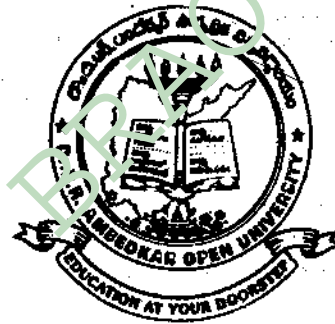


# PUBLIC ADMINISTRATION

## LOCAL ORGANISATIONS & DEVELOPMENT IN INDIA



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## COURSE TEAM

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01-04-29  
31-3-97

### EDITOR

Prof. D. Ravindra Prasad

### WRITERS

Prof. V. S. Prasad

Prof. K. V. Srinivasan

Dr. N. H. Sitarama Sharma

Dr P. Narasaiah

Dr Ch. Balaramulu

Dr I. Ramabrahmam

Sri C Venkataiah

### ASSOCIATE EDITORS

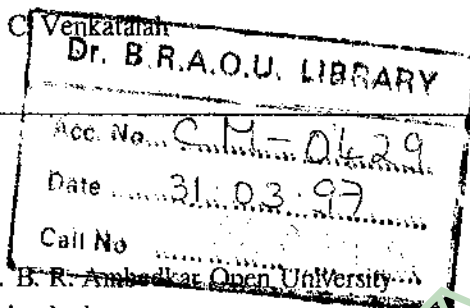
Prof. V. S. Prasad

Dr. P. Narasaiah

Sri C. Venkataiah

### COVER DESIGN

Chandra



Dr. B. R. Ambedkar Open University  
Hyderabad

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This text forms part of an Open University Course. The complete syllabus appears at the end of this text.

Further information on Open University Course may be obtained from the Director (Academic), for Dr. B.R. Ambedkar Open University, Road No. 46, Jubilee Hills, Hyderabad - 500 033.

## COURSE INTRODUCTION

'Local Organizations and Development in India' is a course which focusses on the various issues associated with the functioning of organizations like Panchayat Raj, Banks, Co-operatives and Voluntary Agencies based in local areas. A lively debate has been going on about the role, of Local Organizations in the country's developmental effort. Local units are regarded as vital agencies for carrying out developmental plans in the Third World Countries. The Participation of the people in developmental efforts is regarded as crucial to the success. The modern state has taken upon itself multifarious responsibilities which cannot be discharged through a single centralized structure. Protagonists of decentralisation have repeatedly asserted the need and necessity for delegation of authority to the lower rungs of administration. Indeed, it is the local level organizations which enable people to participate in the programmes of development.

After independence India has chosen the path of planned development. Effective implementation of plans puts a premium on the setting up of a strong net work of local agencies. An attempt is therefore, made in this course to answer such questions as "What are the agencies at the local level?" "What is the machinery needed for bringing about rapid rural development"? How are these agencies functioning"? Have these agencies made any impact? What are the issues that generally emerge in any discussion of local organizations?

This book deals with topics in 'Local Organizations and Development in India' included in the syllabus for the Third Year students of the Undergraduate programme offered by the Andhra Pradesh Open University. The lessons cover the specialized areas of the subject to be studied in the Third year of the Three year degree course. The Syllabus for the sake of convenience is divided into Blocks, each of which comprises a number of units. Each Block covers a specific area of the subject.

The units are prepared by specialists in accordance with a format so designed as to enable the student to read and understand them without much difficulty. Each unit begins with a synopsis followed by its objectives and has at its end assignments intended to test the student's comprehension.

The University hopes that this material will help the student to get acquainted with the principal issues in Local Organizations and Development in India which make for its distinctiveness and significance.

BRAOU

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# **BLOCK - 1**

## **INTRODUCTION**

*This block consists of 3 units (unit 1 to 3). Unit 1 explains the meaning and the changing emphasis of the concept of development and discusses the place of local organisations in development. Unit 2 focusses attention on the important developments in the history of local organisations, their importance and the pattern of local organisations in the third world with particular reference to India. Unit 3 examines the influence of social, economic and political factors on the functioning of the local organisations in India.*

1. 11.11.14

2. 11.11.14

BRAOU

3. 11.11.14

4. 11.11.14

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# UNIT-1 : DEVELOPMENT AND LOCAL ORGANISATIONS

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## Contents

- 1.0. Objectives
- 1.1. Introduction
- 1.2. Meaning of Development
- 1.3. Causes for Underdevelopment
- 1.4. Local Organisations as Agencies of Development
- 1.5. Summing Up
- 1.6. Answers to check your Progress Exercises
- 1.7. Model Examination Questions
- 1.8. Reference Books

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## 1.0. OBJECTIVES

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The aim of this unit is to introduce the main theme of this course i.e., the role of local organisations in the process of development. After reading this unit, you should be able to:

- explain the meaning of development,
- analyse the causes for underdevelopment and,
- describe the role of local organisations in development.

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## 1.1. INTRODUCTION

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The world we live in presents a picture of contrasts. On one side there are countries which are quite prosperous, on the other there are those steeped in object poverty. Illiteracy, absence of proper medical care, lack of proper food, shelter and clothing are seen in several countries of Asia, Africa, the Middle East and the Latin America. Such countries are variously described as 'backward' underdeveloped and developing. How is it that some countries are rich and some poor? The answer to this question is development or lack of it. In this unit we have tried to examine the meaning of development and the role of Local Organisations in the process of development.

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## 1.2. MEANING OF DEVELOPMENT

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Let us first consider the concept of development. Development is generally taken as economic development. Indeed, much of the literature on development has been the work of economists. Notable writers like Adam Smith and J.M. Keynes, though represents different schools of thought, stressed its economic aspects. It was after the second world war that the interest in development became widespread. It was partly stimulated by the wave of political resurgence of the Asian, African and Latin American countries. Countries which emerged from a colonial status to that of independence have taken steps to bring about rapid development, to banish poverty and a host of other social, economic and political ills from which they have been suffering. The advanced countries also have shown a keen interest in the development of underdeveloped countries.

This may partly be due to the fear that the underdeveloped countries may turn Communist. Indeed, they seem to have come to the conclusion that "poverty anywhere is a threat to prosperity everywhere", which explains why they have come forward to aid the economies of underdeveloped countries which suffered at their hands. This has led to a spurt in the studies in 'Development'. The UN's declaration of 1960-70 and 1970-80 as the decades of 'development' and the US President's call for war on poverty in the middle of 60's point to the increasing importance attached to the concept of development.

The student of Public Administration must know how local organization plays an important role in development, since formal and informal institutions are considered to be one of the most important instruments for initiating the process of development and for sustaining its pace.

As mentioned earlier, for a long time development has come to be identified with economic growth alone. A country's development was measured in terms of its Gross National Product (GNP), per capita income, consumption levels etc. Later, the emphasis shifted to real wages. More recently such indicators like PQLI (Physical Quality of Life Index) came into vogue. Thus 'development' considered so essential by the underdeveloped countries has come to be measured using different yardsticks. However the concept of development is much broader. Let us examine some definitions of 'development'.

JN Khosla in his work, '**Development Administration: New Dimensions**' regarded development "as a dynamic process directed towards transforming an entire society, enmeshing together its economic, social, political, and administrative aspects for an all round, balanced upward change.

Mahatma Gandhi has stressed the 'development of man in his entirety, making aware of himself as part of development process, raising the standard of his living and life and giving him freedom not only from foreign domination but also from economic exploitation, economic indebtedness and intellectual servitude'. In broader terms "Development broadly means change in social, economic and political aspects of life resulting in happy human life".

Yet another comprehensive definition emerged at the World Conference on Agrarian Reforms and Rural Development. According to one of the reports of this conference, it is believed that development must be the expansion of the people's consciousness and therefore of power over themselves, environment and society.

Obaidullah Khan in his article, "Participatory Development", defined development as development of man as an individual and as a social being aiming at his liberation and at his fulfilment".

Weidner, an eminent authority on Development Administration, has observed that "Development is never complete, it is relative, more or less of it being possible .... it is a state of mind, a tendency, a direction, rather than a fixed goal, it is rate of change in a particular direction.

A renowned economist and Noble Laureate, Gunnar Myrdal, in his work. **The Asian Drama** considers equality the Central issue in the developmental problems of underdeveloped countries.

Michael P. Todaro in another interesting work, **Economic Development of Third World Countries**, defined development as "a multi dimensional process involving major changes in social structures, popular attitudes and national institutions as well as the acceleration of economic growth, the reduction of inequality and the eradication of absolute poverty". In the next section we shall briefly discuss the causes for underdevelopment.

## CHECK YOUR PROGRESS - EXERCISE NO. 1

1. What do you understand by development.

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2. Give any one definition of development.

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### 1.3. CAUSES FOR UNDERDEVELOPMENT

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Development during the past two decades has come to mean the capacity of a national economy which has more or less been static for a long time to generate and sustain an annual increase in its GNP of the order of 5% to 7%. As pointed out, the 1960's and 1970's were declared by the UN through its resolutions as Development Decades. Thus development was conceived largely in terms of attainment of six per cent annual target growth rate of GNP. Rate of per capita GNP has also been regarded as common economic index. The ability of a country to expand its output at a faster rate than the growth rate of its population is what the per capita GNP trickle down theory and may be attributed to the unchecked growth. In this context it will be relevant to discuss the dependency model propounded by Neo-Marxists. It attributes the existence of Third World underdevelopment primarily to the historical evolution of a highly unequal international capitalist system of rich country-poor country relationships. Whether internationally exploitative or unintentionally neglectful, the co-existence of rich and poor countries in an international system dominated by such unequal power relationships between the Centre and the periphery makes it difficult for poor societies (the periphery) to be self-reliant and independent in their development efforts. Certain groups in developing societies like the land lords, entrepreneurs, merchants, salaried classes and trade union leaders enjoy high incomes, social status and political power. They constitute a small elite ruling class and whether knowingly or unknowingly perpetuate the international capitalist system of inequality and conformity for which they are rewarded. Central issues like poverty, unemployment, and other problems remain unsolved because the international system is dependent on them.

Let us now discuss the major causes of underdevelopment in Third world Countries.

#### Historical Logacy

About 140 countries come under 'Third World' where a majority of people live in poverty. Most of the underdeveloped countries were former colonies of countries like Britain, France and Holland which used them as (1) suppliers of raw materials for their industries and (2) markets for selling the goods manufactured in their own countries. This led to the stagnation of domestic economics of the underdeveloped countries and prevented the growth of local industries.

### **Low Standards of Living**

The per capita income (it is arrived at by dividing the national income of a country by its population: for example, if the national income is 1 lakh rupees and the population is fifty thousand, the per capita income is Rs 2/- per head) is one of the important indices of the standard of living of the people. According to a report published in late 70s, the per capita income of people in USA, UK and Japan was \$ 7900 \$ 4020 \$ and 4900 respectively. The per capita income of India is \$ 150 of Bangladesh \$ 110 and of Sri Lanka \$ 2000. These figures roughly indicate the levels of living in advanced and backward countries. A vast segment of population in the underdeveloped countries lives below the poverty line: Unemployment, illiteracy, malnutrition are rampant which worsen the situation further.

### **Low Rates of Growth**

The rate of growth of the economies of underdeveloped countries is very low compared to that of advanced countries. Our growth rate is five to six times behind. While Japan and the USSR registered 9.4 and 6.4 per cent growth rate between 60s and 70s our growth rates were quite low.

### **Predominance of Agriculture**

Agriculture is the primary occupation for an over-whelming majority of people in most of the underdeveloped countries. Besides agriculture, mining, fishing, and forestry are the sources of livelihood. For example, about 45 per cent of India's national income comes from the agriculture sector, while it is only 2 and 3 per cent respectively in UK and USA. This shows that the advanced countries have a very large industrial sector. The large industrial sector also provides a lot of employment opportunities to them.

### **Low Levels of Productivity**

The productive levels of the agricultural, industrial and other sectors of advanced countries are very high compared to those of under developed countries. The Japanese, for instance, produce about 6 thousand kilograms of rice for hectare of land compared to 1800 kilo grams per hectare in India. There are, of course, several reasons for the low agricultural productivity such as the small size of the holdings, the low fertility of land and the use of the traditional agricultural practices. Most of the production is meant for sustenance which economists call "subsistence farming". The feudal agricultural relations also are responsible to some extent for the low productivity. The landlord takes away a good percentage of the crop towards rent, leaving very little for future investment. Absence of proper irrigation facilities, dependence on erratic rains are the other causes for low agricultural productivity in these backward countries. Owing to restricted opportunities in other sectors of economy a large majority of people depend on agriculture. Thus the man-land ratio is very high in most underdeveloped countries because of the dependence of a large percentage of workers on agriculture.

### **Use of Inferior Technology**

In addition to the heavy dependence on agriculture, the use of obsolete technology tends to render the agricultural sector uneconomic. Because of this the agricultural profile of underdeveloped countries is low and whatever capital is invested in it seems to be wasteful. In contrast, use of the latest farming techniques in advanced countries has led to higher productivity in agriculture. Since there is a shortage of labour in those countries for carrying out agricultural operations, heavy mechanization is resorted to. In countries like India there was shortage of capital but not of labour and so a good combination of capital and labour would lead to higher productivity in agriculture.

### **Low Rate of Capital Formation**

Lack of capital is yet another feature of almost all underdeveloped countries. A combined growth of (a) basic industries (2) heavy industries and (3) infrastructural facilities (rail, road, water, air and other transport facilities) would lead to an increased rate of capital formation.

The per capita consumption of steel in the USA was 528 kgs while it was only 11 in India. This would underline the need for developing the basic and heavy industries in countries like India.

### **Low Rate of Investment**

As the people are poor in underdeveloped countries and as their earnings are marginal, the savings which are essential for capital generation are very low. Underdeveloped countries, economies do not have sources of high investment. Moreover, the general tendency widely noticed in the underdeveloped countries is to invest whatever money there is in gold, immovable property, etc., unlike the people in advanced countries who use it for productive purposes.

### **Export of Primary Products**

One more feature noticed in almost all underdeveloped countries is that they export primary products. For example, India exports iron ore to Japan, Malaya and Thailand export tin, Ceylon and Burma export to other countries tea, coffee, sugar-cane, tobacco, cotton etc. The developed countries import the raw materials from the underdeveloped to feed their industries at cheap rates. Oil exporting countries, however, have started asserting themselves in so far as prices are concerned. Indeed underdeveloped countries, foreign exchange earnings fluctuate affecting their balance of payments position.

### **Other Causes**

The non-economic features include high birth rates, increasing unemployment, inequalities of income and corruption, prevalence of caste, rank and such other social inequalities. In addition to these the societies in these countries suffer from a number of other maladies like 'dualism' wherein a vast majority of people live in poverty while a small minority lead and affluent life. The literacy levels of underdeveloped countries are most disturbing. For example, India's literacy is 35.6% Pakistan 16% while the literacy levels of USA and Japan are 98 per cent respectively.

Thus the factors that prevent the development of the underdeveloped countries are;

- (i) low standard of living, low and stagnant production due to underdevelopment of division of labour and low level of technology;
- (ii) tendency to use surplus production for consumption which is also marked by conspicuous consumption of the upper classes;
- (iii) low rate of capital formation owing to subsistence economy that prevents surplus products from being converted in to accumulated funds;
- (iv) Traditional social structures.
- (v) Thus the features discussed indicate the problems of underdevelopment. Let us examine the role of local organisations in the process of development.

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## **1.4. LOCAL ORGANIZATIONS AS AGENCIES OF DEVELOPMENT**

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The underdeveloped countries have been making efforts to overcome the problems that come in their way to development. Most of the countries have adopted planning as the instrument for bringing development. Professor Ursula Hicks, a noted economist while discussing the problems of underdeveloped countries suggested 'development from below' as one of the ways of bringing about rapid development. The institutional frame-work at the local level, if strengthened, would quicken the rate of development.

One of the solutions repeatedly suggested by planners and policy makers for development of backward countries is the strengthening of grassroot level organisations-panchayats, samithis, co-operatives, municipalities, banks, voluntary agencies, etc. It is held by many that the grass root local organizations like Panchayat Raj institutions would facilitate the quickening of the process

of rural development, since a vast majority of people in Asia (like India) live in rural areas. Provision of amenities to the helpless citizens is the fundamental concern of the government. The local organization plays a crucial role in nation building and national reconstruction. Rural development is central to any discussion on development in the backward countries.

The local organisations constitute an important link in the chain of the delivery system of the Third World, countries. The Cornell University studies of Local Organisations in Asia clearly shows the relevance of local organisations to rapid rural development. Some of the important findings of these studies are as follows:

- (i) Local Organisations facilitate and in many cases are required for the effective use of central resources and sufficient mobilization of local resources.
- (ii) The effectiveness of planning and the efficiency with which available resources can be utilised depend on the involvement of local organisations.
- (iii) Maximizations of resources for rural development entail organised local efforts.
- (iv) As regards the provision of services, the most critical set of activities performed by the institutional infrastructure is to make available the material and services; water for irrigation, fertiliser credit, extension of information, marketing assistance to the farmer. Provision of these services to the farmers requires some form of organisation, be it a government agency, a cooperative, a local council, or private marketing channels.
- (v) An agency at the grassroot level is necessary to get a 'feedback' in order to monitor the effectiveness of policies.
- (vi) Many of the services required by farmers which are channeled and delivered by the additional agencies of the government administration directed to weak and/dispersed clients are impaired by rigidities and political influences which combine to work against the interests of the farmer. Thus the means by which administration is held accountable are important to rural development. The politician and the administrative system may seek to enforce such accountability, but the local organisation can provide one of the critical means for keeping a check on rural administration.
- (vii) The best evolved local organisation is the institution through which the demands of people are anticipated and processed.

### CHECK YOUR PROGRESS - EXERCISE NO. 2

1. What are the causes for low rates of investment in developing countries.

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2. How the local organisations contribute to the development process.

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## 1.5. SUMMING UP

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The former colonial countries of Africa, Asia and Latin America embarked on the reconstruction of their economies and are engaged in the gigantic task of development. Until recently development meant only economic development. But now it stands for comprehensive change in almost all aspects of human life. The U.N. declared the 60's and 70's as decades of development. There is a noticeable increase in the concern of the developed for the underdeveloped countries. Several indicators are in vogue to measure development and there is also a great deal of controversy concerning the strategies of development. There is no agreement on what constitutes development. Some have identified the reasons for backwardness and diagnosed the ills. The underdeveloped countries are faced with several problems like poverty, unemployment, disparities in income and wealth and a host of other economic, and non-economic problems.

These countries have been adopting different strategies to attack the ills afflicting them. One of the solutions for speeding up the process of development is the strengthening of the local organisations at the grassroot level. A number of studies have shown that local organisations can be effective instruments of change, if they are endowed with powers and adequate finances, they not only provide opportunities to people to participate in development but also become effective mobilisers of resources.

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## 1.6. ANSWERS TO CLEAR YOUR PROGRESS EXERCISES

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### Exercise - 1

1. See 1.2
2. See 1.2

### Exercise - 2

1. See 1.3
2. See 1.4

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## 1.7. MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each:

1. Explain the meaning of development.
2. What are the causes for underdevelopment.

### B. Answer the following in about 15 lines each.

1. Explain the role of local organisations in development.
2. What are the hindrances for the development of the underdeveloped countries.

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## 1.8. REFERENCE BOOKS

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2. Milton J Esman : "Politics of development Administration" in John Montgomery and William J. Siffin (Eds), Approaches to Development Politics, Administration and Change, New York, McGraw Hill, 1966.
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4. Sharma S.K. (Ed) : Dynamics of Development : An International Perspective, Vol. I, Concept Publishing Company, Delhi, 1977.

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# UNIT-2: LOCAL ORGANISATIONS : DEVELOPING COUNTRIES EXPERIENCE

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## Contents

- 2.0. Objectives
- 2.1. Introduction
- 2.2. Importance of Developing Countries Experience
- 2.3. Features of Local Organisations in Developing Countries
- 2.4. Desirable Conditions
- 2.5. Summing Up
- 2.6. Answers to Check your progress Exercises
- 2.7. Model Examination Questions
- 2.8. Reference Books

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## 2.0. OBJECTIVES

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After reading this unit you should be able to:

- explain the importance of study of developing countries experience;
- describe the features of local organisations in developing countries; and
- analyse the desirable conditions for the effective functioning of local organisations.

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## 2.1. INTRODUCTION

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Man can learn not only from his experience, but also from other experience. With this assumption, in this unit we shall examine the experiences of developing countries in respect of the role of local organisations in development.

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## 2.2. IMPORTANCE OF DEVELOPING COUNTRIES EXPERIENCE

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Man in his struggle for existence passed through many phases. This continuous struggle for survival enriches the human experience which is useful for building future society. This is what we mean when we say that man has to learn from history. Human life is full of diversity. This diversity is a result of historical development. There are cultural, social, economic and political diversities. In spite of these differences one can learn from the experience of another because both of them are human beings. So the human experience serves as an important input in understanding the process of development.

In this context, the experience of the developing countries is of special relevance to us. Broadly for analytical purposes we regard the countries which are mostly in Asia, Africa and Latin America as developing countries. Even though these countries are having different cultural backgrounds, social systems and political orientations, they have some significant common features which justify their grouping. All these countries suffer from the common heritage of colonial dominance, poverty, unemployment and overall backwardness, traditional social structures, underdeveloped political and administrative institutions etc. These common characteristics make their experiences in development relevant to one another. India as a developing country can richly benefit from the experience of other Third World Countries. The developing countries which were liberated from colonial dominance after the Second World

War made several attempts to develop their countries. They adopted different strategies. Here an attempt is made to examine the experience of these countries in building local organizations for development. The analysis mainly focuses on the experience of the Third World countries in Asia like Pakistan, Bangladesh, Srilanka, China, Taiwan, South Korea, Phillipines, etc., It is mainly an examination of the experience of our neighbours.

Local organisations play an important role in development. Local organizations are such organizations which have some accountability to a local constituency. They represent local interests and offer opportunities to local people to participate in their activities. In Asia these local organizations are of many types. They range from traditional local authorities to modern village councils, from single- purpose cooperatives to multipurpose farmers' associations and complex units of local organizations like the Chinese Communes, etc., The branches of Central Government and State Government agencies operating at the local level are not regarded as local organizations because they are not locally accountable but are controlled and guided by higher levels of Government.

On the working of local organizations there have been many studies which are mainly country specific or area specific. There are only a few studies of comparative nature. In 70s the Rural Development Committee of the Cornell University, America, carried a comprehensive comparative study of local organizations of many Third World countries. They made some generalizations about the experience of all these countries with the local organizations. We shall depend on this study for our discussion of the Asian experience. (Norman T. Uphoff (ed), **Rural Development and Local Organizations in Asia, Vol. 1**).

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### **2.3. FEATURES OF LOCAL ORGANIZATIONS IN DEVELOPING COUNTRIES**

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The broad features of local organizations in developing Asian countries are as follows:

1. All these countries after attaining their independence have attempted to build local organizations. Immediately after independence most of the developing societies tried to emulate the Western models of development, i.e., development associated with the use of modern technology. Soon some of them realised that mere technology development and resource mobilisation may not result in development, in the sense of increasing the quality of life of the common people. They came to recognize the need for actively involving people in the process of development.

As a result the local organizations were developed in many countries. These local organizations differ from country to country. In some countries they are given more powers with responsibilities for development, and effective horizontal and vertical linkages than in others. Based on the nature and the role of these local organizations the countries are divided as more organized and less organized as given below:

<b>More Organized Countries</b>	<b>Less Organized Countries</b>
China	Bangladesh
Egypt	India
Israel	Indonesia
Japan	Malaysia
South Korea	Pakistan
Sri Lanka	Phillippines
Taiwan	Thailand

2. Broadly there are two approaches to the role of local organization in development. One is a paternalistic approach which assumes that the local people are passive and fatalistic, uninterested in the development of their lives and incapable of initiative in making improvements. They are, therefore, thought to be incapable of maintaining local organizations for self-improvement. The implication of this view is that all useful initiatives must come from the above. The consequence is a top-down pattern of development, in which rural people are always the objects or recipients of central ideas, plans schemes and services. Local communities are expected to respond appreciatively and need only do what they are told.

The other is the populist approach. It presumes that the people are vitally interested in change and that they can transform their communities if only politicians and bureaucrats will leave them alone. The people knows best and should not be interfered with. This view implies development from the bottom up and stresses local autonomy. The Cornell studies show that both these approaches are fallacious. The experience of the Third World indicates that on the whole the rural people are considerably more capable and responsive than the paternalistic model of social change suggests, but generally less able to change their lives autonomously than the populist model presumes. The experience signifies the importance of linkages of local organizations- horizontal and vertical with other organizations for their effective functioning. The experience shows that the local institutions which are separated and isolated from other levels are likely to become ineffective in respect of development activities. Local organizations should be seen as systems of institutions performing functions at local level, sharing functions and authority with the other levels of government and organizations.

3. The local organisations in different countries are entrusted with different kinds of functions. Broadly, these are planning and goalsetting; resource mobilisation; provision of services; integration of services; control of administration and making claims.

The local organizations with their knowledge of local problems and potentialities are supposed to be better agencies than others for determining the allocation of limited resources for alternative purposes. They are fitted better than others to adapt the general priorities and policies to suit specific circumstances and needs. The local organizations are also considered to be more effective than others in mobilising the resources human and material -for achieving the determined goals and priorities. They play an important role in providing important services to rural people, especially farmers. The local organizations also ensure administrative accountability. They provide the means for an effective check on local administration. The local institutions are also effective instruments for communicating the demands of different sections of local people. The equitable distribution of claims by various sections of society. These claims can be effectively presented by the local organizations.

4. The achievements of local organizations : The studies of Cornell University find that the achievements of local organizations differ from country to country in the Third World. The more organized countries, i.e., the countries where local organizations are well established, have made significant contributions to different aspects of rural development. From case studies and comparative analysis, they have found a strong empirical basis for concluding that local organization is a necessary if not sufficient condition for accelerated rural development which emphasises improvement in the productivity and welfare of the majority of the people. The more organised countries have accomplished development objectives more successfully than the less organised countries. The studies show that along with technology and resources, local organization play an important role in development. Experience shows that in areas agricultural productivity, improved technologies, welfare programmes, employment generation, asset distribution and participation of people in development, the local organizations have made significant contributions.

## CHECK YOUR PROGRESS - EXERCISE NO. 1

1. State the need for the study of developing countries experience in local organisations.

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2. Explain the populist approach to local organisations.

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### 2.4. DESIRABLE CONDITIONS

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The Cornell University study tried to identify certain desirable features for the successful working of local organizations. These conditions are:

**A. Multi-Level Organizations:** Local organizations probably should be of more than one level. It should be atleast of a two tier pattern, in which the lower tier performs functions in the neighbourhood or a small group level, while the other undertakes the more complex business and activities that require relatively large scale operations. In India the Ashok Mehta Committee in 1978 also recommended a two-tier structure, i.e., Mandal Panchayats and Zilla Parishads. In China the local organization has a three tier structure, i.e., Production Team, Production Brigade and Commune.

**B. Integrated Agency:** A single local organization should probably be vested with several functions to promote their variability and capacity to integrate diverse services. This does not mean that only one agency will be entrusted with all the functions at the local level. There are advantages of having specialised agencies, but too many specialised local organizations produce ineffective and poorly coordinated services. There must an agency with the powers to coordinate the services of various agencies at the local level.

**C. Decentralisation:** The local organizations must be given more decision making powers. The areas of decentralisation should be clearly demarcated keeping in view the demands of technology and the capacity of the local organizations. Experience shows that decentralisation will be more effective if it is qualified. Here the qualifying, condition refers to the integration of decentralised decisions with the national goals and requirements in which proper linkages play a significant role.

**D. Politics:** Politics as a process of competition and conflict among groups for influence and resources must be accepted as unavoidable and legitimate within local organizations. The surfacing and settling of conflicts form one of the leading functions of local institutions, which should be performed within the broad frame-work of the law and community sanctioned norms.

By forging some necessary measures of agreement based on over-reaching values, politics and the attendant strife serve a constructive purpose. It is also to be recognised that factionalism, corruption and patronage can undermine the confidence of rural people in their local institutions and make these organizations incapable of performing developmental tasks. But where conflicts and disagreements are muted, this serves to maintain the status-quo. As has been observed, the best cure for the evils of democracy is usually more of democracy. These findings deserve serious attention in view of the opposition to the participation of political parties in elections to local organizations.

**E. Leadership:** Leadership is the most important factor for establishing and maintaining local organizations. The leaders of local organizations must be controlled both from below and from above in the best interests of the organizations concerned. Leaders should be required to be accountable to their constituencies through elections, participation in local programmes, public meetings and similar activities. They should also be subject to certain determined guidelines and standards enforced by auditing, inspection and other controls. Also attention should be given to the establishing of recruitment procedures and rewards which institutionalise leadership performance.

**F. Distribution of Resources:** The manner of distribution of assets and income plays an important role in the functioning of local organizations. More equitable-though not necessarily equal- distribution of resources appears a necessary, if not sufficient, condition for achieving development. No successful case of development could be found in the absence of effective local organization and reasonably widespread distribution of the ownership of assets. In developing countries where inequalities are increasing local organizations are becoming instruments in the hands of minorities to control the majority.

### CHECK YOUR PROGRESS - EXERCISE NO. 2

1. "Multi-level organizations are necessary to meet challenges in rural development" comment.

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2. Explain the importance of institutional linkages in development.

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### 2.5. SUMMING UP

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The models and structures of local organizations in Third World countries vary widely and they are country specific or even region specific. The discussion of the Third World experience is not to find an ideal model for all the countries. It only aims at finding some general factors which contribute to the effectiveness of local organizations so that the country specific models can be improved by introducing new elements to design more desirable structures.

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## 2.6. ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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### Exercise - 1

1. Sec 2.2
2. Sec 2.3

### Exercise - 2

1. Sec 2.4
2. Sec 2.4

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## 2.7. MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each

1. What are the desirable conditions for the effective functioning of local organisations.
2. Describe the important features of local organisations in developing countries.

### B. Answer the following in about 15 lines each

1. Explain the paternalist approach in to local organisations .
2. Explain the importance of study of developing countries experience in local organizations.

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## 2.8. REFERENCE BOOKS

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*Writer : V.S. Prasad*

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# UNIT-3 : ECOLOGY OF LOCAL ORGANISATIONS

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## Contents

- 3.0. Objectives
- 3.1. Introduction
- 3.2. Meaning of Ecology
- 3.3. Socio-Cultural System and local Organisations
- 3.4. Economic system and Local Organisations
- 3.5. Political System and Local Organisations
- 3.6. Summing Up
- 3.7. Answers to Check Your Progress Exercises
- 3.8. Model Examination Questions
- 3.9. Reference Books

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### 3.0. OBJECTIVES

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After reading this unit you should be able to:

- explain the meaning of ecology; and
- analyse the influence of ecology on local organisations

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### 3.1. INTRODUCTION

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The local organisation function within the social, economic and political milieu. In this unit, after discussing the meaning of ecology, the broad features of Indian social environment and their influence on local organisation are analysed.

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### 3.2. MEANING OF ECOLOGY

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Ecology means the "scientific study of the pattern of relations of plants, animals and people to each other and their surroundings". The environment and man are closely inter-related. In fact man functions always within an ecological setting. He is influenced by the environment and in turn influences it. Therefore, the study of environment to understand social institutions is considered important.

If for the human society as a whole the natural environment is an important determining factor, certain sections of the human society themselves constitute environments to human institutions. There are several human institutions-social, political, religious and economic-which have evolved in society since the beginning of man and society. These of course are only convenient terms to understand and analyse the human society. There may be many other formal and informal institutions.

Every category or type of the above mentioned institutions can be regarded as being influenced by the others. For example, political institutions like the Legislature, Political Parties; Administrative Bodies like Bureaucracy, legal institutions like the Judiciary; economic institutions like the Banks; social institutions like Marriage, Family and Kinship, etc., exist and operate or function within the broad framework of the society and nature. We can say therefore, that these institutions greatly influence and get influenced by the other surrounding human

institutions. Just as physical nature is regarded as the ecological environment, so also social institutions are regarded as constituting the ecological environment in which other institutions operate.

The term, 'Local Organizations', broadly refers to the Panchayat Raj Institutions, Banks, Co-operatives, Voluntary Organizations, Municipalities, etc. The term, 'ecology' in this context means the study of the patterns of relations of these institutions to one another and to the environment in which they function.

The ecological approach to the study of social phenomena was first attempted by John M. Gaus and Robert Dahl in 1947. Gaus stressed the need for relating government function to the environment which included "people, place and technology. Hence the study of Public Administration must include its ecology".

Fred Riggs is considered a strong advocate of the ecological perspective. He has compared administrative process to "a system having an environment with which it interacts and in which it operates .... We can also think of the larger society as system containing administrative institutions as a sub-system".

