The entire process of allocation of funds for local development through the legislature is strongly criticised as it goes against the spirit of the Constitution, which clearly envisaged separating the executive and the legislative functions. The legislature is supposed to assess the works of the executive and seek accountability, but in case of MPLADS as MPs are directly involved in the process, there is an overlap in the roles and an ambiguity in accountability.
- The budgetary allocation for MPLADS is made under major head number 2553 as revenue expenditure under Special Area Programme of Economic Services. However, the money is strictly for the creation of durable capital assets in the constituencies. This is an anomaly as far as allocation of funds is concerned.

Parliamentary Debates

- In response to the questions raised by MPs on the slow pace of work, the Minister of Statistics and Programme Implementation admitted that these arise due to delay in the release of funds, processing recommendations as well as estimates, issue of technical and administrative sanctions, non-compliance of time frame and acquisition of land.
- The MPs do not keep track of the details of works undertaken in their own constituencies and also the Ministry does not have a convincing mechanism to update the MPs on MPLADS.

Utilisation of Funds

- The members of Lok Sabha (till 2003) had used only 77 per cent of their total entitlement as per the latest information available. Interestingly, around four per cent (23) of the total MPs have actually registered more than 100 per cent utilisation rates. This, of course, is untenable from an accounting point of view.
- Around 48 per cent of total Rajya Sabha MPs have spent on an average, less than 50 per cent total funds released for the works recommended by them. The average utilisation rate over release is only 54 per cent, which is substantially lower than the utilisation rate of the Lok Sabha MPs.
- This confirms that there is an element of electoral politics in the expenditure pattern; a Lok Sabha MP is compelled to spend more than a Rajya Sabha MP as the latter is not directly elected by the people. 31 MPs had not utilised a single rupee from their MPLADS entitlements till March 2003.

(All figures are based on data till July, 2003)

Utilisation of MPLADS Funds Across Different States

- Among Lok Sabha MPs, states like Mizoram and Meghalaya have registered highest utilisation of MPLADS funds whereas states like West Bengal, Jammu and Kashmir and Delhi have lowest utilisation rates.
- Among Rajya Sabha MPs smaller states like Arunachal Pradesh, Mizoram, Haryana, Maghalaya, Manipur and Nagaland have highest utilisation rates whereas comparatively bigger states have lower utilisation rates. Out of all MPs in Rajya Sabha, MPs from Mizoram have registered highest (96 per cent) utilisation rates whereas MPs from Jharkhand have utilised only 49.1 per cent of total cumulative release since 1993.

(All figures are based on data till July, 2003)

Proposed Guidelines for Effective MPLADS

At the Level of Administration

- At the level of administration, some mechanism should be evolved to ensure that all sanctions, financial or administrative are done at one place. This will not only ensure administrative control over accounts but will also lead to speedy implementation of the projects.
- There should be consistency in the provisions, as contradictions will lead to ambiguity in understanding, and also result in mismanagement of the scheme.
- The Ministry should insist on obtaining utilisation certificates for the previous release before releasing the next installment. This could act as an essential check on the flawed financial administration of the scheme and ensure better use of funds released.
- Prompt action should be taken against District Collectors who fail to obtain utilisation certificates, misreport to the Ministry on financial progress of works by inflating expenditures by reckoning the amount released to the implementing agencies as the final expenditures.
- There is no harm if the funds from MPLADS are dovetailed with other schemes if the purpose for

that is genuine. For example, if a particular project meant for calamity preparedness is constructed from MPLADS funds and the salary component of the project can be provided from Calamity Relief Fund or any other scheme.

At the level of Selection of Projects

- No precise machinery is provided under the scheme to gather correct information on different aspects of locally felt needs. A provision for undertaking research on the need of the project and cost calculation should be there for the MP to exercise better judgment on selection of works. The MP must have a list of works to be undertaken with all financial and technical details much before recommending works to the DC.
- Such research should be the information base for all the MPs interested in that district. The money needed for such research should also be provided from MPLADS and some specific proportion; say 0.5 per cent, of the annual entitlement of an MP can be made available to undertake such research in each constituency.
- As mentioned by the Planning Commission, the Panchayati Raj Institutions may also be asked to provide a list of works to be recommended by the MP. With such a list in hand, it would be easier for the MP to prioritise locally felt needs of various groups of people in order of significance.
- Constitution of a research unit at the grassroot level will also help in addressing some of the main problems associated with MPLADS in our sample constituencies.

At the level of Execution and Monitoring of the Scheme

- The provisions should be made flexible to include private contractors in case of need and stringent action should be taken in the event of irregularities. The engagement of private contractors cannot be eliminated completely. But a beneficiary monitoring committee can be constructed to have a check on the misuse of funds so that there will be less scope for corruption.
- As far as possible, the actual execution of the works should be handed over to those committees instead of engaging private contractors.
- The MP should do random and surprise visits to the work places personally while construction is going on. This should be made mandatory as this not only builds pressure on the executing agencies but also provides a forum to the common beneficiaries to express their reservations regarding the work under construction.
- The recommendation of the MPLADS Committee on purchasing a vehicle with the interest accrued from MPLADS funds could be implemented also, in order to facilitate the MPs travel to the sites for monitoring the progress of works recommended by them.
- Once a project is executed, it should be entrusted with the beneficiaries. If the development need is genuine and the number of potential beneficiaries is large enough, the problems of maintenance will be less.

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About PACS

A Partnership Initiative against Poverty

The Poorest Areas Civil Society (PACS) Programme is probably the single largest anti-poverty programme being implemented in India by a network of Civil Society Organisations (CSOs).

Supported by the UK Government's Department for International Development (DFID) and managed by Development Alternatives and PricewaterhouseCoopers (P) Ltd., the PACS Programme focuses on the 108 poorest districts of India. Over 80% of India's poorest districts are located in the states of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra and Uttar Pradesh. These are the states covered by the Programme.

A seven-year programme, PACS has completed three years of implementation. The programme already has a network of 350 CSOs in 74 districts, covering over 12,000 villages in these six states.

Objective: Empowering the Poor

PACS aims to empower the poor so that they can exercise their political, economic, cultural, social and human rights and demand their entitlements. The programme aims to achieve this by strengthening the capacity of CSOs working for the poor in the target districts.

For more information about the programme, contact:



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