According to him, "the ecological approach ..... asserts that administrative behaviour is not random - it is an outgrowth of the interaction of cultural traits and values and the administration - in short, that administrative culture is an extension of the greater social culture". Riggs's major emphasis is on the "interaction relationship between administrative sub-system and the political sociocultural and economic sub-systems of the social whole. Without understanding the other sub-systems of the larger social system, one can not understand the administrative sub-system within it".

The points mentioned above testify the importance of ecological approach to the study of administrative institutions.

It will not be possible to make any exhaustive study of the impact of all the ecological factors on the working of institutions. We shall discuss only a few important aspects of it.

We may recall in this context that local organizations, especially local institutions like Panchayat Raj bodies, Co-operative, etc., are intended to fulfil certain purposes like political participation, social development aimed at bringing about changes in the value patterns and economic development. Almost all the local level organizations are supposed to achieve more or less the goals referred to above. For instance, the co-operatives are expected not only to encourage the habit of saving among the people but also to promote the co-operative spirit among them besides contributing their mite to the growth of the economy. But their functioning is conditioned by their environmental setting as also the broader political setting. To some extent these organizations too influence the social environment. Let us now examine how the functioning of Local Organizations is influenced by the social, economic and political systems in a country like India.

### CHECK YOUR PROGRESS - EXERCISE NO. 1

1. What is ecology?

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2. Explain Robert Dahl's views on ecological perspective.

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Robert Dahl put forward three problems concerning the ecological perspective. They are:

1. The generalisation derived from the operation of Public Administration in the environment of one nation cannot be universalised and applied to Public Administration in a different environment.
2. There cannot be universal generalisations about Public Administration without a study of varying national and social characteristics impinging on Public Administration, to determine what aspects of Public Administration, if any, are truly independent of the national and social setting.
3. It follows that the study of Public Administration inevitably must become a much more broadly based discipline resting not on a narrowly defined knowledge of techniques and processes but rather extending to the varying historical, sociological, economic and other conditioning factors that give Public Administration its peculiar stamp in every country.

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### 3.3. SOCIO-CULTURAL SYSTEM AND LOCAL ORGANIZATIONS

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Broadly, the issues in any discussion of local organizations vis-a-vis the social system includes those of religion, caste, family, village-oriented structures and position of women. A multi-religious, multi-racial and multi-cultural and multi-lingual society like India has to contend with problems of compatibility. Followers of almost all the religions of the world are found in India. Buddhists, Jains and Christians. Like wise many races like the Aryans, Dravidians, Mongolians, etc., are found in India. The Britishers had followed the policy of divide and rule which aggravated the problem of compatibility. The setting thus gives us a picture of an unsettled nation. The grass-root institutions which are supposed to be secular are often caught up in communal politics.

Caste is a peculiar feature of the Hindu society. The division of society into groups based on birth affected the national unity. Today, the effect of caste system on the national life has become more pronounced than say, a couple of decades ago. Various agitations launched by progressive minded people to some extent restricted the practice of untouchability. The Constitutional safeguards helped a great deal in securing a better deal to the underprivileged. But the caste system despite several reformist movements is continuing. The local organizations too are affected by inhibiting the participation of people, in the recognition of talent, etc.

Although women constitute half of our population, their representation in various bodies is in no tangible proportion to their numbers. A large section of women are left out of the mainstream of national life. The reservation of seats for women continue to be unattended to despite protestations to the contrary. The grassroot institutions in fact provide ample opportunities to women to participate in the programmes intended for their amelioration. But social norms, values, low level of education combine with the fear of implications of active participation in a male dominated society too restrict their participation. Absence of wide spread participation of people in the process of nation building accounts for poor performance of our country in some fields. The authoritarian and feudal value pattern is still prevalent in rural areas. Fear, euphemistically called respect for authority, is preventing the people from effectively participating in the local bodies. Caste considerations influence the functioning of

the local bodies. The hierarchy consciousness, i.e., that persons belonging to higher castes must be respected and that their word or deed should not be questioned is still so strong in rural areas as to nullify the steps taken to encourage the downtrodden. Ineffective and inadequate participation of lower classes leads to the perpetuation of the domination of the higher classes.

Thus the social and cultural factors are influencing the functioning of the local organizations.

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### **3.4. ECONOMIC SYSTEM AND LOCAL ORGANIZATIONS**

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Predominantly agrarian and rural in character, the Indian economy is riddled with many problems created by the colonial rule. The majority of people in the rural areas are landless labourers. Efforts at rapid industrialisation, though it has had an appreciable effect on the general economy, have yet to benefit a good number of people in the rural areas. A considerably high percentage of people live below the poverty line.

The pattern of land holding reveals that the majority of people live on small holdings while a small number of people possess large land holdings. Land reforms, Tenancy Acts, Ceiling Laws etc, have not radically altered the situation on account of vexatious litigation and cumbersome procedures to secure justice. The local organizations clearly reflect these economic features. The middle and higher income groups have been monopolising almost all the leadership levels in the local bodies. There is ofcourse, reservation of seats for the weaker sections. But 'rule by proxy' is the order of the day. Attempts at liberating the deprived sections from the clutches of the entrenched are undermined by the vested interests.

The majority of people being poor, ability to participate actively in the functioning of the local bodies is severely curtailed by these economic factors.

Moreover, preoccupation with the carrying on a living is preventing the poor from participating in the affairs of the local bodies. Welfare schemes are formulated for the poor by the rich class as to perpetuate their poverty. Such being the case, the local organizations are, according to an analyst, are unrepresentative. The inequalities in income and wealth are mainly responsible for the division of the society into richer and poorer classes. The unorganized poor are finding it difficult to secure social justice despite constitutional provisions. It is not that the government is not doing anything for bettering the lot of the poor but that the economic problems are persisting. Part of the reason also lies in the dependence of the people on the unequal system. Most of the poor depend on the rich people for their livelihood. Their cultural dependence is continued because of their economic dependence. The owner of the land by virtue of being the employer commands respect and authority. The same section is seen dominating the local bodies. The representatives of the poor have to function along with the landlords. The dependence factor and the necessity to play the role of the representative of the poor lead to conflict which ultimately ends in compromise. Thus the dependence value pattern continues to be a major hurdle to the effective functioning of local bodies.

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### **3.5. POLITICAL SYSTEM AND LOCAL ORGANIZATIONS**

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We have adopted the Westminster model of parliamentary democracy. There are many political parties in our country. But the electorate has been with few exceptions consistently voting one particular party to power at the centre since independence. In fact some observers call this as a one party dominated country. The patronising of one party always leads to some imbalance in the polity and the grassroot bodies are also affected by it.

We have opted for a strong Centre and weak states model. As long as the party which ruled at both the Centre and the States was one and the same the Centre-State controversy did not arise. However, the late Sixties witnessed the emergence of regional parties. A debate is going on now about the sharing of powers between the centre and the states. The centralising tendencies in the polity to a large extent stifled the growth of local organizations. Theoretically, Panchayat

Raj institutions, Co-operatives, regional rural banks, etc. But the political development is largely confined to the creation of institutions. One of the vital features of political development should be the increasing participation of people. But, by and large, the response of the people is poor owing to various constraints.

There are also moves to prevent the effective functioning of local organization for various reasons by certain State Governments. The Panchayati Raj institutions in particular have encountered the problem of excessive control. In Andhra Pradesh the State Government reversed its earlier commitment to decentralisation and gave back the powers and functions of the Chairman of Z.P. to the District Collector for the sake of effective co-ordination. The powers of supersession and dissolution further inhibit the working of local institutions.

The local bodies do not have a place in the Constitution of India. Most of the ills afflicting them can, perhaps, be corrected by Constitutional provisions. That is why elections are not held at regular intervals and release of funds delayed etc. These can to a large extent be solved by strengthening the legal political base of these bodies through "Constitutional remedies". The frequent changes brought about in the structural frame work of these bodies is mainly due to lack of a Constitutional check.

Political observers say that the local organizations manifest almost all negative features of parliamentary politics in India. The role of caste, money and use of even muscle power is seen in the elections to local bodies.

## CHECK YOUR PROGRESS - EXERCISE NO. 2

1. How the caste system effect the working of local organizations.

2. How the poverty effect the working of local organisations.

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### 3.6. SUMMING UP

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Ecology is a study of the natural environment surrounding man. The study of Public Administration should also adopt an ecological approach. A social system consists of many sub-systems. Administration is one of the sub-systems. the Administrative system may not act as an independent variable as it depends on other systems. In fact much of the growth of the administrative system itself will be a consequence of the support that it would receive from other systems that surround it. The administrative sub-system thus function in a larger social system. It influences the other systems and in turn is influenced by it. The local organizations like Panchayat Raj institutions and Co-operatives are part of the Administrative system. They are naturally influenced by the prevalent social, economic and political systems. A proper understanding of the impact of the various systems on local organizations would help us in

appreciating the performance of the local organizations vis-avis their role in development. In other words, the characteristic features of other systems are reflected in the working of local organizations. The ecological approach thus provides a comprehensive approach to the study of setting problems and issues of local organisations.

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### **3.7. ANSWERS TO CHECK YOUR PROGRESS EXERCISES**

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#### **Exercise -1**

1. See 3.2
2. See 3.2

#### **Exercise - 2**

1. see 3.3
2. See 3.4

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### **3.8. MODEL EXAMINATION QUESTIONS**

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#### **A. Answer the following in about 30 lines each**

1. What is meant by ecological perspective
2. Explain the influence of social and economic systems on the working of local organisations

#### **B. Answers the following in about 15 lines each**

1. Explain Robert Dahl's ecological perspective.
2. Explain the influence of political system on the working of local organisations.

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### **3.9. REFERENCE BOOKS**

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*Writer : I. Ramabrahmam.*

BRAOU

## **BLOCK-2**

### **LOCAL ORGANISATIONS FOR RURAL DEVELOPMENT**

This block aims at discussing the various strategies and institutions devised for the development of rural areas. It consists of 10 units (4 to 13). Unit 4 is intended to explain the institutions and agencies which were created as a part of strategies of rural development. Failure of community Development Projects (1952) in ensuring people's participation necessitated the establishment of panchayati Raj bodies in India (1959). Units 5 and 6 focuses attention on the significance, organisation and performance of these institutions. The continuous efforts of state to redeem the agriculturists from the clutches of money lenders and fulfil his economic desires resulted in the cooperative Movement in India (1960). Units 7 and 8 explain to you the organisation and working of cooperatives and its expected role in rural development. Unit 9 and 10 discuss the place of Banks, specially the Regional Rural Banks in rural development. Since independence various special agencies were created for the overall development of rural areas. The adoption of multipronged approach to tackle, effectively the problems of rural development is the reason for the establishment of such agencies. Unit 11 is intended to make you aware of working all these agencies. Unit 12 make enables you to understand the problems associated with the efforts of Governments for rural development, and explains you the need of voluntary sector to perform complementary role to Government in this direction. No doubt the governments have created many agencies and initiated many programmes for the development of rural areas, but how best they function in fulfilling the desired goals depends upon the strong peoples associations. Unit 13 discusses the significance of peoples' organisation for rural development.



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# UNIT-4 : STRATEGIES FOR RURAL DEVELOPMENT

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## Contents

- 4.0. Objectives
- 4.1. Introduction
- 4.2. Types of strategies
  - 4.2.1. Institutional strategies
  - 4.2.2. Special Agency/Programme Strategies
- 4.3. Summing Up
- 4.4. Answers to check your progress
- 4.5. Model Examination Questions
- 4.6. Reference Books

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## 4.0. OBJECTIVES

This unit is intended to explain you the different strategies initiated for rural development in India. At the end of this unit you would be able to:

- recognise the need for strategies
- explain the various strategies for rural development
- identify the need for special agencies
- describe the performance of various strategies

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## 4.1. INTRODUCTION

The study of public policy as an academic activity and as a tendency has become very important in modern times. The state through public policies seeks to intervene effectively in the developmental process. It aims at stimulating production and ensuring distributive justice. For this purpose a number of public policies are formulated. Broadly, public policies can be categorised into two types; one, the comprehensive policies which aim at structural transformation; and two, incremental policies which are evolutionary in character. Policies like those related to land reforms, ceiling on property and wealth belong to the former category. Policies like those concerned with reservations, public distribution system and development schemes with subsidy fall into the latter category. These policies are intended to provide immediate relief without affecting the basic socio-economic structure. The modern state formulates both types of policies which cover a wide segment of the socio-economic structure.

In the recent past the major concern of public policies, especially those in the developing countries, has been the removal of poverty. The positive role of the State has come to be looked upon mainly as one of providing relief to the disadvantaged groups. In fact, the qualitative difference between a Police State and a Welfare State is that while the former believes in managing the society through its coercive methods, the latter considers the improvement of the living conditions of the poor as a legitimate justification for its existence. The state's participation in the production and distribution process may make it appear as a socialist State. Involved in the dynamic process of change, the State may itself become a rapidly changing institution. It has to plan the utilization of its resources for community to secure the fullest rights to workers

in every type of economic organisation. And above all, it has to create a society, which is free from poverty and injustice. The test of all public policies is the interest and welfare of the poor.

Rural development is one of the main concerns of the planning strategy in India since 1951-52. During this period the content and emphasis placed on rural development seem to have undergone changes on account of the strategies adopted to meet the changing requirements. An attempt is made here to discuss the various strategies of rural development.

### **CHECK YOUR PROGRESS - EXERCISE NO. 1**

1. Explain the difference between a police state and a welfare state.

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### **4.2. TYPES OF STRATEGIES**

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To achieve the targets of rural development various strategies have been followed by the government of India. For the sake of discussion we can categorise these strategies into two types. They are: (1) The Institutional strategy, and (2) Special Agency/Programme Strategy. Let us discuss these strategies in some detail.

#### **4.2.1. The Institutional Strategy**

The important institutional innovations that will be discussed under this strategy include community Development projects (1952), National Extension services (1953) and panchayati Raj institutions.

##### **(i) Community Development Programme**

According to a report of the United Nations, the term, 'Community Development' has come to mean the process by which the efforts of the people themselves are united with those of governmental authorities to improve the economic conditions of different communities and to integrate them so as to enable them to contribute fully to the development of the country as a whole. The community development programme is thus directed to the upliftment of the poor in rural areas. In this the government and the people are expected to work together.

India, perhaps, was the first country to adopt community development as an extension method and the first to focus on her great mass of illiterate, poverty-ridden villages as a development resource. This was done because no plan could succeed unless the millions of small farmers in the country accepted its objectives, regarded it as their own and were prepared to make sacrifices necessary for implementing it. It was thought that Community Development Movement would be able to achieve this objective.

On the basis of the recommendations of **Grow More Food Enquiry Committee**, the Community Development Programme was started in October 1952 on an experimental basis. The Community Development Blocks were constituted as Primary units for the implementation of a large number of developmental programmes. The village Level Worker (VLW) was deemed to be the agent of change as also a technical consultant on all aspects of rural development.

Keeping in view the limitation of resources, another scheme called National Extension Service was created in the year 1953. The aims and objects of Community Projects and National Extension Service Units were based on identical considerations. The only difference was that a higher level of development was attempted under the community project through large allocations of funds. Thus these two programmes were started for the purpose of multi-dimensional development.

The major thrust of these programmes was on agricultural growth, creating of employment opportunities and raising the standard of living. But it was felt that the programme was too diffused and that the scarce resources were too widely dispersed to make any significant impact on the situation. Absence of appropriate technology has continued to be the bane of agricultural production in India. Further, the failure of the officials to secure the participation of people has been yet another factor impeding the community development. This is traceable to inadequate understanding of the role, which voluntary local groups have to play in this regard. It is also observed that the masses have little or no interest in participating in the programme and making it a peoples' programme.

The Balwantrai Mehta Committee, which went into the working of the Community Development Programme drew attention to the failure to evoke local initiative. It felt that these bodies had not given any indication of durable strength or the leadership necessary to motivate the people for continuing these efforts aimed at improving the economic and social conditions in rural India. Therefore, the Committee felt that "so long as one did not discover or create representative institutions which would supply the local initiative, supervision and care necessary, one would never be able to evoke local interest and excite local initiative in the field of development". The Committee advocated a three-tier system with the Samithi as a basic unit at the middle level, panchayat at the village level and Zilla Parishad as an apex body at the district level. Further, it recommended that these bodies should be statutory and elective and that they should be charged with comprehensive duties and functions equipped with necessary executive machinery and adequate resources. The Committee cautioned that they should not be cramped by too much of control by the Government or its agencies. They must have the power to make mistakes and to learn from them.

#### (ii) Panchayati Raj

On the recommendations of the Balwantrai Mehta Committee the Panchayati Raj institutions were established in the year 1959. Rajasthan followed by Andhra Pradesh were the first among the States in our country to introduce Panchayati Raj institutions.

The introduction of Panchayati Raj institutions with representative character and having a provision for the people's participation in the decision making process has been described as a veritable revolution in the grassroot administrative structure. The principal objectives of Panchayati Raj as given in the Third plan are:

(i) Increasing agricultural production (ii) Development of rural industries (iii) Fostering co-operative institutions (iv) Full utilisation of local manpower and other resources and optimum utilisation of physical and financial resources; (v) Assisting the economically weaker sections of the village community; (vi) Progressive dispersal of authority and initiative with special emphasis on the role of voluntary organisations; and (vii) Fostering cohesion and encouraging the spirit of self-help within the community.

These institutions have been in existence for nearly three decades in one form or other all over India. Opinions on their performance however differ. While some attribute all the ills in the rural areas today to the functioning of these bodies, others regard them as institutions which can bring great social revolution. To some it is an utopian dream come true, while to some others it is a panacea for many rural problems or a political unite for generating popular participation. Yet another view is that the emphasis on mass participation is nothing but an exhortation, and it is alleged that these institutions merely encourage local egoisms, immobilise governmental

sovereignty and retard progress. For certain critics, political unrest, food shortage, low economic standards, inefficiency and corruption prevalent in rural areas are all due to Panchayati Raj. As has aptly been described by a well known writer, no institution, political or administrative, of recent times has evoked as much admiration or denunciation as the Panchayati Raj institutions.

Presently, these institutions are in a State of disarray and are operating in a low key. There is a great dissatisfaction with their functioning. Even in the agricultural sector they have not achieved the desired results. Although there is no agreement about the desirability of the continuation or the abandoning of these institutions, the structural changes in the Panchayati Raj contemplated in some states now, may have to be kept in mind before evaluating it as one of the strategies for rural development. Let us now examine the special programmes as strategies intended to bring about rural development.

#### 4.2.2. Special Agency/Programme Strategy

From 1960 onwards some programmes and agencies were started for the development of specific groups and regions. These include IAAP (Intensive Agricultural Area Programme), SFDA (Small Farmers Development Agency), MFDA (Marginal Farmers and Agricultural Labourers Development Agency), IRDP (Integrated Rural Development Programme), NREP (National Rural Employment Programme) TRYSEM (Training Rural youth for self Employment), CADA (Command Area Development Agency), ITDA (Drought prone Area Programme), etc., Since it is not possible to discuss all the Programmes/Agencies mentioned above, a very few important programmes were selected for detailed discussion (Also some important Agencies for rural development are discussed in the Unit 11).

##### (i) Intensive Agricultural Area Programme (1960)

The early sixties saw the employment of a new strategy to increase agricultural Production. It should be remembered that the agricultural development programme was part of the Community Development Programme, National Extension Service and Panchayati Raj. But the efforts to increase food production through the above mentioned programmes had not measured up to the expectations. The situation on the food front grew critical by the 60's. Between 1947 and 1960 about 40.70 million tonnes was imported at a cost of Rs. 17,158 million. In 1961 itself, the food import bill was Rs. 1,930 million. Therefore, stress was on the increasing of the agricultural production in the country. The shift in strategy also came as a result of the recommendations of the First and Second Agricultural Production Teams sponsored by the Ford Foundation. In April 1959 the First Team submitted its report titled "India's Food Crisis and Steps to Meet It". Based on its recommendations a programme known as IADP (Intensive Agricultural District Programme) was introduced in the country in 1960-61 in a few selected districts in which the agricultural production was below the national average.

The experience gained from the Intensive Agricultural District Programme, also referred to as **Package Programme** made the Policy makers introduce another Programme called 'Intensive Agricultural Areas Programme (IAAP) in March, 1964.

The strategy of concentrating efforts in areas of optimum potentialities for agricultural growth was called 'the **New strategy of Agricultural Development**'. The salient features of this New Strategy were : i) Stress on high yielding varieties; ii) Optimum utilization of production in areas with assured irrigation and rainfall through higher inputs; iii) introduction of short duration crops; and iv) effective utilisation of the irrigation potential. This strategy is still in operation.

However, one of the unintended consequences of this new strategy has been the cornering of the benefits by big farmers. No doubt, this strategy led to definite growth in agricultural production but it did not help in achieving the other objectives like social justice. In other words, this strategy accentuated the inequalities in income and wealth in the rural population. The task of rural development thus became much more complex. Added to it, the new technology

with its emphasis on the use of electricity, pumpsets, tractors, rigs, etc., also led to generation of capital into certain pockets of the rural economy, which led to qualitative changes in the mode of production and productivity relations. Consequently, the small and marginal farmers who were unable to mobilise the capital required had to search for other occupations as the new economies of farming had driven them away from their primary occupation. The polarisation of the classes in rural areas eventually led to major structural transformation. It is this consideration that made the policy makers to initiate action through conscious interventionist policies to correct the new imbalances. The government has hitherto viewed the problem of rural development from the community development perspective. The various developments stated above called for target-oriented or individual-oriented programmes. The slogan, 'Garibi Hatao' may be cited as the shift in the strategy of policy makers. We shall now examine some of the strategies aimed at improving the condition of the poor in rural areas.

According to a survey by the Planning Commission, in our country at least 50 per cent of the people are below the poverty line, i.e., getting an income much below the average income. What is most disturbing that the percentage of people below the poverty line had remained unchanged inspite of considerable growth in aggregate national income. The distribution of the additional income on account of the introduction of new agricultural methods/practices was very uneven. The principal beneficiaries are those who owned land and other/productive assets or skilled workers. The percolation of benefits to the poor who did not own any means of production and who were unskilled wage earners had been marginal. This made the strategists realise that to reduce rural poverty it was necessary to endow the poor with productive assets and/or skills so as to enable them to get employed gainfully and earn enough to overcome poverty. The creation of additional employment opportunities was considered essential as it would atleast to some extent provide relief to the people facing seasonal unemployment.

The Fifth Five Year Plan announced the government's determination to eradicate poverty by adopting various strategies. New agencies were created to help the government to implement various developmental programmes such as the Small Farmers Development Agency and the Marginal Farmers Development Agency, the Food for Work programme, the Employment Guarantee Scheme, etc. The Sixth Five Year Plan saw the inauguration of an integrated strategy for rural development. We shall now discuss some of the major strategies adopted during the 80's.

#### ii) Small Farmers Development Agency

By the late 60's (precisely 1968-69) there was a demand for bettering the living conditions of the small farmers. The slow and tardy implementation of land reforms and the worsening condition of the farmers prompted the government to think about an alternative strategy. The Government of India appointed the **All India Rural Credit Review Committee** under the Chairmanship of Sri B. Venkatappiah. The Committee among other things recommended the setting up of a **Small Farmers Development Agency (SFDA)** (herein after referred to as SFDA) and **Marginal Farmers and Agricultural Laburs Development Agency (MFALDA)**. These are regarded as an institutional response to the challenge of rural poverty and as instruments for reducing the disparities in income and wealth in rural areas. A survey of the land holding pattern would reveal that marginal holdings below one acre constitute 51 per cent of about 70 per cent operational holdings; the marginal and small holdings upto two hectares taken together cover 70 per cent of total land holdings in India. Thus a good percentage of land holdings come under small and marginal category. Studies conducted by premier agricultural research institutions show that the size of the holding did not come in the way of stepping up the agricultural production provided, that some material inputs like fertilisers, seeds, easy credit are made available. According to the National Sample Survey 1980, three fourths of farmers possessed land less than 2 hectares and one tenth of the farmers owned more than half of the cultivable land. The ability of the very small land holders to mobilise resources being extremely limited, the government, it was argued, should come in a big way to the rescue of the farmers. The Small Farmers Development Agency was intended to (1) help the government to identify the special problems of the small farmers as producers (2) identify the means by which they

could be helped to make farming economically viable and (3) suggest the arrangements to be made for achieving them. It was stated in one of the reports that the main needs of small farmers were (i) appropriate technology (high yielding varieties-crop pattern), (ii) inputs and (iii) credit.

Initially, 46 SFDA and 41 MFAL projects were started at the beginning of the Fourth Plan. By 1980, there were about 168 SFDA projects spread over 22 states and 3 Union Territories covering 1807 blocks in 200 districts. The SFDA and the MFDA were later merged for operational reasons. The major functions of the agencies as already stated were to formulate programmes for the development of small farmers and devise ways and means for implementing them through the existing institutions and authorities. Thus these agencies were not expected to implement any programmes nor handle the credit on their own. They were expected to function as catalysts for the existing institutions. The organisations were registered as non-profit societies under Societies Registration Act. The District Collector was the Chairman of these bodies. The officials of Central and State Governments were the other members. The major focus of the programmes organised by these agencies include intensive agriculture, crop cultivation, horticulture, use of high-yielding varieties, new cropping patterns, irrigation and land development with supporting marketing and other services. The target number of farmers to be covered was fixed at 50,000 for each five year plan. For the purposes of identification, the small farmer was defined as one with a land holding of 2 hectares of unirrigated land, the marginal farmer as one with one hectare of unirrigated land and agricultural labourers as those who earn 50 per cent of their income through wages. Schemes were also formulated for subsidiary occupations like those of subsidy was introduced for the first time. The Government was to meet 50 per cent of the total cost of a unit (say a poultry form) and the rest would be advanced by a bank.

According to a survey by the Planning Commission, about 168 lakh families were identified for assistance. Thus, a good beginning seemed to have been made. Agriculture received top priority followed by animal husbandry. Commercial Banks had come forward to help in a much bigger way than the co-operatives. Deviations from the norms prescribed by the Government in the selection of beneficiaries were noticed. The percentage of agricultural labourers among the beneficiaries was also low. The better off sections of the societies got more benefit from these programmes than the people for whom they were intended. A near failure to link the programmes under SFDA with those of other agencies is yet another limitation. Policy makers, therefore started searching for another strategy to overcome the problems/gaps noticed in the implementations of the SFDA. Options, however were limited. The drawbacks in the SFDA scheme were sought to be corrected yet another strategy called the IRDP (Integrated Rural Development Programme).

### **(iii) Integrated Rural Development Programme**

The IRDP brought under its umbrella all the programmes undertaken by various agencies like SFDA, MFDA, DPAP, NREP, Desert Development Programmes, etc., in order to avoid overlapping of programmes and facilitate the functional efficiency as well as generate massive developmental activity.

The IRDP envisaged local level planning with an emphasis on optimum utilisation of local resources, skills and potentialities. It was aimed at spatial, functional and sequential integration of the economic as well as other activities. The main thrust was area development. It emphasised distributive justice rather than mere maximization of Gross National Product. On the one hand, the IRDP continued to lay emphasis on increasing the agricultural production and other sectors and on the other underlined the need for improvement in the income of the vulnerable sections of the population. The Sixth Five year Plan stated that the key to the development of rural areas was the increasing of productivity through the promotion of growth with social justice and providing full employment within a ten-year time-frame. The Seventh Plan (1985-90) too laid emphasis on the eradication of rural poverty and unemployment.

The IRDP was launched in 1976-77 in 20 selected districts in the country. In a span of ten years it has spread to about 2,300 blocks in the country. Some of the distinctive features of the IRDP include the following.

- (a) the lowest unit of planning is the household. the per capita income of the household is taken as the criterion for identifying the beneficiaries rather than the land holding as was done earlier, for which a bench mark survey was proposed.
- (b) Assistance is sought to be extended to the Primary, secondary, and tertiary sectors depending on the availability of infrastructure, etc,
- (c) Emphasis on the viability of the economic schemes.
- (d) Systematic and continuous monitoring of the schemes.

The implementation of IRDP envisages the preparation of a 5 year developmental profile or a perspective plan for a developmental block based on the available assets of the block and such aspects as the utilisation of ground and surface water, dairy, animal husbandry, fisheries and village industries. This plan is expected to provide a general profile of the block to identify the sectors which qualify for improvement.

The Five Year perspective plan is expected to ensure the optimum utilisation of local resources and integrate various on-going programmes with the objective of providing economically viable schemes. A thorough survey thus brings out the economic status of the block and also enables the policy planners to know the deficiencies of the infrastructure and the areas specific economic activities to be supported.

Based on the plans prepared, specific economic projects would be formulated keeping in view the location, size of programme, quantum of the credit needed, agencies for providing the support in terms of supply of inputs, technical supervision and guidance, marketing etc, Agencies which possess technical competence for preparing plans like Lead Banks, etc., will also be associated.

Let us examine the performance of the IRDP. The IRDP has been in operation for the past eight or nine years approximately. Several studies were conducted by research institutes, individual scholar as well as Government agencies. A brief review of these would disclose its impact.

It was stated in one of the publications of the Planning Commission that about 15.56 million families including 6.45 million SC/ST families were covered under IRDP during the Sixth Plan period. No doubt, the quantitative side of the achievement is noteworthy. However, considering the magnitude of rural poverty the achievement is not praiseworthy. There are about 216 million or nearly 21 crores of people below the poverty line. As regards the spread of the scheme, out of 6 lakh villages in our country the programme reached nearly 5.86 lakh villages.

Further, the study revealed the following deficiencies in the programme:

1. Inadequate administrative machinery at the State and District levels.
2. Frequent transfers of officials incharge of the programme.
3. Acute shortage of trained personnel for effective implementation of the programme.
4. Deviation from the prescribed norms for the identification of the beneficiaries.
5. Lack of awareness on the part of the people.
6. Delay in sanctioning loans/schemes to the selected beneficiaries

7. Clearance of uneconomic schemes;
8. Diversion of the sanctioned money to expenditure on religious ceremonies etc., by the beneficiaries.

According to another survey conducted by the National Bank for Agriculture and Rural Development (NABARD), the performance in attaining the targets is not uniform in all the states. In fact, variations are quite striking with regard to some states. States like Punjab, Haryana, Uttar Pradesh and Maharashtra showed a better performance, than Rajasthan, Andhra Pradesh and Tamil Nadu. Several irregularities like wrong identification of beneficiaries, delays in the disbursement of subsidies and under-payment to beneficiaries were brought out by some independent studies too.

As already stated, in spite of impressive achievements as regards targets, the number of people below the poverty line continues to be alarming. It has been estimated that there are still nearly 22 crore people below the poverty line. The limitations brought out by the studies and the massive task ahead should naturally create doubts about the viability of this strategy. A High Power Committee of the Government of India is presently looking into the whole programme.

A brief review of the integrated strategy reveals that it has exhibited more or less the same limitations as were noticed in the case of SFDA/MFDA. Some critics hold that reliance on this approach may bring discredit to the machinery, besides giving rise to wastage, corruption and ultimately cynicism. The policy of launching a multipronged attack on rural poverty is well taken. However, if the implementation machinery is not effective, there may not be the desired effect. Again strategies to create employment opportunities in rural areas have been also evolved. Noteworthy among them is the NREP, formerly known as Food-for-Work Programme.

#### (iv) National Rural Employment Programme

In the earlier section we have examined the problem of rural unemployment. The agriculture sector does not provide employment to the landless agricultural labourers throughout the year. There will be spells of brisk work as well as lean seasons. During the lean season there will not be much demand for labour and a high percentage of agricultural labourers will be unemployed. The Union Government evolved a strategy to provide employment to the landless labourers through a programme called 'Food-for-work'. This is self-explanatory. While the work is generated by the State, the wages will be paid in kind, i.e., food grains. It was assumed by the policy makers that this programme would provide employment for landless agricultural labour and in the process making it possible for labour oriented works like road laying, digging of wells, etc., to be taken up.

By 1980 this programme was modified and re-designated as National Rural Employment Programme (NREP). In addition to food grains, cash component was also introduced. In the beginning the entire cost of the programme was met by Central Government. Later the Centre and the states shared the expenditure on a 50 : 50 basis.

The Principal objectives of this strategy are:

1. Generation of additional gainful employment for the unemployed in the rural areas.
2. Creation of durable assets in rural areas;
3. Improvement of the nutritional levels of rural poor.

Some of the works undertaken by the NREP includes (1) Afforestation, (2) Social Forestry, (3) Drinking water wells, (4) Village tanks, (5) Minor irrigation, (6) Soil conservation, (7) Rural Roads, (8) School and balwadi buildings.

Thus it will be seen that the strategy of the NRFP is not only to generate employment opportunities for the unemployed in rural areas but also utilise the manpower for creation of durable assets like school buildings, etc. The additional employment generated is measured in terms of man-days. The progress of the programme will thus be measured in terms of the man-days of employment generated by it.

The strategy for the creation of employment opportunities is well designed and is appreciable as it enables the Government to come to the rescue of the helpless agricultural labourers. However, it appears that this programme is able to sustain its pace only when surplus food-grains are available. If there is a shortage of food grains it will be difficult to sustain the programme. As regards the creation of assets, there are reports that the works taken up under this programme are not of high quality. This programme as one of the strategies of employment creation has many potentialities yet to be realised.

### CHECK YOUR PROGRESS - EXERCISE NO. 2

1. Explain the significance of Panchayati Raj as an institutional strategy for rural development.

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2. Briefly mention the special agencies created for rural development.

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3. Explain the objectives of NREP.

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### 4.3. SUMMING UP

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Rural development is one of the major objectives of the Government. Several strategies have been initiated to tackle the manifold problems in the development of rural areas. During the 50's the Community Development Programmes were launched. As they had become bureaucratized, the Panchayat Raj institutions were created to secure the participation of the people.

As institutions of change and development, the Panchayat Raj institutions have not evoked the required response. Political considerations apart, these agencies could not cope with the enormous task of development owing to a host of problems ranging from financial to political. The resource base of these institutions is weak. Instead of strengthening these grossroot institutions, the Governments started creating new agencies with specific tasks like the SFDA/MFDA/IRDA, etc.

The launching of multiple agencies sometimes with similar functions has created problems. But it is argued that rural development is such a massive task that it cannot be accomplished through a single or a couple of agencies. If the vastness of the task warrants the creation of several agencies, co-ordination becomes very important.

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#### 4.4. ANSWERS TO CHECK YOUR PROGRESS

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##### Exercise - 1

1. See 4.2

##### Exercise - 2

1. See 4.2.1
2. See 4.2.2
3. See 4.2.2

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#### 4.5. MODEL EXAMINATION QUESTIONS

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##### A. Answer the following in about 30 lines each.

1. Explain the institutional strategies for rural development.
2. What is special agency strategy? Discuss the merits and demerits of small Farmers Development Agency (SFDA).
3. Write the significance of the New Strategy of Agricultural Development.
4. Summarize the essence of Integrated Rural Development Programme.

##### B. Answer the following in about 15 lines each.

1. Package Programme
2. M.F.D.A.
3. Food-work-programme.

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#### 4.6. REFERENCE BOOKS

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Writer : Ch. Balaramulu

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# UNIT-5 : PANCHAYATIRAJ : IMPORTANCE AND ORGANIZATION

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## Contents

- 5.0. Objectives
- 5.1. Introduction
- 5.2. Significance PR Institutions
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  - 5.3.1. Structure
  - 5.3.2. Functions
  - 5.3.3. Personnel
  - 5.3.4. Finances
- 5.4. Government control over PRI
- 5.5. Summing Up
- 5.6. Answers to check your progress
- 5.7. Model Examination Questions
- 5.8. Reference Books

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## 5.0 OBJECTIVES

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The aim of this unit is to discuss the significance of institutional mechanism at the grass roots level i.e. panchayati Raj Institutions, specially devised for participatory development. If you read this unit you will be able to:

- \* describe the role of PRI in rural development.
- \* identify its various levels
- \* explain the background of its functionalities,
- \* recognise how they are being controlled by Government, and
- \* unravel parity between functions and finance,

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## 5.1 INTRODUCTION

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Rural Development means development of rural areas with human and natural resources. With an intension to develop rural areas community Development Projects were launced in the year 1952. Initially 55 blocks were selected for the implementation of these programmes and was decided to cover the entire country under these programmes later on. The CDP covered the aspects relating to Social Welfare, education, economic change, agriculture, health and such other fields. The CDP is attempted block-wise not district or state-wise. A few blocks were created, initially each of which was to contribute a convenient middle range administrative unit facilitating effective implementation of development programmes. Specialised extension staff in charge of subjects like co-operation, agriculture, etc., were expected to provide the guidance necessary to the farmers. This expectation was not fulfilled. The Blocks first of all suffered from artificiality. Unlike the districts or villages they lacked established identities as territorial units. Further, with the passage of time the original community Development Programme became bogged down with bureaucratic rules. People by and large remained uninvolved and the desired development efforts were not made.

Community Development Programme has not succeeded in evoking the response needed from the people. Development Analysts trace the failure of Community Development Project to the absence of people's participation, among other reasons.

Therefore, the Government of India constituted a team on Plan Projects (popularly known as "Committee on Plan Projects) with Sri Balwantrai G. Mehta as its Chairman. As already pointed out in the previous lessons the Committee recommended the setting up of a three-tier structure of Panchayat Raj to expedite development efforts and also to enhance local participation. It is hoped that institutions which enlist people's co-operation at the grass root level would hasten the process of development. In the first unit on the Concept of Development we have discussed the reasons for associating locally based units of administration to bring about rapid development. The present literature on 'Development' broadly agrees that rural local institutions constitute an important component of the socio-economic and political structure. They are not intended as vehicles of much needed development but are regarded as instruments of political education and training for representative government. The grass root institutions, i.e., rural local self-government units serve as a useful feed back mechanism. Further, popular control and involvement of the people could help overcome the deficiencies in the performance of the administrative machinery. Theoricians of development administration assert that one of the essential prerequisites for tackling the problem of rural development is a strong organisational network at the local level. Panchayat Raj institutions thus are expected to plan this role effectively.

In the process of modernisation of the country the PR Institutions play a vital role. The Indian Planning Commission regards the development of rural areas in which about two thirds of the total population lives, as an urgent task. An effective implementation agency is indispensable for carrying out the Five Year Plans. Thus the development of rural India continues to be the most important concern of the policy makers in India.

### CHECK YOUR PROGRESS - EXERCISE NO. 1

1. What do you think are the reasons for the failure of Community Development Projects in India.

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### 5.2. SIGNIFICANCE OF PR INSTITUTIONS

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Panchayati Raj Institutions play an important role in the rural development. Some of the functions are:

1. Panchayati Raj institutions will help the politically articulate rural population to compel the attention of the urban-oriented rulers to the problems of rural India.
2. Panchayati Raj Institutions fill in the critical organizational gap in the implementation of policies and programmes relating to rural development.
3. As institutions charged with the responsibility of strengthening the democratic processes at the grassroot levels, the Panchayat Raj Institutions can make a significant difference to the traditional basis of authority in rural areas (feudal, semi-feudal) though the transition from the traditional to the modern is not smooth.

4. Some analysis called Panchayat Raj institutions as centres of conscientization to instill confidence and promote the socio-political efficacy of the poor, the oppressed and the exploited. These institutions also enable the poor to participate in the decision-making process.
5. Panchayat Raj institutions can contribute for human resource development by inculcating higher aspirational and motivational levels needed for vigorous economic activity and improved skill formation.

The following paras explain the significance of PRIS in rural development.

Growth depends on the performance of the organisations engaged in it. The magnitude of rural problems like those of poverty, unemployment, low productivity and consumption, low literacy levels etc., demand effective action. These problems emphasise the need for strengthening and increasing economic, political and administrative capabilities. The Panchayati Raj institutions play an important role in this task. These institutions fill the critical organizational gap at the grass root level and thus contribute to the evolving of a better delivery system. The functioning of Panchayat Raj enables people to participate in the local planning process.

The Panchayat Raj Institutions also facilitate decentralised planning for development. Any design for development must consider the optimum utilisation of locally available human and natural resources. The First Five Year Plan enunciated categorically that "So long as local-self governing institutions are not conceived as parts of the same organic, and administrative frame work, the structure of democratic constitutional government will remain incomplete". The Second Plan referring to the needs of democratic planning called for a well organised democratic structure at the district level to run the entire general administration and development of the area other than law and order, and certain other revenue functions. Developmental analysts are of the opinion that a centralised effort in planning will invariably miss the local variations and diversities in social and economic composition. A standardized and uniform course of action resulting from centralised planning may be ineffective in tackling the problems at the local level. The association of Panchayat Raj Institutions in plan formulation is invaluable. The concept of development from below formulated by an eminent economist demands effective local organizations for development in general and rural development in particular. The Panchayat Raj Institutions are expected to pave the way for local level planning. The Planning Commission in late 70's and early 80's initiated block plan studies.

Politicisation broadly means the inducting of people into political processes. The concept itself carries with it the western moorings. Though politicisation itself would not be a major determinant of development, it nonetheless has got its own importance. Panchayat Raj Institutions are being regarded as centres for politicization. Panchayat Raj Institutions would broaden and intensify the politicisation which affects the rural and national development. The electoral politics of Panchayat Raj can be cited as an example. Though traditional ascriptive values still continue, there is a shift in Panchayat Raj politics from caste considerations to class analysis. Situations may not be generalised but a broad trends is discernible. To some extent panchayat Raj institution can also bring about political equality. The reservation of seats to vulnerable sections of society is an example. The Panchayat Raj Institutions have provided the downtrodden a sense of participation in the political processes.

It has often been asserted by the champions of social change that economic development depends on a variety of non-economic factors, the most notable being the social, the cultural and the political which determine the pattern of consumption, production and distribution. As already pointed out, some of the prerequisites for sustained development include a secular outlook, will to improve living conditions, higher achievement motive, a disposition to use available natural resources, urge to break with tradition bound customs, and cultivation of a scientific temper. Change is possible only when the clientele work for it. Institutions like Panchayati Raj are created, of course, to speed up the process of change and to usher in modernization.

## CHECK YOUR PROGRESS - EXERCISE NO. 2

1. Explain the political significance of Panchayati Raj Institutions.

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2. Describe the role of PRIs in planning

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3. Briefly explain the role of PRIs in Rural Development.

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Let us now briefly examine the changes introduced in PR institutions in Andhra Pradesh.

The panchayati Raj bodies in A.P. underwent several changes and finally these were repealed by the Andhra Pradesh Mandal Praja parishads and zilla Parishads Act 1986. This Act which came into force with effect from the 15th January, 1987 has brought about many changes in the structure of Panchayati Raj Institutions.

Under the new system of PR Institutions, direct elections were introduced to all the executive positions of the three tiers i.e., the sarpanch of the Gram panchayat, the President of the Mandal Praja Parishad, and the Chairman of the Zilla Parishad. Holding of direct elections to the Chiefs of Mandal Praja Parishad and the Zilla Parishad. Holding of direct elections to the Chiefs of Mandal Praja Parishad and the Zilla Parishad on party basis is one of the significant feature of this new set up.

The salient features of the restructured PRIs are discussed hereunder.

### Gram Sabha

The Act Provided for a Gram Sabha for every village. All persons whose names included in the electoral rolls of the villages constitute the Gram Sabha. Sarpanch or Upa-Sarpanch presides over the meetings of Gram Sabha. It is expected to meet twice a year to consider annual statement of accounts and audit report, reports of the administration of the previous year, programme of action for the current year, and finally proposals for fresh taxation or for enhancement of existing taxes.

## **Gram Panchayat**

There are about 19,000 Gram Panchayats in Andhra Pradesh covering approximately 29,000 villages. For every 3,000 population or for every revenue village there is a Gram Panchayat. The entire Gram Panchayat will be divided into wards for the purpose of holding elections. The number of members of Gram Panchayat vary from 5 to 9 depending on the population. The voters have to elect their representatives called 'ward' members and the 'sarpanch' simultaneously to perform the functions of the panchayat. Every Gram panchayat has a Sarpanch elected directly by the voters of the Gram Panchayat. The Upa-Sarpanch is however, elected by the members of the Gram Panchayat from among the members. The Gram Panchayat has to attend to construction, and maintenance and repair of all buildings, lighting, cleaning of streets, registration of births and deaths etc., In addition to obligatory functions, the Gram Panchayat performs discretionary functions like planting and preservation of trees, promotion of education etc. The resources of the Gram Panchayats include proceeds from taxes funds and contributions from Mandal Praa Parishad. It has powers to impose such taxes like house taxes, vehicle tax etc., The Executive officer of Gram Panchayat/group of panchayats is appointed by the Commissioner of Panchayati Raj.

## **Mandal Praja Parishad (MPP)**

The MPP is constituted in each Mandal (There are 1104 Mandals in place of earlier 330 panchayat Samithies). The Mandal Praja Parishad is a body corporate and consists of Sarpanches of Gram panchayats in the Mandal (ex-officio), the members of Legislative Assembly, Members of Lok Sabha and Rajya Sabha and persons belonging to minorities based on religion or language to be elected by the President and members of the MPP. The President of MPP is directly elected by the voters in the Mandal and elections are held on party basis. There are reservation of posts for the Scheduled Castes (15%), Scheduled Tribes (5%), Women (9%), and Backward Castes (20%). The Vice-president of MPP is elected by the members from among themselves.

The MPP performs a wide range of functions which include; educations social welfare, Community development, animal husbandry, health etc., The president is empowered to exercise administrative control over the Mandal Development Officer (MDO).

The moneys received by MPP are deposited in MPP Fund. These include; funds transferred by Government, grants Central and State Governments, share of land revenue, proceeds from taxes etc., They are empowered to levy, with the prior sanction of the Government, a duty in the form of a surcharge on any tax imposed by a Gram Panchayat within its jurisdiction.

## **Zilla Praja Parishad (ZPP)**

A Zilla Praja Parishad, in each district, is a body corporate and consists of Presidents of MPPs (ex-officio), MLAs, MPs, of the district, one person belonging to minority community and the District Collector (ex-officio). The Chairman of ZPP is directly elected by all the voters in the district on party basis. The Vice-chairman is elected by the members of ZPP. Reservation of seats as applicable to MPP are followed with a provision for rotation.

There are six (6) Standing Committees to look after development, education, Social welfare, women welfare, Works and finance. The Chairman of ZPP is the Chairman of all Standing Committees.

The powers and functions of the ZPP touch a wide spectrum. These include approving the budgets of MPPs, distribution of funds allotted to it by the Central and State Governments, consideration and consolidation of plans prepared by MPPs.

The ZPPs get funds from Central and State Governments, grants from all India bodies and institutions, prescribed share of land or local cess, state taxes or fees, income from endowments or trusts. Further, the ZPP gets a per capita grant of Rs 2/- from the government. The Chairman of ZPP can be removed from office by the government for acts of commission and wilful refusal to obey the orders of the government or abuse of his position and powers.

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## 5.3. ORGANISATIONAL STRUCTURE

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### 5.3.1. STRUCTURE

The Zilla Parishad is the link between the rural local government bodies at the lower level like the Panchayat Samitis and the State Legislature and the Parliament. This is reflected in its composition. A Zilla Parishad usually consists of the (1) Presidents of the Panchayat Samitis in the district as ex-officio members, (2) members of the Parliament and of the State Legislature returned from the district, (3) a representative by the Co-operative societies and (4) co-opted members belonging to SC/ST/BC and Women. The ex-officio component of the Zilla Parishad provides organic links among the three tiers of the Panchayat Raj. By associating the members of the Parliament and the State Legislature, the Zilla Parishad maintains a similar link with the State and Central level policy making bodies.

In the Maharashtra and Gujarat pattern of Panchayat Raj, a major component of the Zilla Parishad is directly elected. In the States where there is indirect election to this apex body, direct elections are proposed. For instance, the Narasimham Committee in Andhra Pradesh suggested direct election to the Zilla Parishads from single number constituencies into which samithi/ blocks are divided.

The head of the Zilla Parishad is called Chairman in Andhra Pradesh. In some states he is called as the President or Adhyksha. In most of the States he is elected indirectly by the members of the Zilla Parishad and directly in Andhra Pradesh.

The District Collector in most of the States is a member of Zilla Parishad without having voting rights. In Gujarat and Maharashtra the Collector is totally kept out of the Zilla Parishad.

The intermediate tier of the Panchayat Raj, the Panchayat Samithi at the block level generally comprises the following categories of members.

- i) Presidents/Sarpanches of Gram Panchayats (ex-officio);
- ii) Members of the State Legislature and Members of the Parliament from that area (with or without voting right).
- iii) Reserved and co-opted members with a view to providing representation of SC/ST/BC and women; and
- iv) Persons representing Municipalities, Co-operatives, etc.

The Gram Panchayat is the third tier of the Panchayat Raj system and it has been functioning in all the States except Meghalaya, Nagaland and Sikkim. A Gram Panchayat is constituted for one village or a group of villages. The size of the Gram Panchayat varies from five to thirty one. Generally, the members of the Panchayat (Panchas) are elected by secret ballot in all the States except Jammu & Kashmir. Reservation of seats is provided for SC, ST and Women. In states like Assam, Bihar, Haryana, Orissa, Rajasthan, Punjab, Tamil Nadu, Uttar Pradesh and West Bengal, the Sarpanch or President of the Gram Panchayat is elected directly. In other States he is elected by the members of the Panchayat is elected directly. In other States he is elected by the members of the Panchayat from amongst themselves. Even in these States, the opinion is in favour of a directly elected Sarpanch.

### 5.3.2. FUNCTIONS

As in the case of structure, the functions of these bodies also vary. The Zilla Parishads of Maharashtra and Gujarat exercise supervision and control over Samitis and assist the latter in preparing plans for the establishment and management of agricultural schools and provision of grants, distribution of fertilisers, etc. The educational development of backward classes including the grant of scholarships, etc is entrusted to the Zilla Parishads. Besides the functions

mentioned above, the Zilla Parishads in Maharashtra also look after the economic development; programmes for the welfare of backward classes; establishment, maintenance and inspection of primary, basic and secondary schools; health care; promotion of local arts; co-operatives; etc.

The middle-tier in the Panchayat Raj structure is known in several states as the Panchayat Samithi. It is also known as 'Janapad Panchayat' in Madhya Pradesh. 'Taluq Panchyat' in Gujarat and 'Taluq Development Board' in Karnataka. In quite a few states the area under Samiti is coterminous with that of the block which is slightly smaller in area than the Taluq. The tenure of Panchayat Samiti is three years in Bihar and Orissa, four in Assam and five in other States. The functions of the Samitis generally include planning and implementation of developmental programmes pertaining to agriculture, irrigation, co-operation, cottage industries, education, public health, rural sanitation, coordination and supervision of Gram Panchayats, besides functions assigned by the Zilla Parishad and State Government, the Panchayat Samithis discharge the functions listed above through Statutory Committees, the number of which varies from 3 in Punjab to 8 in Bihar. Some States have provision for more than 8 Committees. These Committees exercise powers delegated by the Samithi.

The Gram Panchayats are created in almost all the states except Meghalaya, Nagaland and Sikkim. The Gram panchayat is generally referred to as the first tier in the Panchayati Raj structure. It is constituted for one village or a group of villages. Gram panchayats exercise more or less the same powers and functions in all the States. These bodies are expected to perform a wide variety of functions ranging from sanitation conservancy, water supply, construction and maintenance of roads, bridges and drain, establishment and maintenance of hospitals and dispensaries, promotion of agriculture, cooperation, establishment and maintenance of schools, libraries, preparation of village plans and functions assigned by a higher tier like the Samithi or zilla parishad.

### 5.3.3. PERSONNEL

Douglas Ensminger, a noted authority on Development Administration in an article entitled "Democratic Decentralisation: a New Administrative Challenge", has observed that development administration is expected to evoke a new responsiveness from the people." The Effectiveness of the administrative system according to him will be gauged (1) by the manner in which the village people develop as responsible and responsive citizens capable of making wise decisions and (2) by the way in which the village institutions Panchayats and co-operatives carryout the tasks before them. Therefore, the Panchayat Raj institutions need administrators with vision, tolerance and ability.

With the establishment of Panchayat Raj institutions the erstwhile Community Development personnel came under the control of the Panchayat Samitis. However, this was not the case with those of the Zilla parishads, except in the case of those in Maharashtra and Gujarat. Curiously enough, the village Level Worker and the Gram Sevika at the village level continued to function under the control of Samiti but not under that of the Panchayat.

There are two categories of staff in panchayat Raj bodies. One is the State Cadre. Officials belonging to State cadre are placed under the control of panchayat Raj bodies which have only day-to-day administrative control over them. The ultimate powers in respect of discipline, recruitment, transfer and promotion are with the State Government. This system is in vogue in Orissa, Punjab, Madhya Pradesh and some other States.

The second category is found in Maharashtra, Gujarat, Andhra Pradesh and Rajasthan which have created a separate Panchayat Raj service. The States have allocated a certain number of gazetted and nongazetted officers. Besides, the IAS, Class I, II, III Officers of States are also deputed to these bodies.

In Andhra Pradesh there are three cadres of personnel in Zilla Parishads and Samithis; the States Cadre, District Cadre and block cadre. The State cadres include Chief Executive Officer,

Assistant Engineer, Head Clerks, etc., at the Zilla Parishad level, the District cadre includes Manager, Superintendent, teachers, etc., others come under block cadre.

The State cadre personnel are selected and recruited directly by the respective State Public Service Commissions and the District cadre officials by the authority concerned. As the selection is done by different agencies, problems of compatibility in an organisation may arise. As mentioned earlier, the officers belonging to the State cadre are either deputed to work in Panchayat Raj bodies or have opted to serve in these bodies. But except for the day-to-day administrative control, the Panchayat Raj bodies do not have powers to take any disciplinary action against them. As long as there are cordial relations between officials and non-officials at the Zilla Parishad/Samithi/Panchayat level there will be no problem. But in case there arose problems in respect of administration, the work in these institutions gets held up. Instances of confrontation between the officials and non-officials of Panchayat Raj have been quite a few and warrant no elaborations. Study teams, research reports and independent observers underlined the need for the creation of Panchayat Raj service to overcome these problems. A single unified service would not only ensure balance between officials and non-officials but also go a long way in strengthening the administrative structure at the grass root level. Some efforts are on the way for formation of a separate 'cadre of personnel' for Panchayat Raj Institutions in some States. For instance in 1981 the Andhra Pradesh Govt. has 'provincialised' the services of about 18 categories of employees.

Recognising the importance of training, the personnel of Panchayat Raj institutions are being trained at several institutions in various States. However, it should be remembered that a significant number of key level personnel working in Panchayat Raj institutions belong to the State Cadre. Once trained they are expected to serve in these bodies for at least three or four years, although in their search for career opportunities, they tend to view their appointments in Panchayat Raj institutions as a stop gap or a spring board for higher and more prestigious appointments. Refresher courses in Development Administration are also given to these personnel. In a lecture titled "Two cultures of Indian Administration" prof. G. Ram Reddy observed that Revenue and Development are two distinct cultures noticeable in Indian Administration. A good number of personnel deputed from the revenue department in various states to work in the panchayat Raj institutions will find it difficult to switch over to a culture different from the one imbibed in their parent departments.

As regards service conditions, as pointed out earlier, the personnel working in Panchayati Raj institutions are recruited through different sources and are governed by the rules of their parent agencies. These rules of service are applicable to all categories of employees irrespective of their placement either in Panchayat Raj institutions or other Government Departments.

Unless the employees are provided with opportunities for growth and advancement there is a likelihood of their getting demoralised. A good percentage of employees came from other departments to serve in Panchayati Raj institutions as it was thought that the newly created Panchayati Raj institutions should be manned by experienced personnel. Even those who have come to serve in these bodies have come with the hope that these new institutions would offer them opportunities for professional advancement. At a certain point of time all the important positions were occupied by the personnel drawn from other departments. Gradually, each state had started earmarking some positions for the 'insiders' in response to the demands of Panchayati Raj employees and their associations.

The staffing system in Panchayat Raj Institutions thus exhibits lack of a unified pattern, unsatisfactory service conditions, lack of effective training programmes, etc.

#### **5.3.4. FINANCES**

The financial resources of Panchayat Raj bodies can broadly be divided into four categories. These include 1. grants, 2. taxes and 3. fees income through remunerative enterprises and 4. Loans.

Grants from the State Government contribute a major source of income to the Panchayat Raj institutions. These are several types of grants with different names. The most important of them include specific purpose grants and general grants, equalisation grants, establishment grants, incentive grants, and matching grants. About 80 per cent of the finances of the Panchayat Raj bodies are made up of grants.

Most of the grants are routed through zilla Parishads to Samitis and Panchayats although some States sanction grants directly to the lower tiers of Panchayat Raj. As mentioned elsewhere in the lesson, Maharashtra and Gujarat Zilla parishads' resource base is quite impressive. Except for law and order, justice, national highways, college and University education. The Zilla Parishads in the State of Maharashtra are designed to take over, all the functions at the district level. Thus in these two states there is some balance between functions and finances. The Zilla Parishads of the Maharashtra in particular enjoy considerable autonomy in raising resources. The District Development Boards of Tamil Nadu play only an advisory role and hence have no funds of their own. In Andhra Pradesh, Assam and Gujarat the Zilla Parishads have advisory, supervisory and executive functions. For instance, the Zilla Parishads in Andhra Pradesh look after the Secondary School education.

Taxes and fees collected by the Zilla parishads are more or less the same as at the earlier District Boards did. Other sources include income from ferries, canals, licence fees, rent from land, buildings, fishing, proceeds of timber sale, sugarcane cess, etc. In the case of cess it was fixed long ago and it was also low. Some States also earmark a share in land revenue for the Zilla parishads. Profitable sources of revenue like remunerative enterprises, share in motor vehicle tax, etc., have not yet been tapped by most of the Zilla Parishads.

Samitis in Andhra Pradesh and Orissa do not have the taxation powers, but in other respects they have the same powers as those of other States. Grants from the major source of their revenue.

The Panchayats in most of the States have powers of taxation. Although the share of these taxes in the total revenue is not much. For instance, in Andhra Pradesh, Maharashtra and Gujarat, the Panchayats impose and collect house tax like the property tax collected by the municipality of a town. Panchayats in some states also collect octroi, vehicle tax, tax on animals, shandies, etc.

### CHECK YOUR PROGRESS - EXERCISE NO. 3

1. Briefly examine the structure of PRIs in Andhra Pradesh.

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2. Explain the composition of Gram Panchayat.

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3. Critically examine the personnel system in PRIs.

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#### 5.4. GOVERNMENT CONTROL OVER PRIS

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Local organisations engaged in developmental activities have to be given some autonomy if they have to function effectively. Created by State Governments, the Panchayat Raj Institutions are subject to their supervision and control. Thus a conflict between the demand for control and the need for autonomy has arisen. As pointed out by many observers ever since the inception of statutory institutions of local self-Government, the sponsoring agency (the state or provincial governments) has been as a matter of right attempting to limit the structural and operational autonomy of local self-governing institutions. It is indeed, unfortunate that lack of trust in local organisations is continuing even though there is a noticeable change in the political circumstances necessitating the investment of the local organisations with greater autonomy.

The functioning of the Panchayat Raj Institutions are supervised and controlled by the various government orders, rules and regulations.

Shiviah classified the methods of control into 4 groups. They are (i) Institutional, (ii) Administrative, (iii) technical and (iv) financial. We shall briefly discuss these four types of controls.

##### (i) Institutional Control

The institutional control is seen being exercised by the State Government on the Panchayat Raj Institutions in one form or other, or through one medium or other to ensure that these statutory bodies do not violate the law that has created them in any respect. The laws/Acts relating to Panchayat Raj Institutions define their strength, composition, mode of elections, role of Collector, functions; and powers to alter, modify, and reduce the functions. Thus there is a very tight institutional control over these bodies which has prompted an eminent development analyst to call it another department under the overall government tutelage".

##### (ii) Administrative Control

According to Shiviah the term, administrative supervision and control refers to those powers and measures which enable the controlling agency to check and regulate the day-to-day policies and administration of Panchayat Raj Institutions.

The Acts in various States vest the authority in the State Government to supersede or dissolve the Panchayat Raj Institutions. Generally, the grounds for supersession or dissolution are (i) incompetence to perform duties, persistent default in the performance of duties or abuse of powers. The State Governments can suspend the resolutions adopted by Panchayat Raj Institutions which is the most powerful Weapon of State Control. Further, the State Governments are empowered to remove the office bearers (Chairman of Zilla Parishad, Presidents of Panchayat Samithi and Panchayat) from service. The authority to remove is vested in different officials in different States. The power of inspection also acts as a control on these bodies.

### (iii) Technical Control

Almost all technical departments of the State Government exercise control over the Panchayat Raj Institutions through their powers of scrutiny and approval or disapproval of specific schemes which are to be executed by these bodies. Here again the extent of control varies from one State to another.

### (iv) Financial Control

It relates to the regulation of finances, budgets, accounts and audit of Panchayat Raj bodies. This is one of the effective methods of Control. It is more less uniform throughout the country.

The institutional, administrative, technical and financial controls are thus exercised by the State Governments concerned over Panchayat Raj Institutions. The debate over 'Control vs. Autonomy' is still going on in spite of the recommendations by several expert committees that the Panchayat Raj Institutions should be given more functional autonomy.

## CHECK YOUR PROGRESS - EXERCISE NO. 5

1. Briefly explain the types of Control over PRIs.

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## 5.5. SUMMING UP

In this unit we have studied the reasons for the failure of Community Development Projects and Subsequent establishment of Panchayat Raj Institutions based on the recommendations of Balwanthrai Mehta.

The panchayat Raj Institutions were established by almost all the State Governments and Union Territories. There are variations in respect of structure. While some states adopted the three tier structure, some others adopted for the two tier and one tier ones. The Panchayat Raj Institutions are expected to perform a number of regulatory and developmental functions. There are variations in respect of the composition of each tier of deliberative wing (non-officials like Chairman of the Zilla parishad, President of samithi and Panchayat) in the country. The District collector is associated with the Statutory Committees of the Zilla Parishads in some of the States, while in some States like Maharashtra he is kept out. There are three categories of personnel working in the panchayat Raj Institutions State, District and Block. Problems of adjustment naturally arise. Panchayat Raj Institutions have been demanding a separate 'service' of their own in order to have effective control over the personnel working in them. The control over and supervision of these bodies is exercised by the respective State Governments. Sometimes political considerations prompt the States to supersede these bodies. Elections are not held regularly. Grants from the State Governments constitute an important and major source of revenue for the Panchayat Raj Institutions. The saying "those who pay call the tune", is true of these bodies. Lucrative sources of revenue were kept with the State Governments and Panchayat Raj Institutions were not given adequate powers of taxation.

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## 5.6. ANSWERS TO CHECK YOUR PROGRESS

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### Exercise-1

1. Sec. 5.1

### Exercise-2

1. Sec 5.2
2. Sec 5.2
3. Sec 5.2

### Exercise-3

1. Sec 5.3
2. Sec 5.3.1
3. Sec 5.3.3

### Exercise-4

1. Sec 5.4

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## 5.7. MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each.

1. Explain the significance of Panchayati Raj Institutions of Rural Development.
2. Discuss the structure and functions of Panchayati Raj bodies in A.P.
3. Write an essay on personnel system of Panchayati Raj bodies in Andhra Pradesh.

### B. Answer the following in about 15 lines each.

1. Comment on the composition of Panchayati Raj bodies.
2. Critically examine state control over panchayati Raj bodies.
3. Examine the financial position of Panchayati Raj bodies.

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## 5.8. REFERENCE BOOKS

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1. G. Ram Reddy : Patterns of Panchayati Raj in India, Macmillan, Delhi, 1977.
2. Henry Maddick : Panchayati Raj: A study of Rural Local Government in India, Longman, London, 1970.

Writers:- N.H. Sitarama Sharma  
I. Ramabrahmam

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# UNIT-6 : PANCHAYATI RAJ : AN ASSESSMENT

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## Contents

- 6.0. Objectives
- 6.1. Introduction
- 6.2. Impact of Panchayati Raj Institutions
  - 6.2.1. Social Impact
  - 6.2.2. Political Impact
  - 6.2.3. Economic Impact
  - 6.2.4. Impact on Administration
- 6.3. Panchayati Raj & Democracy
- 6.4. Summing up
- 6.5. Answers to check your progress
- 6.6. Model Examination Questions
- 6.7. Reference Books

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## 6.0. OBJECTIVES

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This unit attempts a critical appraisal of the working of Panchayati Raj Institutions. After reading this unit you would be able to:

- Identify the merits and demerits of Panchayati Raj system,
- analyse its various consequences, and
- portray its contribution to development and democracy.

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## 6.1. INTRODUCTION

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The impact of Panchayati Raj is four fold; political, administrative, economic and sociological. In so far as the political impact is concerned, attention has been focused on the type of emerging leadership, political consequences of Panchayati Raj and its bearing on democracy. These three aspects are interlinked and should be taken together for evaluating the performance of the Panchayati Raj.

The administrative consequences are considered in terms of official-non-official relationship and its impact on Panchayati Raj as a development mechanism. With regard to the economic impact, the analysis is related to planning from below and the implementation of the community development programmes. The sociological impact is considered in terms of social change.

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## 6.2. IMPACT OF PANCHAYATI RAJ INSTITUTIONS

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The Panchayat Raj Institutions are in operation in our country for more than three decades. Their inception in 1959 opened a new chapter in the annals of Indian democracy. The following paragraphs, dealing with socio, political and economic impact of Panchayat Raj Institutions, give you an idea as to how far these institutions were able to fulfil the desired goals.

## 6.2.1. SOCIAL IMPACT

It was expected that non-official leadership would become an important instrument of social change in rural India. This has not happened. In the sphere of social reforms the Panchayat Raj has accomplished practically nothing. Its indirect impact also (especially in regard to the attitudes and behaviour of the non-officials) has been rather negative. The elected non-officials who constitute the top elitist group in villages have refrained from providing impetus to the forces of social change. They have often failed to imbibe the spirit of social change themselves and have more or less remained tradition-bound. It is not surprising, therefore, that they have often been involved in the social practices which they are expected to change. They have often shielded people involved in such social ills as the practice of untouchability.

The neo-tradition leaders have to go a long way before they can become instruments of social change. But one need not despair. Social change is indeed a long drawn out process and no institutional devices cannot be expected to bring it about quickly. Emerging leadership has been showing a change in this respect.

(ii) It was alleged that the Panchayat Raj Institutions are to some extent responsible for increasing factionalism in the villages. There is some truth in this allegation. It cannot be denied that village life has become much more faction-ridden under the Panchayat Raj than it was before. But it should not be forgotten that factionalism is not a new phenomenon in rural areas. It has intensified because of Panchayat elections and power politics. But an encouraging feature of it is that factions which were earlier built around personal rivalry, family feuds and caste disputes, are now mainly built around the power bases though the earlier causes also strengthen the new cleavages. One characteristic of these power factions is that they have the potential to cut across traditional bonds of family, caste and religion. Thus the growth of power factions may ultimately turnout to be a modernising force.

(iii) However, phenomenon of power factions cutting across traditional bonds of family, caste and religion should not be taken to mean that the role of caste has been minimised in the Panchayat Raj politics. Caste still plays a very significant role.

(iv) It is also important from the sociological point of view to investigate whether the Panchayat Raj institutions have improved the condition of the weaker sections. The situation here is rather discouraging. The non-official leaders have not shown interest in improving the condition of the weaker sections. No tangible attempt has been made to help these sections by the Panchayati Raj institutions. Besides the traditional apathy of the emerging leadership to the cause of the weaker sections, the conditions attached to the loans, taccavis, etc., are such that members belonging to the weaker sections of society can hardly benefit from them. Unless these conditions are relaxed and special schemes drawn up to help the weaker sections, the Panchayati Raj institutions can do precious little for them even if they have the will to do so.

It may be added that the Panchayat Raj institutions have made it possible for the representation of weaker sections on the elective bodies on the basis of their numerical strength. This naturally gives rise in their community to a sense of self-confidence and weakens the power of the social hierarchy.

The weaker sections have not succeeded in capturing the higher offices of Sarpanch and Mandal President in spite of their numerical strength. But they have gained a bargaining position though they have not used it to their advantage. They are, perhaps too tradition-bound in their attitude to have courage to contest to higher posts. They generally lend support to members of the higher castes and helped them in getting elected to higher posts. In spite of this it is to be recognised that the so-called higher castes in rural society are no more in a position to force the weaker sections into supporting them. They have to seek their support. This again has important implications for the future in terms of social change.

## 6.2.2. POLITICAL IMPACT

The political impact of Panchayat Raj is overwhelming. Panchayati Raj has so far shown far greater political potential than the economic or the sociological. This should not be surprising. Power in the initial stages of its devolution does become an all-absorbing passion for non-officials and officials. This is also true of Panchayati Raj Institutions. Of course, it is yet to be seen whether the power that has been devolved tends to become an end in itself or whether it is used for productive purposes in the larger interests of development and of the community. Such a rationalisation of the use of power has not yet come about, though ultimately it should become an essential part of the democratic process.

The trends in the emergence of neo-traditional leadership could best be appreciated by broadly recalling the traits of a traditional village leader. First, traditional leadership was status-bound. Persons ranking high in the social hierarchy and the economically prosperous could claim leadership. Feudal lords, money-lenders, etc., had become leaders. Secondly, it was caste-oriented, the balance almost always tilting in favour of the higher castes. Thirdly, it was by and large conservative and therefore, pro-status quo, its role being that of the preservation of the social system on the basis of traditional norms. Incidentally, it was drawn from the 'above fifty' (often higher) age group. Fourthly, it was individual rather than institution oriented, since persons were accepted as leaders for their status as individual and not for their being elected to office (except in the case of elected panchayats, wherever these existed). They thus could by a consensus stake their claim to leadership. Fifthly, their role was more social than economic, or political development. Lastly, their role came into play on an ad-hoc rather than a regular basis.

The more important aspects of leadership emerging under Panchayati Raj are:

(i) It is difficult to say whether the best persons available in the village have been attracted to Panchayat Raj Institutions. However if one were to measure the emerging leadership against the average quality of the rural people it may be said that those who became leaders were outstanding if not the best. Even if there were persons who were shy of participating in active politics though having high leadership potential it would be difficult to say whether they would prove superior to those who have come forward to assume leadership. Moreover, if the potentially superior leaders refuse to come forward through the democratic process they could be hardly helped.

(ii) The leadership that is emerging comes even now from the affluent and the traditionally higher stratum of rural society. The backward classes, in spite of their numerical strength, have rarely succeeded in claiming 'Sarpanchship'. They tend to align themselves with one representative or other of a higher caste and lend him support with their numerical strength. They have not yet gathered enough courage and initiative to use their numerical strength to claim a higher status for themselves. However, they have at least become conscious of their numerical strength and are in a position to bargain on its basis. Perhaps, the day is not far off when they would use their numerical strength to assume leadership. This, again, should be taken as an inherent drawback of the democratic process itself.

(iii) In spite of the traditional orientation of the emerging leadership it is not entirely tradition-bound. Perhaps, it can best be described as 'neo-traditional' because of the following reasons:

First, persons belonging to the higher strata of rural society are no more in a position to claim authority exclusively on the basis of their caste or family status or wealth. They have to move with the lowest as equals to gain their support. They have thus to behave like commoners which in itself represents a great change needed for the formation of democratic attitudes in the emerging institutional leadership.

Secondly, the leadership which is now emerging in the rural areas can, perhaps, be best described as material benefits oriented. In the Pre-Panchayat Raj period a person could claim

leadership status in the village on the basis of his family, caste or economic status. Now the very base of rural leadership has changed. A person who can provide material benefits and services to the rural population can become their leader. The material benefits orientation to the character of emerging leadership as a direct consequence of the Panchayat Raj being linked with the community development programme regarded as a agents of material development for the rural people. As Panchayat Raj institutions are to largely carry out the community development programmes and that too through non-officials the village leader today is looked upon as the medium for the flow of material benefits and services. This new orientation to the character of leadership cuts across the traditional hierarchical pattern of village leadership and is a positive advance in the direction of democracy at the rural local levels.

Thirdly, the emerging rural leadership is a combination of power and development orientations. Such a combination is inherent in the very nature of Panchayat Raj. Till now a balanced partnership between these two orientations (that is development and power) has not come about and the balance appears to tilt in the direction of power. This imbalance represents a transitional phase in democratic process itself. What is, however, important in the context of the emerging neo-traditional leadership is that the required development consciousness is seen. The new leadership understands the objectives and programmes of planning and its significance. So development consciousness may through these leaders can be expected to percolate to the rural people as well.

Lastly, because of his comparatively young age, of development orientation and of the exigencies of the situation the new leader may be found to be less resistant to social change or and more inclined to accept demands of modernisation than the traditional one. However, he does not seems to have even realised the importance of his role as an agent of social change, let alone carrying it out.

Some of the important political consequences of Panchayat Raj are:

A build-up for power almost from the bottom upward is coming about. The local leader is developing strong links with the State leaders, especially Ministers who in their enlightened self-interest patronise him because they know that he is more or less to serve as a vote bank for his area. Thus Panchayat Raj has given rise to a political framework for the development of closer links between local and state leadership.

There are a few connected issues to be considered. First, it may be asked "where does the M.L.A. stand in this emerging pattern of state-local relationships?" The President of the Panchayat Samithi is a potential M.L.A. and as such, is a close rival of his. The M.L.As have naturally two options open to them-first to develop close links with the Samithi President and secondly, to function as his rival and try to dislodge him from power. Both these options have been availed of. Whatever be the chosen option the M.L.A. finds his position of power threatened. A welcome outcome of this development is that the M.L.A. now cannot afford to neglect his constituency because he fears that the Samithi President would not miss an opportunity to undermine his positions.

Secondly, an allied question of equal importance is; "How does state politics effect rural politics?" So far it has only had a tangential impact. Ministers and other influential persons at the state level have their own spheres of influence at the rural level. But the Samithi President has an individuality of his own and, as such, his Panchayat Samithi cannot be treated by the state level politicians as a pocket borough.

Thirdly, it may also be asked: "can we expect Panchayat Raj institutions to work on a non-party basis in the face of the emerging new state rural-local relationships?" The answer is in the negative. The political parties are already involved with these constituencies often informally. The third General Elections highlighted the importance of the Panchayat Raj institutions as vote banks. Since then the parties have been striving to strengthen their hold on the Panchayat Raj institutions in their sheer self-interest. The advent of the political parties on the rural areas is inevitable. In fact, the process is on. This should not mean that national or state level issues

would dominate the politics of Panchayat Raj. The political parties have to develop a limited rural programme to outwit one another in winning the support of the rural populace.

Lastly, it may be asked: "what is the impact of the emerging pattern of state-local relationship on Panchayat Raj administration?" The impact is demoralising in respect of the staff working at Panchayat Samithi level. Whether on deputation or belonging to the Panchayat Samithi or Zilla Parshad service the staff knows that the non-officials have links with the State leadership which they can use to harass them. They also feel that even when the non-official is in the wrong he may be shielded for political reasons. Demoralization of this kind cannot, perhaps, be helped unless the State level politicians develop the healthy convention of non-interfering with the law and administration in the larger interests of planned development and Panchayat Raj institutions.

It is universally acknowledged that political consciousness has increased under the Panchayat Raj. The average villager is more conscious of his rights today than before. He has also developed self-confidence which may help him to overcome the tendency to expect the government to do everything for him. There are, however, certain other considerations in this regard.

First, civic consciousness which meant awareness of one's obligations to the community has not grown simultaneously with the consciousness of the villager's rights. This applies to many cases of emerging leadership also.

Secondly, an average villager does not always have an informed political consciousness. The implication is that he is still satisfied with a vague knowledge of the political affairs and processes and does not care to know them intimately and on his own. This, perhaps, cannot be helped in view of wide-spread illiteracy in rural India.

Thirdly, political consciousness is not in all cases constructive. Quite often it begins and ends with uninformed criticism or in an effort to build or join power alliances and successful power factions. It does not amount to work for the good of the community through the exercise of one's judgement which, according to Laski, is the essence of creative citizenship.

Panchayat Raj institutions have also provided a training ground for democratic leadership to the rural people. The emerging rural leadership still is more a silent spectator than an active participant in the deliberations and the working of the Panchayat Raj institution.

### **6.2.3. ECONOMIC IMPACT**

The economic impact of the panchayat Raj has to be viewed from two angles: first, the role of the Panchayat Raj institutions in the process of planning from below and, secondly, their impact on the implementation of development programmes.

(i) In so far as the first is concerned it has been almost negligible. panchayat Raj institutions are potentially capable of playing a significant role in the process of planning from below. But they could not achieve more because of extrinsic reasons rather organic weaknesses or lack of capacity.

Of the reasons responsible for the failure of the Panchayat Raj institutions in this respect, the first is that the authorities have not been successful in relating planning from below to the centralised planning. Planning from below has suffered because of the setting up of ambitious targets which cannot be accommodated within the framework of Centralised Planning. To be able to accommodate it within the confines of centralised planning, it is necessary to delimit the Panchayat Raj sector in which rural local institutions may have freedom to plan for themselves, allocate resources, implement the programmes and exercise supervision and control.

Secondly, the scheme of planning from below was launched rather hurriedly and executed hastily. The picture of available resources was not very clear and even the officials had no precise idea of what they were aiming at.

Thirdly, the non-official leadership was not enthused about planning from below partly because of lack of plan consciousness and partly because of their failure to grasp the importance of planning.

Fourthly, the plans prepared at the rural local levels in several cases turned out to be very ambitious and could not ultimately be put to any practical use. No effort was made to take the persons associated with the preparation of these plans at the rural local levels into confidence so as to bring home to them what was possible to incorporate substantially into the district and the State level plans and how much of it had already been incorporated. The Mandal Presidents and Sarpanchs felt that their labours had been wasted. Thus, planning from below could not enthuse even the non-official leadership, let alone the average villager required to develop a sense of partnership in the development of his village.

(ii) The introduction of the Panchayat Raj has no impact on the industrial sector. In respect of the agricultural sector the Panchayat Raj has yet to tackle effectively the key problem of raising productivity by improving agricultural practices and tools. The Panchayat Raj institutions are not able to function effectively because of the complexities of distribution of taccavi funds and loans, the recoveries of which are disappointingly low.

However in one respect the Panchayat Raj institutions have been remarkably successful; it is the promotion of interest in primary education among villagers. Even the most hostile critics of the transfer of the management of primary schools to the Panchayat Raj institutions admit that there has been a substantial increase in the number of boys and girls attending primary schools. The teachers also have become more regular in attending to their duties in the schools which are much better supervised today than before. Of course, complaints are made of teachers being drawn into rural politics. There have been cases of harassment of teachers by the non-official leaders.

The Panchayat Raj Institutions are undoubtedly potentially sound agencies for the implementation of development programmes. But they have not functioned as effectively as possible because of the following causes.

(i) They are being subjected to the politics of power. When an equilibrium between the power mechanism and the development mechanism is established, they will be able to function effectively.

(ii) The conflicts between the officials and the non-officials, have also retarded the progress of development programmes to a considerable extent. The officials could not get the fullest co-operation of the non-officials in several cases and they therefore failed to mobilise the rural people through the non-official representatives, as had been anticipated by the Balwantrai Mehta Committee.

(iii) Panchayat Raj Institutions are tied down by many things, like (1) the schematic budget, (2) the plethora of rules and regulations percolating downwards sometimes from the Central Government and most often from the State departments, (3) the varied and, at times even conflicting directives of the Departments, the State and the Collector and so on. The institutions thus could not develop any initiative on their own because of lack of flexibility or freedom. This is traceable to not only the conflicting rules but also the attitude of the State level bureaucrats swinging between the reposing of trust in the capacity of the rural people to govern themselves and the fear that they may fail to rise to the occasion and that the development programme may suffer owing to administrative management. So they adopted an approach which emphasised caution rather than the transfer of responsibility.

(iv) Lastly, the Extension Officers could not or did not play their role which adversely affected the development programmes on the operational side. This is due to several reasons. First, the Extension Officers have been raw agricultural graduates with the little field experience to carry conviction with seasoned peasant who would prefer to rely on their own practical experience rather than on theoretical guidance. The Extension Officers are further handicapped

by their lack of knowledge about the local conditions of soil, weather, etc.. It may be worthwhile to prepare district manuals on the pattern of district gazette providing information about soil, climate etc., and indicating Panchayat Samithi Wise variations. Secondly, the Extension Officers do not take their field assignments seriously and do not keep to the schedules. Thirdly, they are largely reduced to the position of desk workers because of the amount of paper work that they handle. Lastly, the Extension Officer involve themselves in Panchayat Raj politics and neglect their duties.

#### 6.2.4. IMPACT ON ADMINISTRATION

In a way the administrative consequences originate in the politics of the Panchayat Raj and, as such, the study of the political impact would not be complete without a specific reference to the administrative consequences that flow from it. The following are important of them.

(i) One of the most baffling issues facing the Panchayat Raj is, that of the relationship between the officials and non-officials, Wherever the relationship between these functionaries is harmonious, the Panchayat Raj mechanism appears to be well organised. But in most cases, it is marked by tension and conflict leading to the disruption of the working of the Panchayat Raj institutions and the implementation of the development programmes.

It should be emphasised that the personality factor finally comes in the way of bringing about a harmonious relationship between these functionaries. But this factor may lost its force when the Panchayat Raj gets firmly rooted. In burning this about the state leaders should not harass the administrators at the instance of local politicians. Similarly, the state level administrators should not try to shield the local officials who are guilty of negligence and improper treatment of the non-officials. Thus the problem concerning the relationship between the officials and non-officials is ultimately a problem of human relationship.

Before the Mandal system is introduced in A.P. the problem of official and non-official relations was considered a crucial factor specially at Samithi level. The rivalry between BDO and Samithi President led the staff divided into two groups identified with B.D.O. and the Samithi President respectively. Sometimes even the Extension workers, who are supposed to work at field levels, are drawn into the Block level politics. Under the new system (mandal system) Such instances, are to some extent, are minimised. But it is alleged that instead of taking the administration nearer to the people, it has led to the increase of corrupt practices.

(iii) It may also be noted that the dispersal of authority at the rural local levels has not minimised the workload either at the stae level or at the block level. Paper work has increased since the advent of Panchayati Raj. The Mandal Praja Parishad office is run like any other bureaucratic office and the officials at the mandal level are more concerned with the showing of reports, filling in of proformae and the drafting of replies to enquiries than with the carrying out of their field assignments in connection with the development programmes.

The Collector's office and, more so, the Development departments tend to attach undue importance to paper work because they are genuinely afraid that the administrative machinery would break down in the wake of the establishment of the Panchayati Raj. The fear is understandable but is certainly not justified in all cases. Mistrust or distrust of the people cuts at the roots of the Panchayat Raj. Of course there ought to be checks and counterchecks which should not be allowed to inhibit initiative at the mandal level or reduce the task of supervision and control to that of calling for reports, etc. The paper work has got to be rationalised and red-tapism reduced because bureaucratic habits, once cultivated, die hard.

(iv) Lastly, while the block level administration is getting somewhat democratised the non-officials 'ironically' tend to behave like bureaucrats. The average villager has come closer to the administration today than in pre-Panchayat Raj period. He has now enough self-confidence to seek the assistance of the mandal Development officer. The mandal level administrator also does no longer treat the villager with indifference or contempt. He knows that he is there to

serve him and promote his interests. This democratisation of the administration thus is cited by many as a positive achievement of the Panchayat Raj.

### CHECK YOUR PROGRESS - EXERCISE NO. 1

1. Explain the social impact of Panchayati Raj institutions in Andhra Pradesh.

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2. Critically analyse official-non-official relations in Panchayati Raj setup in A.P.

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### 6.3. PANCHAYATI RAJ & DEMOCRACY

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The establishment of the Panchayat Raj has the following consequences:

Power has been dispersed at rural local levels and several people have come to share it. It would thus be difficult to establish a dictatorship or military autocracy in the country which would mean in the ultimate analysis the deprivation for a large mass of people not only of their political rights and privileges but also of power. Power is most eagerly sought at all levels, especially at the rural local levels. It is only now that they are well on the way to becoming partners in the management of their own affairs.

It is sometimes contended that Panchayat Rj institutions may become disruptive forces because of their centrifugal character as autonomous units of rural local government. But history tells us that the denial of autonomy and the right to participate in the management of one's own affairs strengthens divisive tendencies. Given the autonomy to manage their affairs at the local levels, people will develop a sense of belonging to the nation.

(ii) However, it should not be ignored that factionalism has become rampant under the Panchayat Raj. Elections have sometimes caused and, in more cases than one, have deepened the prevalent personal, family or traditional divisions. Every panchayat, following in the footsteps of the mandal is found divided into two camps, the majority and the minority camps. The most undemocratic result, of the growth of political cleavage is that the leaders of the majority group in most cases see to it that all benefits go to their camp followers only. The Panchayats belonging to the minority group have become political and economic 'havenots'.

### CHECK YOUR PROGRESS - EXERCISE NO. 2

1. Assess the contribution of Panchayati Raj institutions for the development of democratic culture in rural India.

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## 6.4. SUMMING UP

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In this unit we have analysed the socio, political and economic impact of Panchayati Raj Institutions (PRIs) in India. From the Sociological point of view we have observed still caste is a major factor in the panchayat elections. The provision of representation to the weaker sections in PRI has improved, to some extent, their self-confidence and Social Status. From the political angle we have studied the relations between politicians and bureaucracy, the impact of state-local relationship on PRIs, increased political awareness of the people etc. In spite of some limitations the creation of PRIs led to greater participation in development programmes in general, and enhanced awareness of the village population.

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## 6.5. ANSWERS TO CHECK YOUR PROGRESS

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### Exercise 1

1. Section 6.2.1
2. Section 6.2.4

### Exercise 2

1. Section 6.3

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## 6.6. MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each.

1. Describe the political impact of the Panchayati Raj?
2. What are the administrative consequences of the panchayat Raj.?
3. Critically assess the role of the panchayati Raj institutions in the sphere of planning and development.
4. Discuss the sociological impact of the panchayati Raj.

### B. Answer the following in about 15 lines each.

1. Community Development Programme.
2. Leadership in Panchayat Raj Institution.

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## 6.7. REFERENCE BOOKS

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1. G. Ram Reddy (Ed) : Patterns of Panchayati Raj in India
2. V.S. Prasad : Panchayats and Development
3. Mattur Jacob George : Studies in Panchayati Raj
4. Marcus Franda : Small in politics: Organisational Alternative in India's Rural Development.

Writer: W.H. Sitarama Sharma.

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# UNIT-7 : COOPERATIVES: IMPORTANCE AND ORGANISATION

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- 7.0. Objectives
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- 7.9. Answers to check your progress
- 7.10. Model Examination Questions
- 7.11. Reference Books

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## 7.0. OBJECTIVES

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Cooperatives have been regarded as a tool of people's participation in nation-building and economic development. This unit explains to you the philosophy, brief history, administration, functions and problems of cooperatives. After reading this unit you will be able to :

- \* understand the meaning
- \* define cooperation
- \* appreciate its importance
- \* describe the structure
- \* understand the problems and prospects

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## 7.1. INTRODUCTION

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Co-operation is a joint or collaborative effort directed towards some goal in which there is common interest or hope or reward. Co-operation may be voluntary or involuntary, direct or indirect, formal or informal, but always there is a combination of efforts towards a specific end in which all the participants have a stake, real or imagined. It is possible to regard co-operation as an ethical norm, as a social process, or as an institutional structure. In ethics and religion,

and hence is related to an ideology. These agencies it was hoped might eventually lead to a 'movement'.

Early literature in India contains references to the role of co-operatives. Some third world countries are sponsoring co-operatives within the context of community development. The concept still remains strong in many parts of the world.

### 7.4.3. CO-OPERATIVES AS BUSINESS ENTERPRISES

A co-operative may be organised to suit certain types of business concerns. For example, in communities where private enterprise is not strong, a co-operative might develop sufficient entrepreneurial drive to take off and expand. Once it has done so, its criterion of success is growth and profitability. Its functions are to expand, to accumulate capital, and invest in further expansion. It does not matter what business it is in, as long as it is successful. It may well start in one line of business and end up in half a dozen others.

In areas such as agriculture it will probably confine to agricultural business, but that is, in a sense, incidental. It will retain some links with the ideology. It differs from private enterprise in the manner in which it raises and accumulates capital and distributes profits or surpluses. It differs too, in the manner in which it is controlled by democratic assembly of members, although in practice it will probably be run by the small minority of members which actually turns up at the general meeting. Most successful commercial co-operatives are of this type. Their justification, is more economic than social.

### 7.4.4. CO-OPERATIVES AS TOOLS OF ECONOMIC POLICY

The fourth concept differs from the other three. Co-operative organisation is conceived as part of the solution to some one else's problems. The problems may be of great importance. For example, the need to increase agricultural production implies, among other things, the need for an agency to supply credit to large number of small producers. Such credit is uneconomic and too risky for commercial banks, and it is impractical for a state credit institution to deal directly with large number of small producers. Some kind of co-operative organisation to handle the loans is desired. The villagers concerned may not particularly want the co-operative, they may not even want the credit-but they must be persuaded or compelled to have them because of developmental imperatives.

There are a number of fields in which co-operatives are conceived as tools of economic policy, including marketing, credit and supply, comprehensive development projects and agrarian reforms.

### CHECK YOUR PROGRESS EXERCISE NO 1

1. What do you understand by cooperatives?

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2. What impact did the idea of Owen make on the workers?

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3. How cooperatives are suitable as business enterprises?  
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## 7.5. ROLE OF COOPERATIVES IN RURAL DEVELOPMENT

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As pointed out in earlier lessons in major thrust of the rural development is to increase production, reducing inequalities and encouraging people's participation. The Third World countries suffer from lack of resources, and scarce capital particularly for agricultural sector. Co-operative institutions in this context play a crucial role. Encouragement of co-operative movement, is one of the sound methods of motivating people and mobilising resources. Gadgil, one of the eminent Indian economists, considered co-operative farming and other co-operative methods as an 'obvious and logical' solution to the basic problems of agriculture.

We notice considerable diversification in co-operative institutions such as agricultural credit societies, marketing societies, milk and dairy co-operatives, livestock societies, farming societies, irrigation societies, co-operative sugar factories, weaver co-operatives, cotton ginning and processing cooperative societies, tribal co-operatives, farmers cooperative societies, industrial co-operatives, co-operative warehousing and marketing consumer co-operatives, and so on. This would provide an idea of the range of diversification which the co-operative movement has achieved during all these years. Different sectors of co-operative movement have by now built up vertical and horizontal connections. Today the various co-operatives societies are providing many credit and infrastructural facilities to the farmers to improve their economic condition.

### CHECK YOUR PROGRESS EXERCISE NO 2

1. Explain the role of cooperatives in rural development.  
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## 7.6. STRUCTURE AND FUNCTIONS

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### 7.6.1. ADMINISTRATION AT THE APEX LEVEL

Entries 43 and 44 in the 7th Schedule of the Indian Constitution spell out the jurisdiction of the Central Government over societies such as cooperatives. The Preamble, the Directive Principles of State of Policy (Article 42 and 48) further make obligatory on the Central/State Government to provide a conducive environment for the growth of cooperatives.

A division in charge of Co-operatives attached to the Ministry of Food and Agriculture was set up in the year 1955 at the Central level (apex level). Later it was upgraded to the level

co-operation has been among the most honoured of values throughout human history. Indeed some philosophers and religious teachers have made co-operation synonymous with morality. Co-operation is stressed in all the major religious systems of the world.

The socio-economic fabric of our ancient villages, primarily based on the Hindu joint family system, is an example in co-operation. A close study of even present day villages reveals the spirit of co-operation permeating all economic activities.

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## 7.2. DEFINITIONS OF CO-OPERATION

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The co-operatives are established all over the world and various writers have tried to define co-operation in their own way. No single definition is complete in itself and, as such the definitions that follow may give only an idea of what a co-operative organisation is:

1. Fary defines a co-operative as an organisation for the purpose of joint trading or farming originating among the weak, and always conducted in an unselfish spirit on such terms that all those who are prepared to be members may share in its rewards in proportion to the degree in which they make use of their association".

2. A co-operative society, according to a Japanese law is an "association having legal existence, formed by persons of modest means in order to promote and develop, according to the principles of mutuality".

3. Under the British Columbia Agricultural Association Act of 1911, an association shall be deemed to have been organised on co-operative basis if "its constitution and bye-laws provide securing to all producers who are its members a share in the profits of the association in proportion to the value of the produce supplied by them after payment of a dividend upon the capital stock not exceeding a statutory maximum".

4. The Rumanian code defines it as an "association with a variable amount of capital, unlimited number of members who may in or leave it at any time and formed with an object of carrying on joint work on a definite plan with a view to furthering the economic and social interests of its members".

5. The Indian Co-operative Societies Acts, (1904 & 1912) defined a co-operative society as "a combination of persons which has, as its objects, the promotion of economic interests of its members in accordance with co-operative principles".

6. H. Calvert defined that, a Co-operative Society is an "association of human beings wherein persons, invariably of limited or moderate means, voluntarily associate as human beings on a basis of equality for the promotion of their common economic, social and moral interests by honest means and distribute their profits or surplus amongst themselves in proportion to their contribution made for earning that surplus or service".

7. The international Labour Organisation (ILO) defines a co-operative as "an association of persons, usually of limited means, who have voluntarily joined together to achieve a common economic goals through the formation of a democratically controlled business organisation, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking".

In the earlier lessons we have examined how organised effort facilitates rapid rural development. The co-operatives too it must be noted, emphasise the unity for prosperity of all.

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## 7.3. CO-OPERATION: SIGNIFICANCE

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The second world war broadly marks the beginning of a shift in emphasis of co-operative movement in India. From being the agencies of credit alone, these have started taking part in productive and distributive aspects. The colonial Government was eager to fit these agencies into

the general plan for the economic development of the country after the war. So it had appointed the Agricultural Finance Sub-Committee in 1944. The Committee made some recommendations for the growth and strengthening of the co-operative movement. The importance of the co-operative movement in a planned economy was recognised by the committee. It observed that the co-operative society has an important role to play as the most suitable medium for the democratisation of economic planning.

Independent India recognized co-operatives as an essential strategy of development particularly in rural development. The movement is recognised as an effective tool in building up a new economic and social structure in the context of the socialistic pattern of society. The five years plans emphasised the high priority to co-operatives in order not only "to avoid excessive centralisation and bureaucratic control" likely to result from planning itself but also "to curb the acquisitive instincts of the individual producer or trader working for himself".

In brief, the co-operative movement has emerged as a distinct sector of the Indian economy and as an important agency or instrument of socio-economic transformation and development of the country's rural economy.

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## 7.4. CONCEPTS OF CO-OPERATION

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There are different concepts of co-operation which have given rise to different structures. The following are some important ones:

### 7.4.1. CO-OPERATION AS IDEOLOGY

Without co-operation no collective or group effort is possible. Co-operation may be traced back to the beginnings of community life. It is only when co-operation become organised or systematized that it has come to have a telling effect on the socio-economic life of the community. Historically it was **Robert Owen** (1771-1858) popularly known as 'the Founder of British Socialism' (he was the first to use words "socialist" and "communist") who put forward a social philosophy intended to counteract the characteristic evils of British factory system (as a result of the Industrial Revolution). He set up a model workers 'Community' at his place *New Lanark*, where he owned textile mills which indeed were like a laboratory for him to tryout his philosophical ideals. His philosophy is that of **environmental determinism**. It means that people are shaped by their environment and that a veritable heaven can be created on the earth if the right kind of environment is provided (hence it is called '*utopian*' by other thinkers). **Robert Owen** held the view that production by machines organised only for profits would result in the impoverishment and degradation of the workers. To prevent it, Co-operation would be needed and he infact, suggested the setting up of "*villages of cooperation*" where planned communities would make cooperative effort to realise their goals of economic and social security. This means that free and absolute competition which is the characteristic of the concept of '*Laissez Faire*' should give way to Cooperation.

Owen's ideas made a deep impression on the workers, some of whom set up producers co-operatives and consumers co-operatives (for ex: "Rochdale Pioneers") involving even what might be called "money less exchanges". Owen himself was not involved in them since he had a larger social purpose which he tried to carryout by establishing the *Grand National Union of Workers*, having a membership of half a million which in due course gave raise to the Trade Union movement. This in brief is the background for the development of co-operative movement as an ideology;

### 7.4.2. CO-OPERATIVES AS PART OF COMMUNITY DEVELOPMENT:

Co-operative simply is a method of getting something done better than it would be done by individuals on their own. This in some extent may be taken as part of 'community development'. One important aspect is that it is an enterprise related to the needs of the people themselves. This concept contains an element of character-building, as does all community development.

of Department of Co-operation. Thereafter, it has been bunched with a number of ministries and to some extent suffered a step-motherly treatment. At present, it is merely one of the 25 Divisions in the Department of Agriculture, with no attached offices, subordinate offices or public undertakings, except one autonomous body-*National Co-operative Development Corporation*, hereafter referred to as NCDC.

Established in 1963 the NCDC has been involved in promotional activities, financial assistance, technical guidance and constructive supervision and periodic review of the programmes. It is considered as an executive organization with field-oriented and programme based activities. Thus, the functions of the NCDC are quite different from those of the Co-operative Division of the Ministry of Agriculture.

The Department of Co-operation arranges annual Conferences of the Ministers in charge of Co-operation of States, the Registrars, as well as National Seminars and Workshops, to discuss and analyse various policy issues and suggest administrative, financial and technical measures with a view to reorient the future policies and programmes of this sector. Besides, the Department keeps in touch with the planning Commission at the time of formulation of Five Year Plans and reviews the operations of these programmes from time to time.

**National Federations:** In recent years, a large number of National Federations (as many as 18) belonging to different fields have been established. The following are some of the important National Federations.

1. The All India Federation of Co-operative Spinning Mills Limited, Bombay.
2. The All India Fisherman Co-operative Federation Ltd., Delhi.
3. The All India Handloom Fabrics Marketing Co-operative Societies Limited, Bombay.
4. The All India Industrial Co-operative Banks Federation Limited, Bangalore.
5. The All India State Co-operative Banks Federation Limited, Bombay.
6. The India Farmers' and Fertiliser Co-operative Limited, Delhi.
7. Krishak Bharati Co-operative Limited, Delhi.
8. The National Agricultural Co-operative Marketing Federation of India Limited, Delhi.
9. The National Co-operative Consumers' Federation Limited, Delhi.
10. The National Co-operative Dairy Federation of India Limited, Delhi.
11. The National Co-operative Housing Federation of India Limited, Delhi.
12. The National Co-operative Union of India, Delhi.
13. The National Co-operative Land Development Banks Federation Limited, Bombay.
14. The National Federation of Co-operative Sugar Mills Limited, Delhi.
15. The National Federation of Industrial Co-operatives Limited, Delhi.
16. The National Federation of Labour Co-operatives Limited, Delhi.
17. The National Federation of Urban Co-operative Banks and Credit Societies Limited, Delhi.
18. The National Heavy Engineering Co-operative Limited, Pune.

The above federations have added a new dimension to the Co-operative structure. These federations not only provide leadership and support in administrative, technical, financial aspects but also in allied matters to the Co-operatives at the State, District and local levels.

**Public Sector Institutions:** The various public sector institutions like Reserve Bank of India, State Bank of India, Agricultural Refinance Corporation, and Rural Electrification Corporation have been helping the Co-operatives. The National Bank for Agricultural and Rural Development (NABARD), created recently, is expected to further strengthen the base of Co-operatives.

## 7.6.2. CO-OPERATIVE ADMINISTRATION AT THE STATE LEVEL

The pattern of Co-operative administration in all the States is more or less the same. It is headed by a Minister of cabinet rank and sometimes assisted by a State or Deputy Minister. The Secretary in charge of the Department of Co-operation is its administrative head. The executive organisations are headed by the Registrar, Co-operative Societies. He is generally appointed from amongst the personnel of the IAS cadre. His designation is in conformity with his duties as his legal functions are to register, and if necessary, to cancel the registration of the Co-operatives. The Registrar seems to have been given considerable freedom in order to discharge all the statutory, regulatory, judicial and administrative functions under the Acts.

Besides, the State Department of Co-operation there are other state level bodies in all the States. These are concerned with the development of Co-operatives in their respective fields at the district and primary levels. The following are some of the state level bodies.

- 1) Credit Co-operatives
- 2) Sugar Co-operatives
- 3) Industrial Co-operatives
- 4) Labour and construction Co-operatives
- 5) Dairy Co-operatives
- 6) Housing Co-operatives
- 7) Education & Training Co-operative
- 8) Marketing Co-operatives
- 9) State level Handlooms Weavers Society.

The State level co-operative bodies are expected to provide credit short, medium and long term, and also technical assistance and would further act as catalysts for the respective constituents for their growth and development. These organisations provide an alternative market mechanism, in order to enable the producers/farmers to market their produce to their best advantage. Besides marketing, these agencies take up services to the producers as assembling, grading, pooling, processing, storage, financing, sale, transportation, exports etc. Further the state level Co-operative bodies are expected to help the poor cultivators in securing a remunerative price and also to protect the weaker sections from the cut throat competition of private trading agencies. These organisations also fight the unscrupulous traders/landlords and hoarders who want to tilt the balance of economy of the country in their favour.

In short, promoting production, providing credit, developing the habit of saving among the members, providing fertilisers, seeds, manures, supply of consumer goods, supply of raw materials, marketing of food grains on behalf of State Government, direct purchase of food grains, advancement of loans on the security of produce of the members, and installation of agro-based units, are some of the important functions of co-operatives. These functions are discharged through its District/Central Societies and primary Societies.

The State level co-operative bodies consists of the General Body, the Board of Directors and the Committees. These bodies are concerned with formulation and reviewing of policy-making.

## 7.6.3. ADMINISTRATION OF DISTRICT CO-OPERATIVE SOCIETIES

All the State level co-operative bodies discharge their duties through their respective District or Central Co-operative Societies. Some of the District/Central Co-operative Societies have been organised since the passing of Co-operative Societies Act of 1912. The other Societies have been functioning since the establishment of their respective State level bodies. These Societies are useful as an intermediary link with the primary co-operative societies at the block/village level.

## Functions

The important functions of the District/Central Co-operative Societies are:

- a) To extend credit facilities to the primary societies for various agricultural and non-agricultural activities.
- b) To supply the necessary inputs and provide the technical assistance to the Primary Societies.
- c) To act as the balancing centres for the primary societies by making available surplus funds of some societies to others.
- d) To supervise the work of primary co-operative societies and suggest better ways of investment.
- e) To maintain a close and continuous relationship with primary societies.

## Management

The District/Central Societies are administered by a Board of Management and an Executive Committee elected for one year or three years (in some states) on the basis of one member, one vote. The number of members varies from 10 to 15, but some societies co-opt persons who have local knowledge or service in the co-operatives to their Boards of Management. Each Society is headed by an Executive Officer/Manager, who is in charge of the day to day administration of the Society. One of the functions of such Societies is to supervise the primary societies and, therefore, one Supervisor/Technical Officer supervises approximately 10 to 20 Societies. The costs of management varies from State to State and Society to Society depending on the functions allotted and their performance.

### 7.6.4. ADMINISTRATION OF PRIMARY SOCIETIES

The primary Societies are those which will be in direct touch with the clientele, such as farmers and other persons belonging to different vocations. Some of these are as old as 1904. The main features of the Societies are: specific area of operation, organisation by the farmers for their own benefit and bulk purchase or sale.

**Functions :** These Societies are expected to provide short and medium term credit, inputs, machinery, material, consumers goods etc., to the members.

**Management :** The management of these bodies is also based on the principle of 'one member one vote'. Each Society will have its own management. Two important bodies need mention here (1) General Body (2) Governing or Management Committee of 5 to 9 members chosen from among the members of the General Body. The General Body elects the President and the Secretary. The tenure is usually for one year. Honorary service is regarded as the hallmark of co-operatives. If the transactions are heavy, a clerk is appointed on salary basis. He/she is also known as Paid Secretary in some States.

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## 7.7. REVIEW OF CO-OPERATIVE ADMINISTRATION

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Several committees, Commissions have submitted reports on working of Co-operatives and have pointed out that co-operative movement suffers from a number of problems. We shall summarise some of the important problems.

It was pointed out in some of the reports that the Co-operatives have been in doldrums right from the beginning owing to lack of proper planning and supervision, financial overdues, defective personnel policy, corrupt and incompetent bureaucracy, malpractices, mis-appropriations, paucity of funds, lack of leadership, cut-throat competition, lack of marketing facilities, clearance of non-viable units, and politicisation of the whole movement.

Apex level federations in the Co-operative Sector were set up on the principles of federalism.

These are expected to provide to the affiliated Societies Services which would otherwise be considered beyond the reach of the latter. However, in practice, the federations have become empires in themselves, with little or no role to gross root co-operatives.

The General Body and the Board of Directors of federation is expected to give policy direction for the realization of objectives. But it was found that the General Body has not been effective. The meetings are not held regularly. Attendance at the meetings is generally poor. The delegates do not give concrete and constructive suggestions for effective control over the federations due to disinterest and inexperience and to some extent even lack of expertise. Further, it was also observed that the Government superseded the management of the federations and other Co-operatives on flimsy grounds or to delay/defer the elections to suit the interests of the party in power. The State Governments are too often found to be interfering in the functioning of these so called democratic and autonomous bodies.

The members of the different State Legislatures are naturally concerned with the attempts at the virtual liquidation of the District and Primary Co-operative Societies. The Governments concerned identified some of the factors which hampered the effective functioning of co-operatives. These include (a) lack of interest on the part of members, (b) malfunctioning, (c) non-payment of interest and also the principal amount by the members, (d) non-observance of essential principles of co-operation, (e) absence of collective farming by agricultural service societies, (f) lack of interest on the part of Managing Committees.

Instances of recruiting the lower staff without taking into consideration of the qualifications, training, work experience, aptitude etc., of the candidates are not lacking.

There is no close co-ordination and integration between the head-quarters and the field offices. Only downward communication prevails. Decisions taken in the monthly meetings of the district boards do not bring tangible results due to lack of follow-up action. The officers from the head office hardly care to solve problems of the field agencies.

The increasing politicalisation of co-operatives is a dangerous sign. For instance with the change in political setup both at the Centre and in the States in the years 1977 and 1980, there has been an era of supersession of Elected Boards on political grounds right from the primaries to apex federations especially in States of Haryana, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh and West Bengal. Such actions would definitely undermine the faith of the people in co-operatives as instruments of economic and social justice.

### **CHECK YOUR PROGRESS EXERCISE NO:3**

1. What are in short, the functions of co-operatives?

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2. What are the important functions of District/Central Co-operative Societies?

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3. Write a note on the management of primary and district/ central cooperative Societies?

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4. Mention some of the management problems of cooperatives.

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## 7.8. SUMMING UP

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Co-operation essentially refers to collective activity for social and economic development of people. Co-operation can be seen in many forms with many purposes. Its chief aim, however, is pursuing certain common economic interests. Naturally, therefore, the co-operative activity assumed different forms in different countries, as per the needs of their communities. In ancient times the economic activity by its very nature, was constant and indispensable collaboration and interdependence. But in the modern society, the state is encouraging co-operatives in the name of 'welfare' or socio economic development of the people. The modern co-operative has originated from 'western society' which is radically different from the co-operatives which were existing in the ancient societies like India. Therefore, the problems are bound to arise in transplanting an organisation created in response to very specific needs from one type of society to another.

In independent India co-operation has been recognised as an essential strategy of development in the Five Year Plans. Today the co-operative movement has emerged as a distinct sector of the Indian economy and as an important agency or instrument of socio-economic transformation and development of the country's rural economy.

Though the Department of Agriculture and Co-operation performs all the activities relating to agricultural sector, there is no unified agency to take care of the remaining sectors of co-operation, e.g., Khadi, handicrafts, handlooms, industrial co-operatives etc. The Department just acts as a post office, forwarding the recommendation or action for implementation to other ministries/ministers. This has resulted in imbalance in the development of co-operatives. The working group on Co-operation (Administrative Reforms Commission) rightly observed that "there is a wide gap between accepted policies and actual implementation". Co-operation Division can not deal with all the intricacies of the administration. If we really want to bring about modernisation and social change, there is a dire need to set up a full fledged Ministry of Co-operation at the centre and state levels. This ministry may be made responsible for all matters relating to Co-operatives. An examination of the working of apex bodies, district-central Societies and primary Societies unfold that these institutions have encountered a number of problems. Unless the problems like financial overdues, defective personnel policy, lack of proper planning and supervision, insufficient market facilities, mis-appropriations and politicisation of movement are eliminated the success of cooperative movement is doubtful.

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## 7.9. ANSWERS TO CHECK YOUR PROGRESS

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### Exercise No 1.

See 7.1

See 7.4.1, para two (2)

See 7.4.3.

### Exercise No 2.

See 7.5

### Exercise No 3.

See 7.6.2 para 3, &4.

See 7.6.3.

See 7.6.1., 7.6.2, 7.6.3.

See 7.7

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## 7.10. MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each.

1. Write on the Co-operative administrative pattern at the Central level.
2. Write on the Co-operative administrative pattern at the State level.
3. Critically examine the Co-operative administration.
4. Discuss the role of cooperatives in rural development.

### B. Answer the following in about 15 lines each.

1. Write on the importance of cooperatives
  2. Define the cooperatives
  3. "Cooperatives are the vital tools of economic policy"- discuss.
- 

## 7.11. REFERENCE BOOKS

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1. B.B. Goel : Cooperative Management and Administration
2. S.L. Goel & B.B. Goel : Principles, Problems and Prospects of Cooperative Administration
3. D.R. Prasad : Cooperatives and Rural Development

Writer : CH. Balaramulu.

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# UNIT-8 : COOPERATIVES : AN ASSESSMENT

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## Contents

- 8.0. Objectives
- 8.1. Introduction
- 8.2. Five year plans and cooperatives
- 8.3. Problems of cooperatives
  - 8.3.1. Administrative problems
  - 8.3.2. personnel problems
  - 8.3.3. Financial problems
  - 8.3.4. Environmental problems
- 8.4. Summing up
- 8.5. Answers to check your progress
- 8.6. Model Examination Questions
- 8.7. Reference Books

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## 8.0. OBJECTIVES

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This unit deals with the problems of cooperatives. After reading this unit you would be able to

- \* identify the administrative, personnel, financial and environmental problems faced by the cooperatives
- \* to understand the reasons for the poor performance of the cooperatives.

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## 8.1. INTRODUCTION

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As stated in the earlier lessons a co-operative is one which enables the rural masses to participate in the social and economic development of a country. Co-operatives are part of wider socio-economic and political structure. In this lesson we shall assess the working of Co-operatives in India since independence.

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## 8.2. FIVE YEAR PLANS & CO-OPERATIVES

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The First Plan considered Co-operatives as potential instruments of development. These institutions were thought to be better suited for proper utilization of credit for productive purposes. Various types of Co-operatives therefore have been established.

During the first five year plan, the primary agricultural credit societies have increased from 1.15 lakhs to 2.15 lakhs. The membership had increased from 51.54 lakhs to 77.91 lakhs. The percentage of rural population served increased from 10 to 16. There is a marked increase in the advances. Efforts were made to establish a training centre for imparting training facilities for senior, intermediate and junior staff of these institutions.

There was considerable expansion of Co-operative sector during the second plan also. In terms of number of primary societies, credit-marketing and processing units, we notice that these agencies have

fares well, crossing all the targets fixed. The third plan too placed emphasis on development of co-operatives. The fourth and fifth and sixth plans too saw quantitative expansion of these institutions. Substantial progress, no doubt has been made by these agencies. About 95 percent of villages are covered by these institutions and nearly 50 percent of rural population are having access to these institutions of which more than 40 percent belong to agriculture. There are now co-operative Sugar, spinning and fertiliser industries. The achievements can broadly be summed up in the following order (a) economic (b) social and (c) educational.

### 8.2.1. ECONOMIC

Co-operatives extended cheap credit, reducing atleast to some extent, the need for villagers to take loans from money lenders. These agencies are offering better prices to cultivators and created more opportunities for employment and self-employment in distribution of essential commodities, etc. The economic advantages of co-operatives, thus are no doubt quite considerable.

### 8.2.2. SOCIAL

i) cooperative societies help in checking petty quarrels of villages, bind them together in friendly relationship and train the people to work for common ends, ii) Help in avoiding litigation and pave the way for selfhelp and mutual help, (iii) cooperatives relies on the character building of the members and fosters a sense of responsibility, integrity and diligence and (iv) cooperatives enable the idle become industrious.

### 8.2.3. EDUCATIONAL

The cooperative societies have brought benefits of business methods to their members. In good societies the members take an active part in working, keep an eye on the way in which members utilise the loans. These bodies also make the illiterates to learn to read and write. Co-operative societies provide opportunities to the members to learn the art of running democratic institutions and further also encourage the creation of local leadership. They also develop responsibility and honesty of purpose in their members.

### 8.2.4. REASONS FOR FAILURE

In spite of impressive achievements to their credit for the last 35 years cooperative movement in India is not very successful. The following are some of the critical observations made by experts in the field.

1. Cooperation has not brought about adequate relief to the poverty-stricken peasants, artisans and small traders. These according to some observers, are captured by the rich. In other words the benefits of cooperatives in the marketing of output, purchasing of such inputs as fertilizers and improved seeds went mainly to the limited group especially those who have a marketable surplus to sell.
2. According to the Rural Credit Survey Committee Report the co-operatives are unable to meet the entire credit requirements of the people.
3. These agencies also are politicised.

### CHECK YOUR PROGRESS EXERCISE NO : NO 1

1. What is the role of cooperatives in economic, social and educational development of the rural India?

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.....  
.....

2. What are the reasons for the poor performance of cooperatives?

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### 8.3. PROBLEMS OF CO-OPERATIVES

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The following are some of the problems faced by cooperatives for ineffective functioning. These are:

- (a) Administrative;
- (b) Personnel;
- (c) Financial; and
- (d) Environmental.

#### 8.3.1. ADMINISTRATIVE PROBLEMS

**A. Centralised Planning:** In a centralised planning system cooperative may not be able to operate independently. A section of critics suggest, that unless cooperatives are involved in the preparation of plans which aim at promotion of them, the basic purpose of establishment of cooperative institutions would be defeated. Most cases of failure in this sector are owing to the lack of understanding among the government agencies in charge of preparing and implementing the plans about the specific role of these agencies.

#### B. COORDINATION

The linkage and control are the essential integrating processes between one part of the system and the other which facilitates effective functioning. If the links are not strong, the system cannot function properly. But the problem of coordination however is found not very effective in almost the entire gamut of rural development administration. The problem is much more so in the case of cooperatives. This is because of inadequate integration, absence of effective linkages. The support and cooperation of a number of agencies like agriculture, animal husbandry, fisheries, industries, revenue, registration and Panchayati Raj are necessary for effective functioning of these institutions. There is no sound mechanism to secure coordination among various developmental agencies except the *Collectorate* at the District level. But the district Collector is heavily preoccupied with so many other functions that he/she hardly has any time left to look into this vital function.

#### C. CUMBERSOME PROCEDURES

Administration of Cooperative credit involves many procedural formalities. Too many technicalities are introduced the acquaintance of which could not be expected from a large number of illiterate rural people. These procedures in actual practice have infact become 'bottlenecks' and they have become ends in themselves instead of becoming means. In the organisation of a primary society, in advancing of loans many procedures have been prescribed which cause undue delay. (say in the sanctioning of credit to the farmers.) For instance the recipients of loans (say for example farmers) have to submit Pahani Patrica, non-encumbrance certificate and no dues certificate from other banks to the agencies concerned, which is a herculean task for anybody leave alone the poor villagers.

#### D. DELAY IN SANCTIONING THE LOANS

Considerable delay is reported in sanctioning the loans to the farmers particularly to the weaker sections. There are instances in which there was a gap of one and half years between the

application for loan and the actual sanction. The enormous delay in processing loan applications, leads one to wonder about the efficiency of these institutions.

#### **E. LACK OF INFRASTRUCTURAL FACILITIES**

The cooperative movement has failed to provide credit for the growth of infrastructural facilities in the shape of markets, processing plants. But the development of infrastructure regarded as crucial. Absence of infrastructure cripples the effectiveness of the cooperatives. A single cooperative society which would meet all the needs of the farmers perhaps is the need of the hour.

#### **F. INEFFICIENT MANAGEMENT**

The non-availability of trained and efficient staff also has affected the efficiency of these societies. The accounts are not kept properly. Besides meetings are not called regularly and if called, are not handled properly. The members of the governing body generally do not take any interest in the working of the societies.

There are reports that the accounts of these bodies are not properly audited. The auditors are busy with routine work and they do not find time to supervise the work of societies. A number of problems arise in the absence of proper auditing and supervision.

#### **8.3.2. PERSONNEL PROBLEMS**

**(A) Personnel Practices:-** The effective functioning of cooperative institutions as is the case with most developmental departments, depends also on the adoption of sound personnel policies. But a survey conducted by the Banking Commission revealed that 88 percent of cooperative banks have not given proper attention to evolving proper personnel policies. Another survey revealed that though the cooperatives follow contemporary methods of recruitment by calling applications, screening, interviews and tests, the entire process appears to be informal and noninstitutionalised. The recruitment policies thus are not effective. These institutions are also not able to attract candidates with requisite qualifications. Cooperatives are also not above allegations of corruption in appointments. So the talent hunt by and large appears to be on a low key. The result is influx of a large number of mediocres among its ranks. The methods of training are also not very encouraging. Many senior officials of these institutions remain untrained even after long years of service.

Their knowledge about the philosophy and fundamentals of cooperation appears to be limited. Promotion policies are also not sound. A large measure of discretion seems to have been left to the political executives, in matters of promotion which will have a telling effect on the morale of the competent people of these bodies. The officials too are setting aside all the canons of political neutrality of civil service, to curry the favour of political and factional leaders.

#### **B. BUREAUCRACY**

On keen observation one gets an impression that the whole effort of these bodies is not guided by any concern for the poor. The key officers invoke the name or office of the superior level and caution lower staff that the higher ups would become unhappy if the programmes are not implemented, which may make the field functionaries feel that they are "servants" of a few higher ups. This in turn perpetuates a tendency to treat the rural poor more as subjects and not as the deserving and needy members.

There are a number of problems arising within the cooperative bureaucracy on account of relations based on authoritarianism among various functionaries. The higher levels, in matters of supervision and guidance resort to authoritarian tendencies preventing the field functionary from expressing his/her opinion. It was brought out in some studies that there is a widespread feeling among the subordinate levels that free and frank expression will invite the wrath of

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# UNIT-9 : BANKING SECTOR : IMPORTANCE AND ORGANISATION

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- 9.0 Objectives
- 9.1 Introduction
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- 9.7 Agricultural Refinance and Development Corporation
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- 9.13 Management of Banks
- 9.14 Summing up
- 9.15 Answers to check your Progress
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## 9.0 OBJECTIVES

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In addition to other agencies, banks too have a role to play in rural development and economic development of poor people. After reading this unit you would be able to

- define a bank and understand its role,
- appreciate the changing role of banks
- understand the emphasis laid by the Government from time to time on rural economic development.

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## 8.4. SUMMING UP

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Organising cooperative institutions to implement various rural development programmes has to for long remained an objective of Government. All the Five Year Plans formulated so far underlined the importance of cooperatives in rural development. As a result several crores were pumped into these institutions to improve the socio-economic conditions of the needy. In agriculture, the cooperative movement did succeed to some extent in mitigating the problems encountered by small and marginal farmers. Several studies pointed out that these institutions suffer from a number of problems. Broadly, the problems are related to administrative, financial and personnel aspects. Above all, inegalitarian rural socio-economic system appears to be major hindrance for the success of the cooperative movement, As had aptly been pointed out Gunnar Myrdal "in an inegalitarian society the benefits of the cooperatives are bound to enhance economic and socio-political power of the richer sections".

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## 8.5. ANSWERS TO CHECK YOUR PROGRESS

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### Exercise No 1.

See 8.2.1, 8.2.2., 8.2.3

See 8.2.4

### Exercise No 2.

See 8.3.1, &8.3.6

See 8.3.2.1 and 8.3.2.2.

See 8.3.3.3

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## 8.6. MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each.

1. Explain the importance cooperatives in rural development.
2. Critically examine the growth of cooperative movement in India.

### B. Answer the following in about 15 lines each.

1. What are the personnel problems of co-operatives
2. Major constraints for the development of cooperatives.

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## 8.7. REFERENCE BOOKS

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1. B.B. Goel : Cooperative Management and Administration.
2. S.L. Goel & B.B.Goel : Principles, Problems and Prospects of Cooperative Administration .
3. D.R. Prasad : Cooperatives and Rural Development.

Writer: CH. Balaramulu.

## F. DORMANT SOCIETIES

On an average 25% of the societies are dormant. In a survey it was revealed that in a state, out of 20,000 societies, no society was economically sound. In another State, out of 45,000, about 30,000 were not functioning properly.

### 8.3.4. ENVIRONMENTAL PROBLEMS

The attempt to introduce the cooperative agencies which are successfully practiced in Europe and other countries in countries like India, for the benefit of different kinds groups based on caste or community according to a leading sociologist, is to consolidate the traditional system and to encourage further social stratification by creating new opportunities for class exploitation by small privileged groups. It appears that this approach has been adopted in the developing countries who wish to see cooperatives develop within the narrow limits of a so-called 'free enterprise' system. The process of modernisation could not be carried through to its logical conclusion, since this would mean elimination of the dominant and enlightened classes who uphold this myth. If cooperatives are to alter the status-quo, this can only be allowed within certain limits, so that certain basic requirements are met but no fundamental structural changes occur. The same situation is prevailing even in India. The Cooperatives are often criticised for being dominated by vested interests. While to a large extent this is true, the situation in fact is no different from any other social, and economic or political set-up in rural area. Like other institutions, cooperatives also reflect the same power structure. The solutions sought so far have been in the nature of reservation of seats on the managing committees, limiting the number of terms of office, etc., But in practice these measures have been ineffective.

### CHECK YOUR PROGRESS EXERCISE NO 2.

1. What are the administrative problems of the cooperatives?

- i. ....
- ii. ....
- iii. ....
- iv. ....
- v. ....

2. Explain how personnel problems are responsible for poor service by the cooperatives

- i. ....
- ii. ....
- iii. ....
- iv. ....
- v. ....

3. Why farmers mis-use loans? What measures do you suggest to stop it?

- i. ....
- ii. ....
- iii. ....
- iv. ....
- v. ....

higher levels. Therefore, they silently accept the decisions coming from above knowing fully well that most of them cannot be implemented.

### **8.3.3. FINANCIAL PROBLEMS**

#### **A. HIGH RATE OF INTEREST ON CREDIT**

Agricultural Credit is extended primarily to protect the farmers from paying high rates of interest to either private individuals (money lenders) or institutions. Though the interest rates are slightly lower in cooperative sector, the aspirant for loans has to spend quite a sum on preliminaries. The farmers are not too eager to take loans from cooperative institutions because, failure in regular repayments may result in payment of more compound interest. Some agencies resort to methods of recovering loans which are not very desirable.

#### **B. LACK OF FINANCIAL RESOURCES**

The cooperatives mainly suffer from lack of adequate funds. It was felt that the members themselves should save and deposit their savings and this contributes a large share to the working capital of the societies. The Central and the State Cooperative Credit Societies which were organised to help village societies could not attract as much deposits from the general public as anticipated. This position continues to be so. Premier lending institutions, of course, like National Bank for Agricultural and Rural Development (NABARD) are now coming forward to extend easy credit to agencies like State Cooperative Bank in order to meet their credit requirements.

#### **C. PROBLEM OF OVERDUES**

The efficiency of any lending institution cooperatives or otherwise should be judged not only by the amount of credit extended, but also by the level of recoveries. But in practice high overdues have been one of the main problems of the cooperatives. Some of the States which made much headway are now among the ones worst afflicted by overdues. Recoveries are a function of several variables, some internal and some beyond their control. Fall in prices, glut in the market, natural calamities, shortage of power and diesel etc., affect productivity and reflect on the repaying capacity, of the borrowers. Surprisingly however it has been observed that a large part of the overdues is attributable to the wilful default on the part of the borrowers. A large number of defaulters belong to the upper class of farmers. Needless to say that a good number of borrowers belong to the upper sections of society.

Thus, the Primary Agricultural Credit Societies suffer from recurring overdues. Large amount of money of these agencies is thus locked up on account of non-repayment. This naturally erodes the capital and reduction in the number of members availing the cooperative credit and ultimately the institutions are bound to become dysfunctional.

#### **D. MISUSE OF LOANS**

As already stated the Cooperative Institutions cannot meet the entire credit requirements of the farmers. They advance loans only for agricultural operations. But the farmers require money to meet many of their other requirements. They have to necessarily go to the money-lenders and landlords. Added to it, instances are also not lacking where the farmers, diverted the loan, for being spent on bare necessities such as food, clothes, etc., and social purposes such as performing daughter's marriage, festivals, death-ceremonies and such other unproductive purposes.

#### **E. TRANSFER OF LOAN TO SHARE CAPITAL**

The common problem with regard to short-term and medium term loans is the transfer of certain proportion of the loan amount sanctioned to share capital depriving the farmers of the benefit of the total loan amount which is not the case with commercial banks.

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## 9.1 INTRODUCTION

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In modern society banks have come to stay. Account in a bank in general and with a cheque book facility in particular is viewed as a status symbol. Apart from the status symbol aspect, the banks are considered as the custodians of depositors money. The traditional role of the banks has been to cater to the developmental needs of the urban people. Of late, increasing emphasis has been laid on the rural economic development and banks have been called upon to cater to the needs of rural people also.

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## 9.2 DEFINITION

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The name Bank originated from the French word 'Banque' or Italian word 'Banca'. It means a bank in English. In olden days the bankers transacted their business at benches in a market place. In those days benches were used as counters. According to some writers the word bank is derived from the German word 'bank' which means a joint firm. Thus, there is no unanimity about the origin of the word 'banking'.

According to the Banking Regulation Act, 1949 of India Banking is defined as "accepting, for the purpose of lending or investment, deposits of money from the public, repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise".

This definition makes it clear that acceptance of deposits and lending or investing them are the two essential functions of a bank. If a business concern accepts deposits from the public with a purpose to invest them in its business but not to lend to public, then it won't be called a bank.

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## 9.3 ORIGIN

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Some sort of banking activities are said to have been in existence even before the coinage system came into being. It is said that deposit banks existed in Babylonian/Assyrian civilisation. There were special institutions where wealth in a form of sheep and cattle, farm and agriculture produces etc., could be deposited and loaned. There are proofs to show that banks were functioning in Mesopotamia. In Rome, there was a Department of State which worked as bank in the 4th century.

According to the New Testament the activities of money changes were carried on the temples of Jerusalem. In Greece around 2000 BC., the Temples of Euphesus, Delphi and Olympia were used as depositories for people's surplus money.

In India rudimentary forms of banking are found since the Vedic times. The **puranas** and the **Smritis** have mentioned about money lending. **Manusmriti** and Kautilya's **Arthashastra** give an account of banking practices in ancient India. Money lending is mentioned in **Panchatantra** also.

In England, Goldsmiths and Jewellers carried on the banking business. The money lenders were Jews all over Europe. Jews and Italians in Europe and Paris and Marwaris in India thrived on money lending business.

### **Origin of Modern Banking**

The goldsmiths of England are said to be the originators of business on the strength of the gold received by them as deposits for safe custody. They are believed to have started the practice of lending. Those goldsmiths had huge stocks of gold deposited with them by the wealthy merchants and others. The goldsmiths found that only a fraction of their stocks was withdrawn by depositors and the remaining portion remained idle with them. At the same time there was demand for gold by traders and merchants for expanding their business. In turn

the borrowing merchant promised to pay interest on the gold borrowed. This was profitable to the goldsmiths. They approached the savers for deposits and promised them to pay interest on them. Instead of paying rent for safe custody of their metals the depositors were paid interest. This encouraged the depositors. This is how the business with other people's money started.

### **CHECK YOUR PROGRESS - EXERCISE NO. 1**

1. Differentiate between the origin of banking and modern banking.

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## **9.4 ROLE**

In modern society it is difficult to ignore the role of banks. Economic development of the countries depends upon the aid from the banks. Banks collect deposits from the public and advance them as loans with interest. Banks also create money. But, that bank created money exists only in the books of the bank. This increases the purchasing power of the people. The surplus income of the people and created money increase the investments and enhance productivity. Banks can also play a crucial role in reducing the misery of the rural masses. This, as a matter of fact, is the social responsibility of the banks.

The traditional role of the banks has been to meet the investment needs of the industrialists. They sought high security from others and advanced loans to promote industries in the urban areas. Thus, wealth and money was concentrated in the hands of the few at the cost of many rural people. Now, there is a change in this traditional role of the banks. The shift is from urban to rural areas, from the industrialists to the rural masses. This is aimed at correcting the imbalance in the credit policy of the banks. The emphasis has been laid on reducing unemployment, increasing utilisation of raw materials and mineral resources. This helps the local manufacturer to compete with the organised sector and also enhances rural productivity. The thrust has been on the increased participation of the banks in the agricultural and small scale sectors which create more employment opportunities and demand for local manufacturers.

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## **9.5 FUNCTIONS**

Of late, the functions of the banks have increased enormously. Goldsmiths were custodians of public wealth. Money lenders lent their own resources. Thus, the present day bank, according to Crowks has three ancestors - the merchant, the money lender and the goldsmith. The following functions of the present day banks come from the activities of these three ancestors.

1. Bank as a borrower.
2. Bank as a lender.
3. Bank as a dealer in foreign exchange
4. Bank as a creator of credit
5. Bank as an agent of clients.

### **9.5.1 BANK AS A BORROWER**

It is the primary function of a bank to borrow from public savings. Lending depends on the borrowing from the public deposits. Bank deposits are of three types: (a) fixed deposits, (b) savings bank deposits, and (c) current deposits.

**Fixed deposits:** Deposits borrowed from the public under this are repayable after the expiry of a certain period. It ordinarily varies from three months to 5 years. They are also known as 'time deposits' since they are deposited for a specific period of time. Fixed deposits bear a higher rate of interest. This is an attraction for the customers. The rate of interest on fixed deposits varies depending upon the period for which they are deposited. Depositors are free to withdraw their deposits after the expiry of the maturity period.

### 9.5.2 SAVINGS BANK DEPOSITS

This type of deposit is suitable for those people who want to deposit their small savings in a bank. The rate of interest on this type of deposits is less than on fixed deposits. It is calculated on the lowest balance kept during the month. For example, in India the interest paid on the savings banks account is 5 percent on the balance maintained from 10th to last day of the month.

Savings Bank Deposits are the most favoured form of deposits for ordinary people who do not withdraw frequently. In India the deposits on this account have become very large. A certain minimum balance must be maintained in the account. The balance of this account is not allowed beyond a certain maximum. A certain minimum balance must also be maintained in this account which varies depending on the facility extended to the deposits.

### 9.5.3 HOMESAFE ACCOUNT

This account is akin to a savings bank deposit account. This is meant to promote the habit of savings among children and low income group persons. A customer who opens this type of account is supplied with a 'toy safe' which he can take home. He is advised to save his money in this safe.

### 9.5.4 CURRENT DEPOSITS

Current deposits or Demand deposits or Checking deposits are useful to people who would need money every now and then or mere-money to transact their day-to-day financial transactions. Money from this account is withdrawable by cheque any number of times in a day. This is a convenient form of keeping money without fear of theft or loss.

### 9.5.5 RECURRING DEPOSIT ACCOUNT

In this type of account of the customer is required to deposit a fixed sum of money every month for a specified period of time. After the expiry of that fixed period, the depositor gets back his money with compound interest on it. This type of account encourages customers to save some money compulsorily. The rate of interest is higher on this deposit than savings bank deposits.

Of the above types of deposits it is found in India that the fixed deposits have gained popularity over other deposits. Some of the reasons for the people's preference to fixed deposits are higher rate of interest, stability in the economy, good yield from the deposits.

People save from their surplus income, thrift, or postponement of present consumption to a future date. Future spending may be on the occasion of marriage, purchase of real estate. These future needs compel the people to pool their small savings and deposit them in banks for safety. Necessity of funds by the banks to lend to others and the future requirements of the people are two reasons for savings in the banks. The banks have to inculcate thrift habit as well banking habit among both the rural and urban people to build up huge reserves and also to serve the people by lending.

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### 9.5.6 NATURE OF DEPOSITS

Banks may receive the deposits in actual cash or in the form of cheque, a bill, a promissory note. Deposits may also arise out of loans granted by the bank through the discounting of a bill.

### 9.5.7 BANK AS A LENDER

Bank's function is not simply borrowing from the public. It is one of its functions. Money would be borrowed from the public against the payment of interest. Hence, to pay interest on the deposits to the savers, banks lend such amounts to the needy at a higher rate so that they can make profit. Profit motive is the building principle of banks, hence they are known as commercial banks.

Lending of money by the banks serves a few purposes. Banks can lend their excess of reserve to enterprising people who could utilise such money for productive purposes. It enables the people to purchase consumption goods. Lending also can stimulate investment. Lending also encourages thrift among the people. People save with the banks for interest and safety of their money. Banks encourage saving habit among the people so that they can get money for lending.

### 9.5.8 METHODS OF LENDING

Banks would lend money to the borrowers in the form of (a) cash credit, (b) over draft and (c) loans.

**Cash credit:** In this form of lending a bank allows his customer to borrow money upto a certain limit. The customer need not withdraw the whole amount at a time. He may draw such amounts as he may require from time to time. In India, interest rates on cash credit range from 15% to 18%.

**Overdraft:** This is temporary loan facility allowed by a bank to its customers. A customer is allowed to overdraw on his current account and required to pay interest on the amount actually used by him. The rate of interest on this loan facility at present is 18%.

**Loans:** A loan is one which is advanced by a bank in a lumpsum. For establishment of factory, self employment unit or even for personal purposes at the rate of interest specified by the bank.

**Bank as a dealer in Foreign Exchange:** Commercial banks have branches and offices in other countries to trade in foreign currencies. They earn foreign currencies and sell them to the governments also. These currencies are also used to pay debts with other countries. They also sell international traveller's cheques. They act as bankers to importers and exporters.

### 9.5.9 BANK AS AN AGENT OF CLIENTS

Banks also render the following services to their clients:

- a) A bank collects and pays the cheques, bills and promissory notes.
- b) Orders are given by customers to the banks for the payment of sums towards insurance premium, subscriptions to clubs and societies. Such orders are carried out by the banker with a small fee.
- c) The customer may also instruct the bank to collect his dividends and interests from other institutions.
- d) Banks also provide safe lockers to the customers to keep their valuables and important documents against theft and fire.

## CHECK YOUR PROGRESS - EXERCISE NO. 2

1. What do you understand about the lending function of bank?

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2. What do you mean by current deposits?

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### 9.6 CHANGE IN FUNCTIONS

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So far we've discussed the traditional functions of the banks. The role and functions of banks have increased enormously after nationalisation. Hitherto the Indian commercial banks have been providing credit facilities to large commercial and industrial houses in urban areas only. Other category of people like small traders, selfemployed persons, farmers did not find a place in their priority. Thus there was imbalance in the lending policy of these banks. Some of the reasons for the non-availability of credit to the neglected areas are:

- i) Location of banks in urban areas and relatively less number of branches in the rural areas.
- ii) Bankers were not interested in financing the needy sections as their main interest was in the big industrialists and traders.
- iii) Security is the basis on which banks advance loans to borrowers. As the small sectors of economy could not furnish any tangible assets, they were denied the opportunity of borrowing credit from the banks.
- iv) Priority sectors such as agriculture were neglected by the banks due to complexities of land tenure and fluctuations in the value of land. Other reasons for the denial of credit facilities to the farmers are uncertain nature of agriculture, lack of proper accounting of agricultural transactions, difficulty of collection from farmers. So is the case with the small entrepreneurs and self-employed professionals, who could not provide tangible security to banks against advances.

Thus, the banks were cautious, conservative and traditional in their outlook and methods.

In view of these imbalances in the banking policies, there was a demand for the involvement of the commercial banks in the field of agricultural finance.

India is predominantly agricultural country. About 70% of the people depend on agriculture for their livelihood. About 50% of the total national income is derived from agriculture. But loan was not made available for agriculture from the commercial banks.

In view of this the Reserve Bank of India and the Central Government have taken steps to ensure that commercial banks play a more purposive role to serve better the needs of development of agriculture.

### CHECK YOUR PROGRESS - EXERCISE NO. 3

1. Why commercial banks are involved in rural economic development?

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### 9.7 AGRICULTURAL REFINANCE AND DEVELOPMENT CORPORATION

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The Agricultural Refinance and Development Corporation (ARDC) was established in 1963 with a view to encouraging commercial banks to take an active part in financing agriculture.

**Functions:** The following are the functions of the ARDC.

- 1) To provide refinance facilities in respect of medium and long term loans given by the financial institutions for:
  - a) land reclamation, soil conservation, construction of the tube wells and minor irrigation projects;
  - c) Purchasing of heavy machinery such as tractors, power tillers etc;
  - d) Animal husbandry, poultry, farming, dairy development, fisheries and horticulture;
  - e) Construction of godowns.

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### 9.8 AGRICULTURAL FINANCE CORPORATION (AFC)

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In addition to the ARDC, an Agricultural Finance Corporation was established in 1968 as a joint stock company. The AFC was set-up in view of the unpreparedness of the commercial banks to invest their resources in agricultural development. The important objectives of the AFC are as follows:

- a) To supplement the work of co-operatives and commercial banks with a view to ensuring a greater flow of funds to the rural sector.
- b) To help the small farmers by providing various agricultural inputs such as agricultural implements, fertilisers and pesticides etc.
- c) To help in the formation of livestock co-operative societies.

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### 9.9 THE LEAD BANK SCHEME

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In continuation of its interest in the development of rural areas, the Reserve Bank of India introduced in 1969 the Lead Bank Scheme. This was sequel to the recommendations of the Nariman Committee. The Nariman Committee was appointed by the RBI "to evolve a co-ordinated programme for ensuring the setting up of adequate banking facilities in the unbanked districts of the country". The Nariman Committee, among other things, recommended that "banks should be allotted specific districts where they would take 'the lead' in surveying the potential of banking development in extending branch expansion and expanding credit facilities". The RBI accepted these recommendation and evolved the Lead Bank Scheme. Under this scheme, all the districts in the country have been allotted to 22 public sector banks and 3 private sector banks.

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## 9.10 FUNCTIONS OF LEAD BANK

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The following are the functions of the Lead Bank:

1. To survey the resources and potential for banking development in its district.
2. To survey the number of industrial and commercial units and other establishments and farms which do not have bank accounts or which depend primarily on money lenders.
3. To examine the facilities for the marketing of agricultural produce and industrial production, shortage and warehousing space and the linking of credit with marketing in the district.
4. To study the facilities for the stocking of fertilisers and other agricultural inputs and for the repair and servicing of equipment.
5. To recruit and train staff who would offer advice to small borrowers and farmers who would follow up and inspect the end use of loans.

In view of the imbalance in the bank policies, there has been a demand for the nationalisation of commercial banks to ensure that they play a more purposeful role to serve better the needs of development of the economy. In July 1969 fourteen banks with a deposit of Rs. Fifty crore rupees were nationalised. After nationalisation the Government of India directed banks to provide credit to priority sectors such as agriculture, small industries and also to neglected sectors such as small traders, transport operators, self-employed persons etc. They have started providing credit on the basis of a charge on the assets of the borrowers acquired from borrowed funds. Insistence on tangible security is done away with. Greater emphasis is laid on 'term loans'. Under the term loans, the banker examines the purpose of a loan, its economic viability, income-generation from the use of borrowed funds etc.

Banks are now providing credit to priority and neglected sectors through their new schemes. The beneficiaries of the credit under the new schemes are farmers, small scale industries, artisans and self-employed persons and transport operators. In view of enormous increase in the credit to small borrowers some guarantee scheme for bankers to help them was necessitated. On the basis of the S.S. Shivalkar's working group, the Government of India had established the Credit Guarantee Corporation of India Limited in 1971. Under a comprehensive guarantee scheme introduced by this corporation, all the credit facilities given by the banks to the priority and neglected sectors are covered by a guarantee of the corporation.

### CHECK YOUR PROGRESS - EXERCISE NO. 4

1. What are the functions of Lead Bank?

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## 9.11 REGIONAL RURAL BANKS

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The proposal for the setting up of a "Rural Bank" was first mooted by the Banking Commission which was headed by R.G. Saraiza in his report in 1972 with a view to extending banking facilities to rural areas.

This was suggested in view of the fact that (a) commercial banks were found busy in mobilising savings from the rural rich rather than creating outlets for more flow of funds; (b) small and marginal farmers were denied any benefit from the banks.

In order to examine this recommendation in detail the Government of India appointed a working group under the Chairmanship of M. Narasimham. The working group observed that "in a country of size and regional diversity as ours, no single pattern, be it commercial banks or cooperative credit, can be expected to meet all the emerging requirements in all areas. A degree of adaptation and improvisation is called for and the range of institutional alternatives widened". The Narasimham working group recommended that RRBs should be established in four States and initially the number of such banks should not be more than five.

On the basis of the recommendations made by the Narasimham Committee the Government of India had promulgated the Regional Rural Banks Ordinance on 26th September 1975 which was replaced by the Act of Parliament in 1978.

**Objectives of RRBs:** The following are some of the objectives of the RRBs.

1. To develop rural economy
2. To provide credit for agriculture and allied activities.
3. To encourage village industries like that of artisans, blacksmiths, carpenters, etc.
4. To reduce dependence of rural people on money lenders.
5. To reach those far-flung areas, particularly backward and tribal areas.

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### 9.12. NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD)

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The Reserve Bank of India has appointed a Committee in 1979, to review arrangements for Institutional credit for agriculture and rural development.

The Government of India has established in July, 1982, an Apex refinancing institution called *National Bank for Agricultural and Rural Development* (NABARD) with the following objectives:

1. To act as an apex refinancing institution for agriculture and rural development.
2. To assume an effective role of 'development bank'.
3. To encourage projects, to accelerate rural development based on five Year Plans.
4. To diversify lending for total rural development.
5. To narrow down the regional disparities in agriculture development by pumping more credit, particularly in under developed and backward areas.
6. To provide more assistance to small farmers, in particular.
7. To provide funds to commercial banks through refinance.
8. To encourage the commercial banking system to invest more in agriculture and rural development.
9. To give training to the personnel of various banks on project lending operations.
10. To help the bankers in clearly understanding the technicalities involved in agriculture lending.

#### CHECK YOUR PROGRESS - EXERCISE NO. 5

1. What are the objectives of RRBs?

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## 9.13 MANAGEMENT OF BANKS

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We have to study the management of the banks under two headings (a) Management of the Non Nationalised banks and (b) Management of the nationalised banks.

(a) **Management of the Non-nationalised Banks:** Prior to nationalisation, the Commercial banks in India were in the private hands. Therefore, they were known as "share-holders' banks. They were managed by a Central Board with local boards at regional centres.

(b) **Management of the Nationalised Banks:** After nationalisation, the Commercial Banks became the property of the nation. As such, their management passed on to the Central Government. For instance, when the State Bank of India was nationalised in 1955, a new Board of Directors was constituted. The Shareholders were paid compensation.

The Central Board consists of a Chairman, and Vice-Chairman appointed by the Central Government in consultation with the RBI. The Central Board can appoint not more than two Managing Directors, with the approval of the Central Government and the RBI. Six Directors can be elected by the registered share holders other than the RBI. The Central Government can nominate eight Directors in consultation with the RBI. Such Directors should represent territorial and economic aspects such as co-operation, commerce, banking and finance. One Director each can be nominated by the Central Government and the RBI.

(i) **Term of Office:** The term of Office of the Central Board, General Manager and Managing Directors is five years. Out of the elected members two have to retire each year. Out of the nominated Directors, two have to retire each year. That will be decided by lots. Thus, no Director except those nominated by the Government and RBI separately, holds office for more than four years.

(ii) **Local Boards:** Local Boards are constituted at each regional head-quarters. They consist of Directors of Central Board residing within each Local Board's jurisdiction. Four Directors are elected by the local share holders. In addition to the Local Boards there will be Local Committees at each local level appointed by the Central Board.

(iii) **The Chairman:** He is an Ex-officio Director in all Boards and Committees.

(iv) **Managing Director:** The Managing Directors are the whole time officers. They exercise powers delegated to them by the Central Board. They are the real executive authorities in regard to day to day activities.

As pointed out in the earlier unit in 1969 fourteen banks having deposits over fifty crore rupees were nationalised "for the mobilisation of the people's savings and channelising them towards productive purposes".

The banks which were nationalised are:

1. Allahabad Bank
2. Bank of Baroda
3. Bank of India
4. Bank of Maharashtra
5. Canara Bank
6. Central Bank
7. Dena Bank

8. Indian Bank
9. Indian Overseas Bank
10. Punjab National Bank
11. Syndicate Bank
12. Union Bank of India
13. United Bank of India.
14. United Commercial Bank

These 14 banks on nationalisation were converted into Government companies. The Boards were dissolved and the Chairmen were removed. Each bank was placed under the custodian appointed by the Government. Now, these nationalised banks are working under the management of Boards of Directors.

Six more banks were nationalised in 1980. These include:

1. Andhra Bank Ltd.,
2. Corporation Bank Ltd.,
3. New Bank of India Ltd.,
4. Oriental Bank of Commerce Ltd.,
5. Punjab and Sind Bank Ltd., and
6. Vijaya Bank Ltd.

The same administrative system was adopted for those banks also.

Some structural changes in the top management of the nationalised banks were proposed after nationalisation of banks in 1969. The Boards of Nationalised Banks will now comprise of 15 members. The various categories of membership is as follows;

1. One or two whole-time Directors;
2. a Director to represent staff of the Bank;
3. a Director to represent officers;
4. one Director to represent the depositors
5. three Directors to represent the interests of farmers, workers and artisans.
6. not more than five directors having special knowledge or practical experience in respect of one or more matters which are likely to be useful for the working of the banks. They could be industrialists, economists, financial experts, management experts, lawyers, co-operators etc.
7. one Director who representing the Reserve Bank of India and
8. one Director representing the Government of India.

Each of the nationalised banks will have separate officers i.e the Chairman and Chief Executive.

## REGIONAL CONSULTATIVE COMMITTEES

Regional Consultative Committees for each of the five regions viz., Northern, Southern, Eastern, Western and Central were constituted to review banking developments within the Region and make such recommendations as it may deem appropriate for consideration by the Central Government and the Reserve Bank.

(iv) **Management:** The management of the RRB is vested in a Board of Directors. The Board consists of nine Directors. Of these nine Directors the Central Government nominates three Directors, two Directors from the Government concerned and the sponsoring bank nominates

the remaining three Directors. The Chairman is nominated by the Central Government. The Strength of the RRB can be raised to 15 with the approval of the Central Government. The Central Government is empowered to prescribe the manner in which the additional members are to be nominated.

(v) **The Chairman:** The term of Office of the Chairman is five years. He is eligible for re-appointment. He holds office during the pleasure of the Central Government.

The Chairman is a whole-time officer of the RRB. The management of the affairs of the RRB is entirely under his control. Of course, his working, is subject to the superintendence, control and direction of the Board.

A Director is nominated for a period of two years. He is also eligible for renomination.

**Management:** The NABARD is managed by a Board of Directors. The composition of the Board is as follows:

1. a Chairman;
2. two Directors from amongst experts in rural economics and rural development etc;
3. Three Directors-two persons with experience in cooperative Banking and one with experience in Commercial banking;
4. Three directors from the RBI,
5. Three Directors from amongst the officials of the Central Government,
6. Two Directors from amongst the officials of the State Government,
7. A Managing Director and
8. One or more whole-time Directors if and when appointed by the Government.

**Terms of Office:** The term of Office of the Chairman and the Managing Director is five years and that of the Director is three years.

**Advisory Council:** The Board of Directors of the NABARD shall constitute an advisory council. It shall consist of some of the directors as well as other persons having special knowledge in agriculture, agricultural credit, cooperation, small industries, cottage industries etc. The Advisory council will advise the NABARD in such matters as may be referred to it by the NABARD.

**Organisation:** The head office of the NABARD is situated at Bombay. It has Regional Offices spread all over India. Regional Offices of the NABARD are located in the State Capitals or major cities.

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## 9.14 SUMMING UP

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Various banking institutions such as Commercial Banks, Regional Rural Banks, and the NABARD are created to meet the credit requirements of the rural poor. While the Commercial banks are in existence since a long time in the service of the agriculturists and others, the RRBs are hardly ten years old. The constitution of the NABARD is very recent. It has been created to act as the Rural Reserve Bank. Thus, all the above mentioned institutions have been constituted with the task of hastening the process of rural development.

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## 9.15 ANSWERS TO CHECK YOUR PROGRESS

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### Exercise No. 1

Ans 1. Read 9.3

**Exercise No. 2**

Ans 1. Read 9.5.8

Ans 2. Read 9.5.4

**Exercise No. 3**

Ans 1. 9.6 para 3,4 & 5

**Exercise No. 4**

Ans 1. Read 9.10

**Exercise No. 5**

Ans 1. Read 9.11 para 5

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**9.16 MODEL EXAMINATION QUESTIONS**

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**A. Answer the following in about 30 lines each.**

1. Explain the organisational structure of nationalised banks.
2. Discuss the structural changes brought out in the management of nationalised banks.

**B. Answer the following in about 15 lines each.**

1. Explain the major recommendations of Dantwala Committee on Regional Rural Banks.
2. What are the special concessions granted to Regional Rural Banks?

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**9.17 REFERENCE BOOKS**

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*Writer : P. Narasaiah*

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# UNIT-10 : BANKING SECTOR : AN ASSESSMENT

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## Contents

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Progress
- 10.3 Assessment
- 10.4 Reasons for poor recovery
- 10.5 Summing up
- 10.6 Answers to Check Your Progress
- 10.7 Model Examination Questions.
- 10.8 Reference Books

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## 10.0 OBJECTIVES

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This unit explains the reasons for poor utilisation of loans advanced by the banks under various development schemes. After reading this unit you would be able to

- list out administrative reasons
- behavioural reasons and
- natural reasons

that are responsible for the slow economic development of rural areas and the rural poor.

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## 10.1 INTRODUCTION

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Banking institutions have played a significant role in the national development. But some critics hold that these institutions have not reached the masses. They are located in a few metropolitan and urban cities and appear to have neglected the vast rural areas, though some branches have been opened in rural areas in recent years. The banking system before nationalization served the needs of industry and trade and seems to have relatively neglected vital sectors like agriculture, small scale industries and rural artisans. In order to ensure purposeful and equitable distribution of banking facilities to enable them to meet the socio-economic imperatives of development, fourteen commercial banks were nationalized in 1969. The objectives of nationalization include:

- i) to insure an increased flow of assistance to the needy.
- ii) to extend banking facilities in unbanked and under-banked rural areas.

After nationalization the commercial banks were directed to provide credit to priority sectors and also to neglected sectors such as small traders, transport operators, self-employed persons like professionals and students.

Now, the banks are providing loans to farmers for purposes of buying seeds of high yielding varieties, fertilizers, pesticides, dairy and farm animals, tractors and pumpsets. Loans are provided for purchase of agricultural machines for harvesting, ploughing, threshing, lifting water, etc.

Loans are also given to artisans and self-employed persons for the purchase of machinery and raw materials. Banks are also providing loans to projects prepared by qualified entrepreneurs or craftsmen for the manufacture of various products.

Transport operators are provided loan facility for the purchase of a taxi, Auto or rickshaw. Let us now consider how far the nationalized banks are playing their role in the rural economy.

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## 10.2 PROGRESS

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(a) **Branch Expansion:** In order to bring banking services within the easy reach of the masses, fast branch expansion particularly in rural areas was felt necessary. In June 1969, there were only 4134 branches but by the end of 1981, the number reached to 16,734. While there were only 686 rural and semi-urban branches, by the end of 1981, these have increased to 7,552. The branches of 14 nationalised banks in rural and semi-urban areas increased about 11 times as against 4 times of the overall increase in the total number. The average population covered per branch is 18,000 now, whereas it used to be 65,000 before. It is observed that on an average more than six branches were set up per day. Every second branch established after nationalisation has been opened in unbanked centres.

(b) **Improvement in Deposits:** The deposits (fixed, recurring savings and others) have increased from Rs. 2,632 crores in June, 1969 to Rs. 24,094 crores in June 1981.

(c) **Financing of priority Sector:** The following sectors received priority, which include (a) agriculture (b) small-scale industries (c) cottage and rural industries, (d) artisans and weavers, (e) selfemployed and professionals and (f) transport operators.

The percentage of credit to the priority sector has increased from 12.1 in 1969 to 35.2 by December, 1980.

(d) **Special Schemes for weaker sections:** Under differential rate of interest loans were advanced to the weakest of the weak at 14 percent while it was 18 percent for others. This scheme came into operation in 1972. From mere Rs. 55.2 crores in December 1972, the bank advances increased to 10,625.2 crores in December, 1982.

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## 10.3 ASSESSMENT

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### 10.3.1 UNCONTROLLED EXPANSION

Banks have increased in number in the rural areas since the nationalisation. But, the tempo of the Branch expansion in terms of percentage of rate of growth as also in absolute numbers has not been maintained except for first two years after nationalisation.

A fairly large number of branches were opened resulting in strain on the banking system.

### 10.3.2 NEGLECT OF INTERIOR TOWNS

Most of the new bank branches have been opened in the areas located near the sub-divisional or district towns rather than in the interior localities.

### 10.3.3 GAP BETWEEN THE DEPOSITS AND THE CREDIT FLOW

The amount of credit extended to rural areas continues to be very small in proportion to the total credit requirements. The share of rural branches in the total deposits by December 1979 was only 10.4 percent.

### **10.3.4 EXPENDITURE ON PARAPHERNALIA**

The nationalized banks have spent large amounts on construction of buildings, furnishings, etc. Large number of employees are posted at a number of offices, particularly in rural areas. Innovations, like one man branches, mobile offices, and satellite branches were introduced, which seems to have resulted in high cost.

### **10.3.5 IDENTIFICATION OF TARGET GROUP**

Owing to poor maintenance of Land Records there arose problems in identifying the most needy sections of the society for help in the form of loans. The rural landless labourers purchase a piece of land from big farmers but do not possess title of ownership (sale deed of ownership) which made them ineligible for bank loans.

### **10.3.6 LACK OF GOVERNMENTAL ASSISTANCE**

As maintained earlier the bank requires details of location of land, no due certificate, ground water survey data and other forms indicating the land ownership of the borrower. Other certificates demanded by the banks are non-encumbrance certificate and no due certificate from other banks. These are considered necessary to ascertain whether a particular piece of land was mortgaged with some other agency. But, it is herculean task to obtain those certificates from village officials and others concerned. As a result the farmers or the target group withdraw their loan application or remain indifferent to the credit facilities. And commercial banks have their own cumbersome procedures. Their outlook is more commercial than service-oriented.

### **10.3.7 PROBLEM OF SECURITY**

Yet another problem noticed is the insistence on security which the farmers are unable to produce. There is a general reluctance on the part of the farmers to mortgage their property. In tribal areas the land is owned by the tribal community as a whole and it cannot be mortgaged without the consent of all.

### **10.3.8 LACK OF AWARENESS OF THE PROGRAMMES**

Several research studies have revealed that most of the farmers, rural artisans and others are not aware of the credit facilities available to them. Consequently many welfare schemes launched for their upliftment have remained on the paper. Vastness of the country, illiteracy and inadequate publicity are some of the reasons responsible for the lack of awareness of the rural development programmes on the part of target group.

### **10.3.9 THE PYRAVEEKAR MENACE**

Vested interest of the Pyraveekars (middlemen) and officials, sometimes is another reason for poor performance. This is not to say that the welfare measures meant for the poor rural people are not utilised at all. They are brought to the notice of the target group by 'pyraveekars' or middlemen. He mediates between the rural poor and the bureaucracy. These pyraveekars are a tribe by themselves. For somebody it is a full time job and for others it is a part time job. The pyraveekars keep in touch with all the programmes of the government. They maintain close relationship with the government officers. They are the first people to know about the poor peoples programmes. They pass on the information to the target group. They act as unofficial public relations officers of the Government. Of course, they render a lot of service for money.

The growth of the middlemen is an outcome of illiteracy, lack of awareness about the programmes, indifferent attitude of employees and also poverty-due to which they cannot go from pillar to post. The bank bureaucrats are pleased to deal with the middlemen who treat them well rather than with the illiterate and uninformed poor. There are studies which show that the bank officials respond to the middlemen but not to the people to whom the programmes are meant. Thus, the rural poor are subjected to exploitation by the pyraveekars.

### **10.3.10 BEHAVIOUR OF BANK BUREAUCRACY**

Another reason for the poor performance of the banks is due to the very attitude and background of the bank officials. Several studies have revealed that the social background of the officials working in banks is that they are from urban areas, forward castes, educated and most of them are from middle class families. They differ in dress, manners and approach from the rural poor. The elitist background alienates them from the rural poor. The general feeling is that the bank officials are not participating whole-heartedly in the rural development owing to their background. It is also complained that they lack sympathy and commitment for the poor.

### **10.3.11 ATTITUDE OF BANK BUREAUCRACY**

Some critics point out that the bank officials' work is devoid of social purpose. G. Ram Reddy and G. Haragopal in their work titled "Public Policy and Rural Poor in India" aptly observed that most of the rural bureaucrats think that the benefits are doled out to the poor .... they feel that these benefits are unnecessarily extended to them. These are the persons who maintain that if some of these developmental schemes are extended to the middle and rich peasants they would not only make better use of them but step up production. That the poor can never improve is one of their many a shared belief. Further they add that increasing quantum of assistance by Government to these people will have no impact on them. It is not that the whole rural bureaucracy is elite biased. But the much needed change in their perception about rural poor is not yet forthcoming.

### **10.3.12 CUMBERSOME PROCEDURES**

Cumbersome procedures are yet another hurdle for effective implementation of rural development programmes by banking institutions. Lengthy and multiple forms and other administrative formalities not only test the patience of the borrowers but also cause a lot of delay in sanctioning loans. The vexed borrowers are forced either to go to the money-lenders who charge exorbitant interest or seek the help of the pyraveekars by paying them some commission depending on the amount of loan sanctioned.

### **10.3.13 IGNORANCE OF THE PURPOSE**

Pyraveekars and officials take a lot of advantage of the illiteracy and ignorance of the rural clientele. While it is a curse for the borrowers, it proved to be a boon to middlemen. Borrowers are made to believe that the money given to them as loan need not be paid as it is a gift from X or Y. Since it is unearned money given to the poor as a charity, the Pyraveekars convince the poor beneficiaries that they can pay some money to them for attending to the job. It is unfortunate that the lending institutions like banks are not making appreciable efforts to educate the borrowers about the Purpose for which a loan is sanctioned. Though efforts are not totally lacking, the situation prevailing now warrants some urgent remedy.

### **10.3.14 POOR UTILISATION OF LOANS**

Poor utilisation is another reason which should be taken note of in assessing the working of the bank sector for rural development. Loans are given for different purposes such as buying of buffaloes, goats, etc. Loans are also given to dig or deepen wells, etc. Loans are not utilised for the purpose for which they are sanctioned. For example, loan sanctioned for the purchase of buffalo is spent to meet the domestic requirements. It is also utilised for repaying the loans taken from other financial institutions. Thus money is spent for some purpose other than the one for which it was advanced.

### **10.3.15 POOR AFTER UTILISATION APPRAISAL**

Earlier we have discussed that the loans are not properly utilised. This is partly due to absence of 'poor after utilisation appraisal'. It appears that misutilisation or no proper utilisation of the loan amount by the borrowers is mainly due to absence of after disbursement appraisal.

Banking institutions are instructed to advance loans under various schemes. The utilisation is not effectively monitored. Consequently, money may be disbursed. It may be spent. But its use or mis-use or no use is not properly assessed. The guilty are not punished. The result is, poverty will continue to haunt us. Rural development will remain a mere slogan and a progress on paper. The other causes for poor utilisation are:

- a) Natural calamities like droughts, floods, etc.
- b) Misutilisation of loans.
- c) Wrong estimation of repayment capacity
- d) Wilful default
- e) Political interference.

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#### 10.4 REASONS FOR POOR RECOVERY

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To sum up, two factors appear to be responsible for the poor recovery of loans. One is nature and the other is human failure for ineffectiveness on the recovery front. Viewed from another dimension it appears that both the lender and the borrower are to be blamed for the poor recovery of loans. Let us discuss each of these aspects in some detail.

(a) **Natural calamities:** Repayment of loans borrowed from the banks by the farmers will depend on the crop yield. As we all know, rain fed irrigation is more in our country. So, the Indian farmer is at the mercy of the monsoons. Many a time the nature is furious, uncooperative and cruel with the Indian farmers. When there is bumper production, the recovery position is good. But when crops fail the farmer is unable to repay the loan.

(b) **Misutilisation:** Farmers are eligible for various types of loans under different schemes. But, unfortunately, the borrowers sometimes spend the loan amount in unproductive ways such as marriages, festivals, etc. As there is no return from such an expenditure the farmer pleads his inability to repay the loan. As already pointed out, effective monitoring of utilisation would go a long way in eliminating the tendency to divert loans to unproductive purpose.

(c) **Over estimation of yield:** At the time of sanctioning a loan, farm yield is overstated by the loanees to better the prospects of securing loans. There is a shortage of staff to check the veracity of facts regarding the crop yield. Discrepancy will be there in the records to the stated agricultural yield and the actual yield. Natural calamities would further jeopardise the situation.

(d) **Size of land:** According to some experts the size of holdings which are mostly small are not conducive to application of modern technology. Some recent studies questioned the correlation between production and size of the holding. However, other reasons like quality of land management, animal management, use of poor quality inputs, increased cost of product, cost of human labour, etc, should also be taken into consideration. These factors push up the cultivation cost and the cost-benefit analysis of agricultural production appears to be negative to the farmers.

(e) **Priority of needs:** The general tendency of farmers is to pay for his immediate needs. Repayment of bank loans comes only after satisfying of other needs in his priority list. When repayments are not made regularly, debts naturally accumulate. Social obligations such as festivals, religious functions, customs, marriages, etc., come in the way of early clearance. These factors add a great deal to the situation.

(f) **Political interference:** Due to political interference banks may give loans to farmers setting aside the normal administrative procedures. While wide publicity is given to 'loans melas' the same seriousness is not seen in political leadership in getting back the loan amounts.

(g) **Multiple sources of loans:** Farmers borrow money not only from the banks but also from other non-institutional agencies such as money-lenders etc. There is no adequate machinery to

assess the real liability of the farmers. In such cases, the farmer gives first preference to other lenders than to the banks. Part of this is due to misconception that bank loans can wait for clearance.

### CHECK YOUR PROGRESS - EXERCISE NO. 1

1. Explain the negative and positive role of pyraveekar in rural development administration?

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2. What are the reasons for poor utilisation of loans?

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3. It is not the absence of programmes that is responsible for the poverty of the people but the misure of loans. Explain.

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### 10.5 SUMMING UP

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Under various rural development schemes farmers are provided loans by the banks. The purpose of the Government is to extend financial help to the most needy sections in order to raise them above poverty line. Not only the commercial banks and the cooperative banks but also some rural banks have been created to cater to the needs of the rural poor. In order to co-ordinate and regulate the banking activities in the rural areas, an apex organisation called NABARD (National Bank for Agricultural and Rural Development) has also been constituted. There are some constraints for effective functioning of banking institutions in the field of rural development. Though a large number of people are benefited by the expansion of the role of banks in rural development, much needs to be done to improve the situation. Social responsibility which is a new function added to banking sector seems to have been taken well by the banking institutions. A large number of branches have been opened. Many regional rural banks were created. Since a good number of illiterate farmers are ignorant about the facilities available to them they are becoming victims of money lenders. While loans are sanctioned for some purpose, some beneficiaries are diverting them to other unproductive purposes. There is every need to offer counselling to the prospective borrowers about aims and objectives of sanctioning loans, ways to utilise loans, obligation of repayment, etc.

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### 10.6 ANSWERS TO CHECK YOUR PROGRESS

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#### Exercise No. 1

- A.1. Read 10.3.9
- A.2. Read 10.3.8, 10.3.13
- A.3. Read 10.3.8 to 10.3.15

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## 10.7 MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each.

1. What are the objectives of nationalisation of banks and sketch the progress of banks since nationalisation.
2. Discuss about the importance of Regional Rural Banks.

### B. Answer the following in about 10 lines each.

1. Assess the role of banks in rural development
2. How do cumbersome procedures affect the efficient service by banks.

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## 10.8 REFERENCE BOOKS

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- |  |   |   |
|--|---|---|
| 1. G. Ram Reddy (Ed)                       | : | Patterns of panchayat Raj in India.                               |
| 2. S.L. Goel and B.B. Goel                 | : | Principles, problems and prospects of cooperative Administration. |
| 3. National Institute of Rural Development | : | Rural Development in India; Some facts                            |
| 4. M.A. Muttalib & Md. Akbar Ali Khan      | : | Theory of Local Government.                                       |

*Writer: P. Narasaiah*

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# UNIT-11 : SPECIAL AGENCIES FOR RURAL DEVELOPMENT

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## Contents

- 11.0. Objectives
- 11.1. Introduction
- 11.2. Significance
- 11.3. Features
- 11.4. Some special agencies
  - 11.4.1. DPAP
  - 11.4.2. CADA
- 11.5. Summing Up
- 11.6. Answers to check your progress
- 11.7. Model Examination Questions
- 11.8. Reference Books

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## 11.0. OBJECTIVES

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Special agencies are devised to manage affairs that need special attention in the process of rural development. The unit is intended to make you aware of the role of special Agencies in the rural development. At the end of this unit you would be able to:

- identify the features of special agencies,
- list out some important special agencies, and
- appraise their performance.

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## 11.1. INTRODUCTION

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The unit on 'Strategies for Rural Development' would have given you a broad idea of the plans, policies and programmes as well as agencies created for bringing about rural development. In the units that followed it we have discussed the role of various institutions and the issues related to development in general and rural development in particular. It should be noted that the process of development, especially in democratic countries, is so slow and so difficult that a few policies or strategies and a few agencies may not be able to achieve it in a short time. Each aspect of rural development requires enormous employment of resources: human as well material. Take, for instance, the problem of unemployment in rural areas. Every year a few lakhs of people are added to the number of the unemployed. Despite immense efforts by the Government, the number of the unemployed is growing. Sometimes, we tend to get pessimistic about the success of our developmental strategies. In the preceding units we have discussed at length the role of Panchayat Raj institutions, Co-operatives, Banks and voluntary agencies in rural development. One may tend to get confused when faced with the number of strategies and agencies employed in the development of rural areas. We may find these agencies having identical objectives and, therefore, see no reason for permitting the proliferation of such institutions. But, there is some justification for the continuance of old institutions and the creation of new one. As has been pointed out in the preceding units, the Community Development programme was started in 50's but since there was no participation of people in it, considered crucial for development new institutions called 'Panchayat Raj' were created. These came to be regarded

as grassroots agencies for economic, political, social and cultural change. The much acclaimed Panchayat Raj institutions had within a decade proved inadequate to the realization of the objectives for which they were set up. The hope that the Panchayat Raj Institutions would provide a cure for the ills of rural India remained unfulfilled because of lack of the requisite support from the State Governments in general and from the Central Government in particular which had not provided them with any constitutional safeguards. But some analysts feel that the Panchayat Raj Institutions have not been given a fair trial in the developmental effort of India. Co-operative institutions are placed on a different footing and have aims which come close to those of the Panchayat Raj Institutions. They have also not succeeded to the extent desired. The Banking Sector, however, showed promise of achieving success. But it made no appreciable difference to the situation because the role of banking sector in rural development was to a large extent confined to the provision of monetary inputs. As regards voluntary agencies, while the objective of associating them with developmental processes is well taken, they have yet to make their presence felt in development. Moreover, their scale of operation has so far been limited.

### CHECK YOUR PROGRESS - EXERCISE NO. 1

1. What do you feel are the reasons for the creation of special agencies?

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### 11.2. SIGNIFICANCE

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It was argued that a single agency with diversified developmental functions (Panchayat Raj; Co-operatives, etc.,) might not be able to effectively implement all the programmes entrusted to it. So it was felt that there ought to be special agencies for specific purposes. The Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural labourers Development Agency (MFDA) come under this category. Unit 4 discusses the strategies for rural development and the present unit deals with the organisational structure of special agencies, characteristics and role in rural development.

The administrative system of a developing country is now required to intervene in such areas as have not hitherto been its concern.

It is now acknowledged that the stepping up of agricultural production would not only ensure the availability of sufficient stocks of food but would also reduce the dependence on imports besides providing employment. In a country where the irrigation potential is yet to be fully realised and where a good percentage of land comes under "rain fed" category, institutional effort to increase agricultural production in order to meet the rising demand for food and the obligation on the part of the State to provide employment to the unemployed is worth studying.

There are two ways of understanding the role of special agencies in development. The conventional approach is to describe the organizational structure, powers and functions of each functionary, objectives of the agency and a brief survey of the impact of agency. The second is to go a little beyond the conventional dimension. A problem (or any agency) will be probed first by examining the need for the setting up of a new agency, its purpose and by considering how an agency is to be designed to tackle the problem, etc.

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### 11.3. FEATURES

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There are some basic features of the special agencies which set them apart from other institutions. Most of these agencies are created under the Societies Act which as we have pointed out in earlier units, makes them functionally autonomous to a certain extent in both decision making and implementation. Freedom to act, however, should not be taken to mean that there is no accountability. But there is a slight relaxation of control which enables these agencies to plan and implement their programmes.

One of the manifold functions Performed by the Special Agencies includes the creation of economic activity. Consider for instance, the Small and Marginal Farmers Development Agency. It created opportunities for the needy to become self-reliant by supplying them with milch cattle or by establishing a poultry, etc. Under the Integrated Rural Development Programmes an area is selected for an all round development. The special agencies thus not only promote the development of a specified area but also help in quickening the tempo of development. These bodies some say are supposed to be in a better position to make use of scientific and technological innovation than others.

#### CHECK YOUR PROGRESS - EXERCISE NO. 2

1. Explain the main features of Special agencies for rural development.

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### 11.4. SOME SPECIAL AGENCIES

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We must first know what these special agencies are. There are many. Some of the important ones are the Integrated Tribal Development Agency, the District Rural Development Agency, the Integrated Child & Women Development Agency, the Scheduled Caste, the Backward Classes Finance Corporation, the Drought Prone Area Programme (DPAP) Command Area Development Authority (CADA) TRYEM (Training Rural Youth for Self Employment) etc., Each of these agencies is charged with specific responsibilities. It is not possible to discuss the objectives, programmes, organizational structure of all these agencies. We shall consider only two agencies, viz, the Drought Prone Area Programme and the Command Area Development Authority.

#### 11.4.1. DROUGHT PRONE AREA PROGRAMME

What is drought? Drought literally means dryness, want of rain or of water. Continuous drought leads to famine which means a state of extreme scarcity of food, scarcity of anything followed by famine. As mentioned earlier, the Government has the obligation to provide help to the affected population.

According to an estimate 19 per cent of the total area of the country is chronically affected by drought and the affected population is twelve per cent. Huge amounts are being spent to provide relief to the people in the drought hit area. In order to provide relief on an organised basis the Government of India launched the DPAP (Drought Prone Area Programme). The following are the principal aims of this special agency:

- (1) To reduce the severity of drought:
- (2) To stabilise the incomes of people in the drought hit area:
- (3) to strive for ecological balance.

Drought is one of recurrent natural calamities. Some part or other of the country is always affected by the drought. A survey of the drought affected areas was undertaken in 1970. Factors such as the amount of rainfall over a period of time, the extent of irrigated land, incidence and magnitude of drought were taken into account. About 74 districts in the whole country spread over 13 states were declared as drought prone areas. In Andhra Pradesh the whole of Rayalaseema was declared as drought prone area besides Mahaboobnagar and Nalgonda in Telangana and Prakasam in Coastal Andhra.

Taking rainfall as one of the basis for determining the severity of the drought, the Government classified the 74 districts, into four categories. These are (1) the Arid Districts, (2) Semi-Arid Districts, (3) Sub-humid districts and (4) Humid districts.

Droughts have been occurring largely owing to:

(1) the variability of Southwest Monsoon from which 80% of the annual rainfall is received; and

(2) The absence of irrigation facilities. Although irrigation facilities have been increased by more than 100% since independence several parts of the country are still reeling under drought. In the short run, droughts affect agricultural production, create conditions of scarcity and malnutrition and cattle mortality. In the long run, droughts disturb the ecological balance. Apart from upsetting the country's programme for achieving self sufficiency in food grains, chronic droughts contribute to regional imbalances. By and large, these drought prone areas have low water resources and are heavily dependent on scanty, often erratic, monsoons.

The DPAP is specifically concerned with the following programmes;

1. Development of irrigation resources
2. Soil conservation and afforestation,
3. Restructuring of Cropping pattern
4. Introduction of new agricultural techniques
5. Live stock development
6. Programmes for the development of small/ marginal farmer.

One of the striking characteristic features of the drought hit areas is absence of greenery. Environmental scientists attribute the absence of green belt to the disturbed ecological system which is one of the causes for the failure of monsoons. A certain degree of imbalance in the ecological system is caused by industrialisation. But of late it is being increasingly realised that industrialisation should not be promoted at the expense of ecological balance. One of the main objectives of the DPAP is, therefore, to restore the ecological balance. This is sought to be achieved through the watershed approach. Watershed is what contributes water to a particular area. It is separated from the adjoining areas by its being elevated. The stored water will be used for agricultural and other purposes. This approach is followed in predominately dry areas, which ensures planning for a rational use of water.

The other components of the DP Area Programme include soil and moisture conservation, afforestation, restructuring of cropping pattern, improving of agronomic practices, live stock development and development of irrigation resource.

## **Administrative Structure**

The apex body of the DPAP forms a division of the Department of Rural Development, Ministry of Agriculture and Irrigation which is entrusted with the responsibility of planning, implementing, monitoring and evaluation of the whole programme throughout the country. The DPAP has its divisions in different states.

The Drought Prone Area authority is an organizational innovation. The Collector of the District where DPAP is located is the ex-officio Chairman of the authority. Provision is made for associating non-officials with the designing and coordinating of the different aspects of the programme.

## **Training and Research**

As the success of this Agency depends on an innovative approach, the core staff is given specialised training to tackle the new tasks. Premier training institutions are involved in designing courses for the training of the personnel of the DPAP. Quite a few research institutions are engaged in studying the impact of the programmes taken up by DPAP's.

## **Finances**

The Central Government sanctions for each DP district Rs. 3 crores if the drought affected area is more than 75% per cent. Rs. 25 crores if the area under drought is between 50-70 percent and Rs. 2 crores if the affected area is below 50 per cent. The State Governments are expected to provide matching grants. These agencies are also authorized to approach lending institutions for financing other programmes. Some of the DP areas are also receiving international aid.

### **11.4.2. THE COMMAND AREA DEVELOPMENT AUTHORITY**

In the drought affected area the effort is to conserve and make the best possible use of water for agricultural and other operations. It is felt that even in areas covered by irrigation facilities water is not used to the optimum extent. The use of high-yielding varieties of crops require better utilisation of water, increased efficiency of irrigation. The Government of India appointed an Irrigation Commission and a National Commission on agriculture. These two commissions recommended the establishment of Command Area Development Authorities for implementing schemes intended for the utilisation of available water resources under various irrigation systems. It was hoped that the new agencies would contribute to the maximum of agricultural productivity. The beneficiaries under various irrigation projects are unable to avail themselves of the latest agricultural practices to the expected extent on account of the lack of assured and regular supplies of water in certain irrigation systems. The non-construction of field channels, the absence of land levelling, land shaping and other farm works, the absence of proper drainage system leading to water logging, salinity etc., the other reasons for failure to fully utilise the available water resources. A combination of some or all of these factors led to under-utilisation of the irrigation potential in the case of a large number of projects (projects here refer to Nagarjuna Sagar Project etc). There was, therefore, the need for a sound irrigation policy and scientific management of available water resources not only to increase the irrigation potential but also to increase agricultural productivity through the introduction of modernized irrigation methods. It was also felt that there was an urgent need for preventing transmission losses in canals, branches and field channels. The tasks stated above could not be accomplished through the regular administrative systems/deptt's as these were already burdened with heavy work. Therefore, there arose the necessity for yet another administrative set up, which was sought to be met by the setting up of special agency like the CADA.

There are about 30 Command Area Development Authorities set up by various State Governments. In Andhra Pradesh there are four CADA authorities, two at Nagarjuna Sagar, one at Pochampad, and one at Tungabhadra.

Some of the important functions of CADA's include:

1. Maintenance and efficient operation, modernization of irrigation projects;
2. Development of field Channels and field drains;
3. Levelling and shaping, taking into consideration the various kinds of crops;
4. Development of ground water to supplement surface water;
5. Selection and introduction of suitable cropping pattern;
6. Supply of all inputs and services.

The tasks stated above are quite comprehensive covering almost all aspects of irrigation as well as utilization of irrigation water.

#### Administrative Structure

These authorities, as pointed out earlier are created by the Government. Each CADA consists of a Board which is charged with the responsibility of preparing and implementing various programmes. The Command Area Commissioner is the Chairman of the Board. The Heads of the Departments of Agriculture, Soil Conservation and Co-operative Bank and a representative of a Commercial Bank are the other members of the Board. Some State Governments have included some non-officials as members of the Board.

#### Personnel and finance

The Head of the CADA is the Administrator. Most of the staff are drawn from other Departments like Irrigation, Agriculture, Co-operation, Revenue, etc. Additional staff required by these authorities are provided by other departments. The financial resources include grants-in-aid and loans made available by the Government of India and State Government.

#### CHECK YOUR PROGRESS - EXERCISE NO. 3

1. Briefly mention the aims of DPAP

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2. Explain the reasons for the establishment of CADA.

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#### 11.5. SUMMING UP

The two special agencies, the Drought Prone Area Programme (DAPA) and the Command Area Development Authority (CADA) are created with specific objectives. The performance of these two bodies in terms of quantitative achievement is not very discouraging. As pointed out in one of the publications of National Institute of Rural Development, there is variation in respect of the goals and actual achievements with regard to the Drought Prone Area Programme. Though

the DPAP was conceived as an Area Development programme, beneficiary oriented activities such as schemes for assistance to weaker sections were added later. According to some critics, this was a deviation from the main objective which would prove harmful to long-term objective i.e., restoration of the ecological balance. It was pointed out that there was need for integrating the long term objectives of DPAP with the short term objective of employment generation with integrated rural development. As regards Command Area Development Authorities, though the policy intention of optimum utilisation of available water resources is well taken, the organisational set up is not what it ought to be. Public pressure for the establishment of irrigation projects in some cases is upsetting the schedule for the completion of some on going projects. Investigation reports on the working of the CADA, in various states reveal that there is escalation in costs, lack of through surveys, delays in decision making, difficulties in land acquisition, non-availability of scarce materials, absence of monitoring agencies, lack of detailed planning and assessment for distribution system and non-realisation of expected benefits etc. The Special Agencies could prove all the more effective if their organisational demands were met.

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## 11.6. ANSWERS TO CHECK YOUR PROGRESS

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### Exercise. 1

1. See 11.1

### Exercise. 2

1. See 11.3

### Exercise. 3

1. See 11.4.1
2. See 11.4.2

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## 11.7. MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each.

1. Bring out the significance of special agencies in Rural Development.
2. Discuss the functions and the organizational set up of the Drought Prone Area Programme.
3. What are the features of special agencies.
4. State the functions of Command Area Development Authorities.

### B. Answer the following in about 15 lines each.

1. Importance of Special Agencies.
2. Factors that are hindering the effective functioning of Special agencies.

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## 11.8. REFERENCE BOOKS

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*Writer : Ch. Balaramulu.*

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# UNIT-12 : VOLUNTARY AGENCIES AND RURAL DEVELOPMENT

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## Contents

- 12.0. Objectives
- 12.1. Introduction
- 12.2. Magnitude of the Problem of Rural Development
- 12.3. Meaning and Definition
- 12.4. Significance and Role
- 12.5. Strategies
- 12.6. Organisational Structure
- 12.7. Financial Resources
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- 12.9. Problems
  - 12.9.1. External Problems
  - 12.9.2. Internal Problems
- 12.10. Summing up
- 12.11. Answer to check your progress
- 12.12. Model Examination Questions
- 12.13. Reference Books

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## 12.0. OBJECTIVES

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The aim of this unit is to introduce to you the place of voluntary agencies in rural development. After going through this unit you would be able to:

- explain the meaning of voluntary agencies,
- describe its structure and functions,
- examine its role in rural development, and
- identify the problems.

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## 12.1. INTRODUCTION

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Voluntary Agencies occupied a pivotal place in rural development. It is felt that rural development is a complete process and needs continuous effort on the part of government and other agencies. But the four decades development experience explains that it is not possible for the Government agencies to concentrate, solely, on all affairs of rural development and this necessitates the involvement of other non-governmental agencies. The voluntary Agencies, which are also known as Non-Governmental Agencies, are expected to play the complementary role of government in bringing about desired change in rural areas. In this unit we shall examine some important issues relating to voluntary agencies such as its role in rural development, its relations with government agencies, financial resources etc.

## **12.2. MANGITUDE OF THE PROBLEM OF RURAL DEVELOPMENT**

In the proceeding units we learnt that most of the developing countries in the world are predominantly rural. According to World Bank estimates about 60 percent of the people of the world live in rural areas. In the under- developed countries Asia, Africa and Latin America about 80 per cent population live in rural areas. This will be a sufficient justification for paying attention to the developmental programmes in the rural areas.

Since independence, in the development strategy of india, rural development was given a porminant place. The Government of India initiated a number of programmes to eliminate poverty and to meet the basic needs of the rural folk. Starting from Community Development Projects (1952), today we have number of strategies for brining in rapid development (see unit 4 for more details).

Inspite of three decades of planned economic development, the percentage of people below the poverty line has not any way diminished. The five-year plans, growth models and the increased productivity have little effect on the poorer sections of the rural community. Inspite of governmental efforts and planned development a total number lof 316.84 million people in the country, consituting 48 per cent of the total population were estimated to be below the poverty line at the beginning of the Sixth Five Year Plan. Of these, the concentration of such people in the rural sector is 83.12 percent. The number of people below the poverty line at the end of the Sixth Plan is estimated to be around 37 per cent.

The poor people in rural areas either have no assets or have low productivity assets keeping their income low. Further, the living conditions of the rural people are worse and the quality of social services and infrastructure (housing, water supply, primary education, health facilities, etc). is deplorable. The employment generation schemes have suffered from inadequate implementation and a full utilisation of labour surplus s yet to be provided for. The increased productivity has no effect on the poor sections of the rural community. The green revolution, benefited the rich landed gentry only. In fact some studie pointed out that the green revolution accentuated the difference between the rich and the poor, while the rich became richer the poor become poorer. Indeed some say that the Indian planning has succeeded only from the point of view of the rich while it has utterly failed from the point of view of the poor. In the words of Jaya Prakash Narayan, planning models pushed more people below the poverty line than ever before.

The fruits of development have not reached the poor primarily because of lack of their participation in the development efforts of the government. Public participation is widely recognised as crucial for rural development. Participation is widely recognised as crucial for rural development. Participation, as viewed by the leader of Tanzania, Julius Nyeree is not only the involvement of the citizens in the choice and administration of public policies and in the selection of political leaders, but also their direct involvement in making and implementing decisions pertaining to their social, economic and political activities. Such participation is regarded both as a value by itself and means by which the society can tap and maximise the use of the country's human and material resources for the benefit of the majority of its citizens. Milton J. Esman observes that one of the tasks of nation- building and development is "to bring the members of the national community into a network of relationships and institutions which enable them to participate actively in decisions affecting their individual and group welfare".

The institutional innovations and specially devised programmes have failed to make the people participate actively in their planning and implementation largely because of socio-economic constrains. It is recognised that even the political and administrative system is not conducive to people's participation.

Getting the benefits from the measures of distributive justice and raising the standard of living of the rural poor depends on their organised pressure. It is widely acknowledged that the

lack of effective organisation of the rural poor in the developing countries is the main obstacle to the improvement of their socio-economic conditions and the principal reason for their failure to derive benefits from the economic growth. The International Labour Organisation (ILO) also called for bettering the living conditions of the rural poor, through their organised involvement in economic and social life. The Draft Five Year Plan (1978-83), the Dantawala Committee on Block Level Planning and ILO Convention stressed the urgency of organising the rural poor. Similarly the World Conference on Agrarian Reforms and Rural Development stressed the need for organising the rural poor to ensure them benefits of development.

Voluntary agencies have a long history of social service, in this country. Conventional types of Volags existed in India over several centuries. Their activities were of philanthropic nature. Since these were based upon religion, ethnicity, caste or revolved around important personalities, these were mostly parochial or sectarian in scope of their activities. In the second half of the nineteenth century, Christian Church missionaries began to organize voluntarily facilities for modern education and training and health care as well as other backward sections of the common people in some parts of the country. Both the catholic churches and the protestant churches were engaged in these social welfare activities for their followers as well as for others well inclined towards christianity.

It is in the course of the present century that some non- christian organizations have started initiating systematic efforts for welfare of the depressed sections of the people.

After Independence many voluntary agencies have come into being with the help of national and international agencies. Most of these are engaged in providing relief to the rural poor in the form of meeting their basic needs of nutrition, health, education, etc. Of late some of these, in addition to their welfare activities, are also concentrating on organising the rural poor.

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### 12.3. MEANING ND DEFINITION

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A voluntary agency (Voag) is a group organised by some persons on their own initiative to pursue a common interest or interests. Group membership is optional. Decision-making within the group and also decision-implementation take place without any outside interference. This, however, does not imply that these are free from the social environmental influences or are altogether immune from the jurisdiction of constitutional and legal system and general frame work of public policies within a country. Their activities are to be of non-profit nature. These may relate to relief and rehabilitation of those in distress, charity for those in dire need, promotion of social welfare in terms of education, training and health care and allied services, promotion of productive and income-generating activities as well as promotion of social justice or equity consciousness among people. A Volag ordinarily undertakes only some of these activities and may add a few more if it perceives the need and can mobilise resources for this purpose. A voluntary agency may be defined as an organisation which, whether its workers are paid or not is initiated and governed by its own members without external control. Voluntary action by its very nature is local! Voluntary service can be described as "Private enterprise for social progress". The work of Spencer Hatch (Martandam), Rabindranath Tagore (Sriniketan) and Gandhi (Sevagram) for rural reconstruction and development Harijan sevak saugh, Kasturba Gandhi National Memorial Trust, Tagore Society for Rural Development (West Bengal) , Ashrams (Nimpath, Hoogly), Andhra Mahila Sabha (Hyderabad), Red cross (All India Body) YMCA, YWCA, (All India body). AWARE (Andhra Pradesh) are the prime examples of voluntary effort.

#### CHECK YOUR PROGRESS - EXERCISE NO. 1

1. What do you think is the precondition for rural development?

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2. Define Voluntary agencies.

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#### 12.4. SIGNIFICANCE AND ROLE

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Voluntary agencies occupy an important place in the efforts of the country towards reconstruction and nation building. The role of some of the voluntary agencies particularly as champions of the weaker and oppressed classes of the society is commendable. One of the advantages that the voluntary agencies have over those of others is their proximity to the people. According to some observers, change and development can be brought about by sensitive, sympathising and helpful individuals or agencies who have the feeling of the local environment. The voluntary agencies and its workers keep in close touch with the rural people, understand the sufferings of the people and search for solutions.

Voluntary action is regarded as a very important vehicle for rural development. The Government-sponsored programmes for rural reconstruction and development have certain limitations, one of the main being lack of commitment on the part of the local bureaucracy, strict adherence to rules, leading to red-tapism, overlapping of functions and procedural rigidity. Some observers have therefore remarked that bureaucratic machinery resists change. Further, the attitude of the local officials towards the rural poor is marked by apathy and non-cooperation. Moreover it is either represented by the rich sections of the society or has close links with them. Consequently, programmes designed to employ the lot of the poor do not receive adequate attention. Malcolm Adisheshiah, has therefore commented that "no Government anywhere in the world undertakes programmes which undermines the interests of its own supporting base, which is the well-to-do exploiting minority". It is not surprising therefore, that a good number of programmes of both the Central and State Governments, for alleviating mass poverty, providing employment opportunities, strengthening rural economy have not realised their objectives.

Further, the magnitude and complexity of the problem is so vast that the Governmental efforts alone may not be adequate. The state requires the support of non-governmental agencies. Therefore, the voluntary agencies have come to be looked upon as partners in the developmental process. Voluntary agencies being close to the people are expected to play a positive role in rural development. As watch-dogs of the public interest and in coordination with Government agencies Voluntary agencies can supplement the effort of the Government in development. They can activate the Governmental machinery to move and respond to the felt needs of the people. By mobilising and organising the rural poor, the voluntary agencies not only strengthen the principle of self-help but also to some extent pressurise the Government to improve the quality of its service and functioning.

Let us now briefly examine the role of voluntary agencies in rural development.

The Seventh Five Year Plan (1985-90) mentioned the role expected of voluntary agencies in rural development. The role mentioned comprises:

- to supplement Government programmes to provide choices and alternatives to the rural poor to enable them to improve quality of their life;
- to serve as eyes and ears of the villagers;
- to devise simple, innovative, flexible and unexpensive strategies and projects of participative types;
- to activate and improve responsiveness of the delivery system to meet the felt needs of the poorest of the poor,
- to disseminate information about ongoing and proposed welfare and development programmes of the Government;
- to stimulate local communities to adopt a self-reliant attitude of mind;
- to demonstrate more effective utilisation of local resources, material and human, to the local people.
- to demystify and simplify technology and make it available to the rural poor.
- to motivate communities to mobilize local resources for self-reliant development process; and
- to create social awareness among the poor to demand better performance of services from public sector agencies concerned and also to impose local accountability on this performance.

### CHECK YOUR PROGRESS - EXERCISE NO. 2

1. Briefly explain the role of voluntary agencies in Rural Development.

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### 12.5. STRATEGIES

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In the fourth unit we studied the different strategies adopted to develop rural areas. We also examined as to why and how these strategies did not succeed to the extent desired. There is an opinion that the technical as well as the material advantages of these strategies have been mopped up by the 'well-off' sections of the society.

Unlike the Government strategies, the Voluntary agencies generally go in for innovative techniques and strategies. The main objective of most of the voluntary agencies is to fight the causes of poverty with the conscious involvement of the people. Generally the Voluntary agencies take up the following programmes (1) Adult education (2) Health programmes (3) Women's welfare, (4) Skill development, (5) Relief programmes during natural calamities, (6) Social awareness programmes, (7) Legal aid and advisory services (8) Cultural programmes, etc. Some voluntary agencies are also making an effort in organising the poor.

These programmes are carried out systematically with adequate planning. Proposals of the programmes likely to be taken by the agencies pass through various stages. The members of voluntary agencies actively participate in planning, programming as well implementation of schemes. The structure of voluntary agencies is usually designed in such a manner as to enable its members to actively associate in the decisions of the agency. Let us discuss the organizational structure.

## CHECK YOUR PROGRESS - EXERCISE NO. 3

1. Explain how the strategies of voluntary Agencies are different from governmental agencies.

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### 12.6. ORGANISATIONAL STRUCTURE

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There is no uniformity in the organisational structure of voluntary agencies. In fact there is wide difference in the nomenclature of functionaries level of activities etc. Depending on their organisational needs, infrastructure facilities available, some voluntary agencies have adopted three-tier and some others four tier structure. It may be concluded that organisational structures are as flexible as their procedures, intended to facilitate easy adaptability unlike the formal Governmental organisational structures.

Barring a few exceptions, organisational structure of a voluntary agency generally consists of a General body, an Executive Committee or governing body and the administrative staff. Let us briefly examine the levels and structure of voluntary agencies.

**General Body:** All members who are duly enrolled constitute the General body.

**The Executive Committee:** The Executive Committee is generally a small body of important functionaries. This includes a President, Vice-president, Secretary, Treasurer and other members. (The nomenclature differs from agency to agency). The functions of the Executive Committee include approval of plans, annual accounts and other activities. The Executive Committee along with the office bearers is responsible for decision-making, implementation of the programmes, inspection, supervision, guidance etc.

**The levels of decision-making:-** Voluntary agencies are assisted by regional committees such as Area level committees, cluster committees and village Sanghams at the grassroot level in the decision making. The village Sanghams or village level bodies of some of these agencies occupy a prominent place in the organisational structure.

**Village Sangham or Association:-** The lowest unit of the voluntary Agencies is known as sangham or association through which it mobilises people for various activities. Some agencies also call it as Community Education Centre. It is regarded more or less as a forum to tackle various socio-economic and political ills afflicting the people.

The village Sangham is a body which plans the programmes and implements them subject to the approval of Cluster Level Committees (a cluster may consist of a few village level agencies) and Executive Committees. It identifies the needs of the Sangham and recommends its decisions to the Executive Committee through the Cluster Committee.

**Personnel:** The Director or Chairman is incharge of the overall developmental programmes and administration of the agency.

The permanent staff of voluntary agencies consists of a Director and a subject Coordinator (one each for a specified activity), cluster coordinators, multi-purpose workers and other supporting staff. In addition, some voluntary agencies have their Medical Staff comprising one or two doctors, three to five nurses and health promoters.

The subject coordinator is one who coordinates a particular programme at the project level. He is overall incharge of a particular programme or activity to be implemented at the grassroots level. The Cluster Coordinator is a person who coordinates and supervises various activities under the cluster allotted to him. He acts as a link between the grassroots organisation and the apex body. The coordinator propagates the programmes of the agency, conducts village sangham meetings and helps in finding out solutions to the problems of the Sangham members.

Besides the above functionaries some voluntary agencies have multi-purpose workers, who are called teachers or promoters. Selected from among the educated members of village community, the village level worker (or the multi-purpose worker) is usually a man of character, integrity and sound social understanding. He acts as a guide and friend to the village association.

His functions include:

1. Organizing the night schools (or Adult Educational Centres) to the members;
2. Monitoring the activities;
3. Settling the disputes of the members, assessing the economic needs of the members and representing on behalf of them to the financial institutions
4. Arranging discussion on social problems;
5. Representing the problems of the members to the authorities concerned.
6. Organizing health camps for the benefit of the members.
7. Informing the decisions of the Sangham to the higher levels and reporting to the Sangham the decisions made at the higher level.

Thus, effective functioning of the agencies depends to a large extent on the competence of the village level workers.

#### **CHECK YOUR PROGRESS - EXERCISE NO. 4**

1. Do you think that the organisational structure of voluntary Agencies is flexible to government organisation?

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### **12.7. FINANCIAL RESOURCES**

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The financial resources of Voluntary Agencies can be divided into internal and external resources. The internal resources include membership fees and annual subscription from the members, contributions and donations from the public, grants-in-aid from the Government or its agencies. In most cases the Voluntary Agencies have to depend on Governmental Agencies for financial help. Recognizing the growing role of Voluntary Agencies in development processes, particularly in rural development it is argued that the public funding mechanism for Voluntary Agencies has to be institutionalised.

A workshop conducted recently on strengthening these bodies recommended that the Government should extend financial support to these Agencies in a big way in order to discourage them from seeking foreign funds.

Allegations are levelled against some of the agencies about the foreign funding and hence the inflow of foreign donations to voluntary agencies (Volgas) is being regulated under the Foreign contribution (Regulation) Act 1976. According to this Act, the voluntary agencies receiving these donations are required to intimate to the Union Government about the source, amount and purpose of the donation. Only those registered with the Ministry of Home Affairs are normally eligible for receiving the donations. Notable foreign agencies which are giving aid to these voluntary agencies include: OXFAM christian Aid, CARITAS, Catholic Relief Services, CARE Terredes Hommes, B.F.W, EZE (germany), NOVIB (Holland), etc.

### CHECK YOUR PROGRESS - EXERCISE NO. 5

1. Briefly mention the financial resources of voluntary Agencies.

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## 12.8. RELATIONS WITH GOVERNMENT AND OTHER AGENCIES

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The concept of a welfare state increased the functions of Government enormously. However, due to various constraints it cannot perform all the functions. The role of Government agencies must therefore be supplemented by Non-Governmental agencies. It is viewed that the Voluntary Agencies should work as watch-dogs of Governmental programmes while the Governments can also encourage them to mobilise public cooperation. Here the personnel associated with implementation of Governmental programmes and the workers of Voluntary Agencies who are the spokesmen of public opinion should have coordination in carrying out developmental programmes of the rural folk. For several decades the Government of India seemed to have acted indifferently towards the Voluntary Agencies. The officials at the higher levels appeared to have disliked the growth of Voluntary Agencies. It is very recently that the Government recognised the role of Voluntary agencies and sought their widest possible participation in nation building and reconstruction. This is considered to be a step in the right direction.

The Voluntary Agencies have to maintain a wide net work of relations with the Government and Non-Governmental agencies without losing their identity for effective functioning. Can these agencies maintain relations with others without sacrificing their autonomy, is a must question. Though these agencies may adopt and work with different strategies to achieve their ultimate goal, it is regarded that a degree of healthy competition between these agencies and the Government might bring about distinct improvement in the implementation of some public policies.

It is suggested that the Voluntary Agencies should supplement the efforts of the Government. Some others prescribed peer relations between the Government and the Voluntary Agencies. But those in the field are sceptical about its success, for, there is bound to be conflict between the demand for autonomy on the part of Voluntary Agencies and desire on the part of the Government to control. Some critics say that Voluntary Agencies cannot be effective implementors of the developmental policies as there are not many agencies with good reputation and those with good image will not always like to maintain close link with the Government. Late Rajkirshna, who served as Member of Planning Commission stated that the dependence the government for money by these agencies would lead to superior-subordinate relationship. The superior here being the government, and subordinate role being played by the Voluntary bodies.

## CHECK YOUR PROGRESS - EXERCISE NO. 6

1. Critically examine the relations between voluntary agencies and various Government agencies.

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### 12.9. PROBLEMS

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The problems faced by the voluntary agencies in their functioning can be categorised into two: (1) External, (2) Internal. The external problems are essentially related to the environment in which the voluntary agencies function. The socio-economic diversities and politico-administrative influences are the essential factors which affect the functioning of the voluntary agencies.

#### 12.9.1. EXTERNAL PROBLEMS

These include :

- **Resistance to Voluntary Work:** As already mentioned, most of the voluntary agencies are engaged in the task of encouraging the poor to organise themselves to protect and promote their interests. In this task they face the organised opposition of the powerful and well-to-do sections of the society, such as landlords, money-lenders, local dadas, etc., who regard the associations and unions of the poor as a threat to their position. They use all possible means including the Government machinery, to disrupt the activities of the voluntary agencies. The hostile environment thus, dampens the enthusiasm of these bodies.

According to some analysts, the Government machinery, particularly the police, often colluded with the powerful sections of the society in controlling the activities of the voluntary agencies under the pretext of maintaining law and order. The police misinterpret organisers as the instigator of violence and implicate them in false cases if they organise the people for their just demands.

- **The Politico and Administrative set up:** The politico and administrative system is not conducive to the working of voluntary agencies. The administrative system which is generally characterised as being authoritarian and elitist is not very cooperative with the voluntary agencies.

As Raj Krishna pointed out "the local bureaucracy does not favour the development of autonomous institutions, (like the voluntary agencies) because of the fear that they may erode their influence. It, therefore, obstructs the work of the voluntary agencies, or brings them under its own tight control by exercising its regulatory legal power and by manipulating the strings attached to Government finance". Only those agencies, which have an access to non-official sources of finance, and have built up an independent base of popular support through their good work in the past, can manage to remain autonomous.

- **Political interference:** Further, the effective role of the voluntary agencies suffers from unhealthy influences of the local political agencies. Some politicians, at the time of elections are trying to make use of these agencies to serve their selfish purpose. They not only misuse

the machinery of the voluntary agencies, but also demand money from them. In many cases the voluntary agencies, which have yet to strengthen their organisations at the grass root level have to depend upon local leaders for their survival. A recent study noted that some voluntary agencies are becoming agents of local dadas. It is also noticed that the politicians recommend their henchmen/followers for some positions.

- **The Socio-economic background of the people:** The diverse socio-economic background of the people also is acting as a negative factor. These organizations are finding it difficult to bring the poverty-stricken people of all sections under one fold. Vested interest often disrupt the activities of these bodies by exploiting primordial loyalties, caste, religious and regional feelings.

### 12.9.2. INTERNAL PROBLEMS

It must be pointed out here that some of the internal problems of these agencies are a result of external problems. Take for instance, the political interference. The persons who come into these agencies using political influence tend to create trouble in the organisation and also try to sabotage the agency from within.

As regards the constraints, finance is the major problem that hinders the activities of the voluntary agencies. These bodies do not have their own financial resources, or regular income. They have to depend on local contributions, grants-in-aid from the Government and on contributions from foreign agencies, philanthropists. Even if they succeed in getting financial help from these agencies, the amount granted is usually insufficient to meet its requirements.

### CHECK YOUR PROGRESS - EXERCISE NO. 7

1. Identify the problems of voluntary agencies.

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### 12.10. SUMMING UP

The Voluntary Agencies have an indispensable role in the developmental process. They divert the idle manpower into productive purposes by making use of locally available resources. The voluntary organisations define and express local needs and demands, which can then be incorporated into government development programmes. They adopt problem oriented need based methods and techniques to root out poverty and inequalities in rural areas. These agencies make the Government machinery more effective by identifying target groups, increasing the accessibility of these groups to the services. They make the people aware of various programmes initiated for their betterment. By encouraging the habits of self-help and mutual help and cooperation the voluntary agencies contribute their mite towards national integration also. Provision of relief measures such as helping the people in natural calamities are the short term advantages of voluntary agencies. The long term advantages of voluntary agencies include organising the poor people for development. Though their number is not large the contribution of these bodies to various facts of development in general and rural development in particular so far is commendable.

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## 12.11. ANSWERS TO CHECK YOUR PROGRESS

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### Exercise. 1

1. See 12.2
2. See 12.3

### Exercise. 2

1. See 12.4

### Exercise. 3

1. See 12.4

### Exercise. 4

1. See 12.6

### Exercise. 5

1. See 12.7

### Exercise. 6

1. See 12.8

### Exercise. 7

1. See 22.9

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## 12.12. MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each.

1. Discuss the advantages of voluntary agencies over governmental agencies.
2. Critically examine the linkages of voluntary agencies with governmental and non-governmental agencies.
3. Briefly explain the strategies of voluntary agencies.
4. Write a short note on the problems of voluntary agencies.

### B. Answer the following in about 15 lines each.

1. Financial resources of voluntary agencies.
2. What are the activities of voluntary agencies?
3. Functions of a Multi-purpose worker.

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## 12.13. REFERENCE BOOKS

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1. Chowdhry D. Paul : "Social Welfare Administration through Voluntary Agencies, Atma Ram & Sons, New Delhi, 1962.
2. Satya I. Sundaram : Voluntary Agencies and Rural Development, B.R. Publishing Corporation, Delhi, 1986.
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Writer: C. Venkataiah

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# UNIT-13 : PEOPLE'S ORGANISATIONS

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## Contents

- 13.0. Objectives
- 13.1. Introduction
- 13.2. Need for People's Organisations
- 13.3. Brief History of Peasant Movement
- 13.4. The structure of Peasants Organisations
- 13.5. Demands and Achievements of peasants Organisations
- 13.6. Reasons for Lack of Peasants Organisations
- 13.7. Summing Up
- 13.8. Answers to Check Your Progress
- 13.9. Model Examination Questions
- 13.10. Reference Books

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## 13.0. OBJECTIVES

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After reading this unit you should be able to:

- explain the need for people's organisations;
- analyse the causes for lack of effective peasant organisations; and
- describe the status of peasant organisations in India.

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## 13.1. INTRODUCTION

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Collection of Taxes and maintenance of law and order were the main concern of the British Raj in India. This type of administration is called 'regulatory administration'. There has been a shift in administration from regulatory to development in general and rural development in particular since independence. Rural development as pointed out elsewhere aims at improving the living conditions of the rural populace. Since the Seventies rural development has taken a new turn, as greater emphasis has come to be laid on development with social justice than ever before.

In this unit we shall discuss the role of people's organisations in rural development. Here in view of their significance, the discussion on people's organisation is confined to peasants and Agricultural labourers organisations.

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## 13.2. NEED FOR PEOPLE'S ORGANIZATIONS

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Social scientists quite often call upon organizations of people to exert pressure on the system for bettering the lot of the poor. Individuals make up a group, make up a community and communities constitute a society. A society remains underdeveloped unless the individuals get together to act unitedly against oppression and exploitation. We often hear of strikes, hartals, dharnas and such other forms of protest by employees, students, teachers and several others belonging to different professions to get their demands met by the establishment. The above mentioned broadly constitute what is generally called the organized sector. There are associations, unions, etc., of employees or students. They work for the welfare of their members. The trade unions resort to strikes, etc, for better wages and working conditions.

The organized sector thus demands the revision of pay-scales, betterment of working conditions, and provision of facilities, etc. There are also several legislative Acts to protect the interests of the working class, e. g., the Trade Union Acts. In a way these are the most vocal sections of society. But the organized sector referred to earlier acts only in the interest of the members. There are millions of people in our country who come under the **Unorganized sector**. These include the agricultural labourers, rural artisans, marginal farmers, etc. It is generally agreed that the system is unresponsive to the needs of the people in the unorganized sector. Political parties, of course, often are seen taking up the responsibility of representing the cause of the unorganized agricultural labourers to the powers that are. The news papers and other media inform us of the efforts of the Members of the parliament and State Legislative Assemblies to get the minimum wages of agricultural labourers fixed, extension of benefits under various anti-poverty programmes. However, despite the laudable efforts, the relief provided does not always prove adequate. So the answer to the question of improving the living conditions of the mute masses lies elsewhere. How to make the system more responsive to the plight of the uncared? It must be remembered that commendable efforts, indeed, were made in the past by leaders like Gandhi before independence to bring the neglected sections of people into the national main stream. But after independence there have been very few attempts in this direction. Vinoba Bhave, for instance, took up the cause of inequitable distribution of land and initiated the Bhoodan Movement to correct the imbalance, which had limited success. Coming to contemporary times, we find that Sharad Joshi has organized small farmers for the fixation of remunerative prices for some agricultural products. Narayanaswami Naidu of Tamil Nadu has fought for better pricing of agricultural products. But these efforts have been on too restricted a scale to bring about any lasting improvement in the overall situation.

In a country like India the class interests are bound to clash with the objectives of social justice. Many reports have pointed out that the fruits of developmental programmes have not reached the most deserving. The solution to this problem lies in organizing the unorganised. An organised group, as stated earlier, is always in a better position to serve its members than an unorganised one. Such an organization makes them economically strong, socially potent enough to demand and acquire their rightful share of the fruits of development. This is possible if the rural poor are made to realize the need for organising the members for securing a better deal. People's organizations are essential in this regard because individuals may not be able to exert the requisite pressure on the establishment to act in their interest.

People's organizations can succeed if the clientele is conscious of their needs, constraints and also challenges to their development. In other words, "consciousness of commonness" is essential for the achievement of the goal. Of course, mere feeling may not motivate the individuals towards group action. It needs leadership to mobilize consciousness into action. The leadership may not be available within a group. In such a case an outside agency may often be necessary to motivate and direct the action of the group.

### **CHECK YOUR PROGRESS - EXERCISE NO. 1**

1. What are the advantages of people's organizations?

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2. How people's organisations can work for social justice?

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### **13.3. BRIEF HISTORY OF THE PEASANT MOVEMENT**

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we shall now discuss the history of people's organizations. The focus is on the organizations of peasants which constitute a majority of such organizations in the unorganized sector.

The Indian National Congress was the first all India Party to evince keen interest in peasant movements. It has been participating in such movements since 1914. Mahatma Gandhi led one such movement in 1917 in Champaran (North Bihar) against the Indigo planters. Another one was in 1918 in Gujarat known as Bandh movement, which was no-land-tax campaign. In 1920-21 a peasant movement developed in Malabar which soon took a violent turn. Encouraged by these movements the peasants resorted to collective action to defend their interests. Quite a few peasants' associations came up at the regional level with leadership and support from the Congress leaders. For example, in Andhra Pradesh, Kisan Sabha was established in 1923. Such peasant associations were also established in Bihar, Punjab, Bengal and Uttar Pradesh during 1926 and 1927. For a decade they worked independently of one another and of national organisations.

Encouraged by Pandit Nehru, the 'Progressive' elements in the Congress set-up in January, 1936, an all India Kisan Congress. Leaders like Jayaprakash Narain and N.G. Ranga were also associated with it. The All India Kisan Sabha is an off-shoot of these moves.

At the provincial and district levels too the branches of All India Kisan Sabha were established. The main focus of these bodies was the bettering of the working conditions of the ryots under the Zamindari system.

All India Kisan Sabha (AIKS) has since its inception been dominated by the progressive elements in the Congress party. It became a powerful organisation with the entry of those believed in its radical policies.

But in 1960's the All India Kisan Sabha was split into groups mainly because of the ideological differences in the Communist Party of India. Now there are two separate Kisan Sabhas functioning under the leadership of the Communist Party of India CPI and The Communist Party of India (Marxist) CPI (M) respectively. The CPI formed a separate organization called the Bharatiya Khet Mazdoor Union exclusively for agricultural workers. After 1969, the Marxist-Leninist groups also established their own 'Rytu koolee sangams' in various parts of the country. The Indian National Trade Union Congress (NTUC) also has an organisation called the Indian National Labour Federation for agricultural labourers.

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### **13.4. THE STRUCTURE OF PEASANT ORGANISATIONS**

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#### **Objectives**

The following are the objectives of the peasant's associations in general:

1. to protect the rights of the agricultural labour;
2. to secure fair wages and better working conditions;
3. to educate the members about their rights and obligations;
4. to train them in the art of collective bargaining.

#### **Membership**

According to the available data the total membership of all Peasant associations in the country is around 3 million, the majority of whom are in West Bengal, Kerala and parts of Andhra

Pradesh, Bihar, Maharashtra, Punjab Tamilnadu and Uttar Pradesh. Thus, the membership is distributed unevenly. Membership is found concentrated in the States mentioned only to the strength of the sponsoring political parties. But it is to be noted that the peasants associations are not found in all the districts of the country nor in all sub divisions within a district.

In most cases the leadership is provided by the members of associations or the sponsoring political parties. Some times, outsiders are found leading groups/associations.

As there are more than one organization of the peasants operating at the grassroot level, they would be all the more effective if their efforts are united and coordinated.

Organizations with common objectives, common sponsorship and clientele cooperate with one another without much difficulty. But in the case of labour unions sponsored by different political parties, cooperation is not easy. Instances of organizations working at cross purposes are too many to be cited.

### **13.5. DEMANDS AND ACHIEVEMENTS OF PEASANTS ORGANISATIONS**

Let us discuss the general strategies adopted by the agricultural labour unions for achieving their demands.

The general demands of the Unions would include increase in daily wages, regulation of working hours, security of employment, provision of Provident Fund benefits, representation of the agricultural labourers on the land distribution Committees, etc. As in the industrial unions, the agricultural labour unions also resort to strikes, Satyagrahas, processions other known trade union tactics to achieve their demands.

Let us study a few cases from Kerala where agricultural labour unions have been quite active to assess their impact on the condition of agricultural labour.

In 1952 the Union demanded a two-fold increase in the daily wages, and an increase was made in the wage for harvesting from one-twelfth to one-eleventh of the produce. In 1957 the Union demanded a further increase amounting to one-ninth of the harvested grain as wage. Again, in 1958, the union demanded daily wage of Re. 1/- per female labourer and Rs. 2.50 per male labourer. It also demanded a reduction in the working hours from 8 to 6 hours a day.

Though the demand to increase the daily wage was agreed to in 1952, it was not implemented mainly due to the opposition of certain large farmers. The Union declared a strike in the fields of those farmers. During the strike period, several labourers and their leaders were arrested and imprisoned. In 1957, the union organized a strike to press their demand. Farmers opposed the demand and tried to harvest the fields with loyal workers, resulting in large scale violence. Subsequently the landlords agreed to increase the wage but refused to reduce the working hours. The union appointed its agents in different places to regulate the terms of working.

Let us take the example to study the impact of the agricultural labour unions on the government. In response to the long pending demand of the union for social security for agricultural labourers, the Kerala Agricultural workers' Act was enacted in 1974. The Act provides for security of employment, prescribed wages, fixation of working hours, Provident Fund and machinery for settling the disputes between the farmers and the labourers. Conciliation officers have been appointed and tribunals set-up in each district for the settlement of disputes.

Every agricultural employer is required to maintain a register for recording the particulars of workers employed and the wages paid. The District Collectors have been instructed to bestow special attention on the implementation of the Act.

In the State of Tamilnadu also there were agitations for higher wages which had taken place periodically and considerable increases in wages secured. In 1969 the Government of Tamil Nadu enacted the Agricultural Labourers' Fair Wages Act, 1969, with a view to settling the disputes between the Farmers and Farm labourers. As a result, the Panniyal ( bonded labour)

system has disappeared and is replaced by free contract labour. The landlords have come to accept the right of the labourer to negotiate for a higher wage. Many wage disputes are settled on a tripartite basis.

In Maharashtra, there is an Employment Guarantee Scheme (EGS). According to this scheme, employment is guaranteed throughout the year to the landless labourers as well as the marginal and small farmers. They are paid a minimum wage commensurate with their basic needs. If 50 or more workers from a village or group of villages demand employment the government is required to provide it within 15 days and within 5 KMs of the village. The Planning Department at the State level acts as the coordinating unit. It also directs and guides the organization of the scheme. At the District level, the Collector is in overall charge of the scheme. He has the responsibility to fix the implementing agencies and allocate the work to them.

### CHECK YOUR PROGRESS - EXERCISE NO. 2

1. What are the achievements of Kerala Agricultural Labourers Association?

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2. What are the general demands of peasants organisations?

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### 13.6. REASONS FOR THE LACK OF PEASANT ORGANISATIONS

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Rural population is largely made up of peasants and also small artisans. A 'peasant' is one who lives in the country and works on the land either as a small farmer or as labourer. **Encyclopaedia Britannica** defines a peasant as "a country man, either working for others or owning or renting and cultivating by his own labour a small piece of land". Under Indian conditions a peasant may be defined as "a person whose primary occupation is agriculture and who earns his livelihood only through it". In a very large number of cases the peasants depend upon the landlords for work. The peasants are by and large unorganised despite several attempts made to organise them. Let us look into the reasons for their remaining unorganized. These include:

- a) lack of motivation;
- b) fear of the rural elitist groups,
- c) absence of government's initiative and encouragement.

Let us consider these reasons in detail;

- a) Lack of motivation is stated as the first reason for the peasants not being organized into unions. Peasants do not have the necessary motivation because they feel that their efforts will not succeed. They know that group action is impossible in a rural area where the primary concern is day-to-day living. Though attempts at motivating the oppressed have been made the results have not been encouraging.
- b) Fear of the consequences of getting organized is said to be the second reason. The land in rural area is concentrated in the hands of a few and the majority of the poor are dependent upon these few for their living. Being dependent these people cannot be expected to form organizations which work against the interests of their masters. The immediate consequence would be their dismissal from their jobs which would deprive them of their daily bread.
- c) Few efforts have been made by the Government to encourage the formation and consolidation of people's organizations. The powerful landlords would sabotage any attempts that are made by the unorganized by using their political influence.

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### 13.7. SUMMING UP

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Most of the Indian villages consist of three major group viz., (a) elite like the landlords, money lenders, etc, (b) farmers who cultivate their own lands with their own family labourers and (c) peasants or the rural poor who are mostly landless and who work on the lands of the rural elite.

The rural poor constitute the majority of the rural population. It is acknowledged that the minority rural elite oppose the implementation of the welfare schemes meant for the rural poor because they clash with their class interest. The only remedy is to help the rural poor to build up pressure for the protection of their class interests. This increases their bargaining power with the employers. 'Union is strength' is as much true in this case as in the case of other sections of the Society.

There are, however, certain difficulties to reckon with in developing peasant organizations. Some of the constraints are economic dependence and backwardness, numerous employers, caste division, lack of leadership, uncooperative rural administration, etc.

In spite of these constraints, the agricultural labour unions sprang up in the states of Kerala, Tamil Nadu, Maharashtra and a few other states of India with the support of some political parties. Wherever the unions have been in existence, they have achieved fair wages, strong bargaining power and social upliftment. Laws have also been enacted to protect their rights.

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### 13.8. ANSWERS TO CHECK YOUR PROGRESS

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#### Exercise. 1

1. See 13.2
2. See 13.2

#### Exercise. 2

1. See 13.5
2. See 13.5

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### 13.9. MODEL EXAMINATION QUESTIONS

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#### A. Answer the following in about 30 lines each.

1. Explain the role of people's organisations in development.
2. What are the reasons for the lack of effective peasants organisations.?

**B. Answer the following in about 15 lines each.**

1. What are the general demands of peasants organisations?
2. What are the achievements of peasants organisations?

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**13.10. REFERENCE BOOKS**

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*Writers : P. Narasaiah  
I. Ramabrahman*

BRAOU

**BLOCK - 3**  
**LOCAL ORGANISATIONS  
FOR URBAN DEVELOPMENT**

*This block consists of 4 units (units 14-17). Unit 14 discusses the characteristics and the consequences of urbanisation and the various strategies adopted to ensure orderly urban growth. Unit 15 explains the organisational structure of municipal corporations with special reference to Andhra Pradesh. Unit 16 discusses the structure, functions, the role and problems of municipalities, and unit 17 focusses attention on the growth, functions and administrative set up of the urban development authorities created for orderly urban growth.*

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# UNIT-14 : STRATEGIES FOR URBAN DEVELOPMENT

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## Contents

- 14.0. Objectives
- 14.1. Introduction
- 14.2. Meaning of Urbanisation
- 14.3. Characteristics
- 14.4. Perception of Urbanisation
- 14.5. Some Strategies
  - 14.5.1. New Towns Development
  - 14.5.2. Housing Boards
  - 14.5.3. Strength of the existing city and Municipal Governments
  - 14.5.4. Metropolitan Planning
  - 14.5.5. Small and Medium Towns
- 14.6. Evaluation and Suggestions
- 14.7. Summing up
- 14.8. Answers to Check Your Progress
- 14.9. Model Examination Questions
- 14.10. Reference Books

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## 14.0. OBJECTIVES

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The purpose of this unit is to give you an idea about urban development and to explain to you the various strategies devised for urban development.

At the end of this unit you would be able to:

- define Urbanisation,
- identify the characteristics of Urbanisation,
- describe the various strategies for performance of special agencies for urban development.

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## 14.1. INTRODUCTION

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Urbanisation is a growing phenomenon in most of the developing countries. The urge for industrialization for rapid development is one of the reasons for the growth of Urbanisation. Apart from this, lack of facilities and employment opportunities in rural areas is also pushing out the people from rural to urban areas in search of employment opportunities.

The tempo of urbanisation in India since 1951 has been rapid compared to the earlier decades. India's urban population has increased from 61.6 millions in 1951 to 15.62 millions in 1981. In 1981, 23.7% of the population was in urban areas as against only 17.4% three decades

ago. According to demographers the urban population of India may be the second largest in the World after China, by 1991. Migration or continuous inflow of people, in a large scale, to urban areas is creating lot of problems in these areas. To tackle this problem and to ensure orderly urban growth various strategies have been adopted.

## 14.2. MEANING OF URBANISATION

The term urbanisation which is so frequently used is difficult to define. In reality, the difference between rural and urban which is so easily made in every day life becomes very difficult to portray in precise. According to Carter, urbanisation can be viewed from the point of population concentration and the point of process. One of the standard approaches for declaring an area as urban is on the basis of census figures. The definition adopted by the 1961 Census of India highlights the importance of population as an index to identify an area as a town. To qualify as a town a non-municipal place should have :

- a) a density of not less than 1000 persons per square mile :
- b) a population of 5000 or more;
- c) Three fourth of the occupation of the working population should be in non-agricultural sector.

The second and more fundamental approach to understand urbanisation is to view urbanisation as a process. According to Lampard, "Urbanisation as a process can be seen from three perspectives namely, behavioural, structural and the demographic. Let us elaborate these three aspects.

From the behavioural view point, urbanisation distinctly conveys certain characteristics. According to L. Wirth, "the clock and the traffic signal are symbolic of the basis of the social order in the urban world". The bonds of kinship, of neighbour lines, and the sentiments arising out of living together for generations under a common folk tradition are likely to be absent or at best, relatively weak among the members who have such diverse origins and backgrounds. Density also adds to diversification. In addition, individuals living together closely and working together, with no sentimentalities foster a spirit of competition, aggrandizement, and mutual exploitation. To cite an example, the concern exhibited by a villager to the problem of his neighbour is found missing in a city.

The structural characteristic of urbanisation relates to economic development. It relates to the movement of people out of agricultural communities into other and generally larger non-agricultural communities. This conception gives primary recognition to the differential ordering of occupations within a given territorial space. In a city like Bombay, there are businessmen, industrialists, government officials, petty traders, skilled workers and unskilled workers, masons, shop assistants and teachers. Urbanisation is seen, therefore, as a product of increasing economic specialisation, and advanced technology. It also indicates the emergence of middle class.

The third view point regarding urbanisation relates to the demographic perspective. According to Lampard, "Urbanisation is seen as the organisational component of a population's achieved capacity for adaptation. It is a way of ordering population to attain a certain level of subsistence and security in a given environment. Thus adaptability of the work force is an important characteristic of demographic approach to understand urbanisation. In the city there are several openings for different kinds of jobs. In fact people come to the city with a hope that they will get some employment.

Thus, the above should give us an idea about the essentials of urbanisation. However, the experience of the third world countries, may be at some variance with the developed countries. It is with this background that the process of urbanisation in India needs to be explained further.

## CHECK YOUR PROGRESS - EXERCISE NO. 1

1. What do you understand by Urbanisation?

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### 14.3. CHARACTERISTICS

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There are distinct characteristics of urbanisation in so far as India is concerned. In the first place, there are wide disparities in so far as the spread of urban population in different states in India is concerned. For example, Tamil Nadu, Maharashtra and Gujarat have a large proportion of their population living in urban areas (30% or above). Karnataka and West Bengal have urban population close to 25 percent, and states like Assam, Orissa and Himachal Pradesh have a population upto ten percent.

Yet another important aspect of urbanisation is the heavy concentration of people in Class-I cities (cities with one crore population and above like Bombay, Calcutta, Madras and Delhi). It is estimated that more than 52% of the total urban population are living in these Class-I cities. However, contrary to the popular belief, the influx of rural population into urban areas has not been high as anticipated.

It is becoming increasingly clear that very soon, nearly one quarter of the total population of the country would be living in urban areas. The consequences of such a situation may as well be summarised in the following words. According to K. V. Sundaram, ".....forecasts suggest that major share of urban population increase will accrue to the largest urban centres, the phenomena of cities being added to cities. The cities of the Class-I and Class-II category alone will absorb about 68 percent of the increase in urban population. In terms of regional focus, this will serve to accentuate the existing spatial imbalances in the distribution of urban centres between major regions of the country".

## CHECK YOUR PROGRESS - EXERCISE NO. 2

1. Briefly explain the features of Urbanisation.

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### 14.4. PERCEPTION OF URBANISATION

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It should be stated that there have been several studies about urban growth but as such there has not been any sustained effort to develop national urbanisation policy. Urbanisation has been viewed as an engineering proposition with spatial focus rather than as an integral part of the national development. The need of the hour is to evolve an integrated approach incorporating national, regional and local developmental requirements. Before attempting to outline such a programme, it would be worthwhile, to have a brief idea as to how the problem of urban growth/development was perceived and tackled in India during the different plan periods.

A reference to these would provide meaningful insights.

From the point of view of shortage of housing. The first and the second Five Year Plans looked at the problem of urbanisation from the point of view of shortage of housing which again was due to heavy inward flow of population from rural to urban areas. The planners suggested the enactments of Model Acts, for controlling land prices and speculation as a solution for this.

#### Urbanisation as an Important aspect of economic and social development

The Third Five Year Plan however, departed from the earlier stand. It had recognised urbanisation as an important aspect of the process of economic and social development. The major ingredients of the policy were as follows :

- a) establishment of new industries away from large and congested cities;
- b) Adoption of the concept of the region in the planning of industries;
- c) Bringing together the urban and rural section of the community, in the development process.

#### Urbanisation as the spatial proposition

During the Fourth Five Year Plan period the planners became increasingly aware of the spatial implications of development. This plan emphasised the need for decongestion and dispersal of population in big metropolitan cities like Calcutta and Bombay and taking positive steps for dispersal of population through suitable creation of smaller centres. In pursuance of this policy, the Fifth and Sixth Five Year Plans emphasised integrated development of metropolitan cities and areas of national importance and the integrated development of small and median towns.

Thus it will be seen that there have been different perceptions by the planners regarding the concept of development. From the simple problem of housing shortage, urban growth/development has come to signify multi- dimensional proposition encompassing, spatial, economic, demographic and social aspects.

### CHECK YOUR PROGRESS - EXERCISE NO. 3

1. Urbanisation has been perceived from different angles. Briefly explain these aspects that figure in under this discussion.

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### 14.5. SOME STRATEGIES

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Urbanisation in modern times is a complex phenomena requiring different types of strategies. Different strategies were evolved from time to time to tackle urban growth and development. These strategies evolved over a period of time to suit changing demands and needs. A brief description of the various strategies adopted in India during the past three decades would give us a picture of urban development. We shall confine our discussion to some important strategies.

### **14.5.1. NEW TOWNS DEVELOPMENT**

One of the earliest strategies adopted since independence was the new planned townships. Rourkela, Bhilai, Durgapur, Bharat Heavy Electrical Township in Ramachandrapuram near Hyderabad, can be cited as examples of the strategies of building townships. While life within the townships is highly satisfactory, the lack of co-ordination between physical planning and economic setting has resulted in emergence of slums, shops etc.

### **14.5.2. HOUSING BOARDS**

The Central Government advised the State Governments to set up Housing Boards to overcome acute housing shortage, large scale construction of houses to tackle the problem of accommodation in urban areas. We have the example of the Andhra Pradesh Housing Board which was set up in 1956 to take up construction of houses throughout the State. However, the experience in the state over a period of three decades is far from satisfactory. Except in the capital city of Hyderabad, the board has not been able to take up construction of houses in a big way in other cities/towns of the state. Even in the twin cities, the record of housing board has been the subject of severe criticism with complaints of poor quality of construction, corruption, and inability to meet the growing demand.

### **14.5.3. STRENGTH OF THE EXISTING CITY AND MUNICIPAL GOVERNMENTS**

Yet another strategy that was tried during the early 1960's was the strengthening the administrative systems of city and urban governments. The finances of these bodies were augmented by liberal policy of grants and loans. The Central Government and State Governments provided general purpose grants and specific purpose grants for controlling epidemics like Malaria, and encouraging family planning and improving the health of women and children. Premier institutions like Life Insurance Corporation came forward with offer of loans for undertaking water supply and drainage schemes. For instance, the LIC extended a loan of rupees one hundred forty lakhs to some municipalities in Andhra Pradesh to undertake water supply and drainage schemes. Some of the big cities like Bombay and Madras, were allowed to raise loans from the open market. However, the measures did not result in any appreciable improvements in the provision of civic services and the citizens continued to suffer because of increasing population.

### **14.5.4. METROPOLITAN PLANNING**

The strategy of Metropolitan planning was initiated during the late 1960's to implement the strategy of decongestion and dispersal of population from cities. The Delhi Master Plan tried to contain the growth of the city of Delhi by development of ring towns around the city. The unsatisfactory development of the ring towns and increase of economic activities in the city of Delhi clearly demonstrated the failure of the strategy. The same is the case with the experiment of New Bombay also.

In case of other cities like Madras, Hyderabad and Bangalore, the urban development authorities were established to regulate the haphazard expansion at the fringe of these cities. These bodies are expected to undertake both regulatory and development activities. On the regulatory side, the urban development authorities have to prepare Master Plans and Zonal development plans to ensure proper use of land within the urban area. On the development side, the Urban Development Authorities are required to undertake housing activity on a large scale. In addition to this the Urban Development Authorities developed and sold land after ensuring the availability of necessary infrastructural facilities. The performance of these authorities is yet to be assessed. Though financially viable, the Urban Development Authorities have to establish cordial relations with the city and urban governments. Further, the problem of Inter-agency co-ordination and overlapping jurisdiction are some of the limitations of this strategy to overcome the problems of urban growth/development.

### 14.5.5. SMALL AND MEDIUM TOWNS

Realising the necessity for mobilising heavy capital for development of cities and taking into consideration the need to intergrate the urban and rural community for development, the Sixth Five Year Plan called for planned growth of small and medium towns. It was hoped that this would also provide effective economic and social services to the rural hinterland.

The small town carries both the urban and rural characteristics. The population of a small town is usually between 5,000 to 20,000 with some civic amenities. The medium size town with a population between 20,000 to 99,999 is relatively big and provides limited range of civic services. The decision to strengthen small and medium towns might have been taken because of limited availability of resources. This constraint of resources might have influenced the policy makers to evolve a strategy wherein it was found prudent to improve the existing infrastructure facilities in these towns. Also, it was felt these small and medium towns would be able to check if not totally eliminate the migration of population to Class-I cities.

#### CHECK YOUR PROGRESS - EXERCISE NO. 4

1. Briefly explain the various strategies for Urban Development.

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2. How do you think the establishment of Housing Boards as a strategy for Urban Development

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### 14.6. EVALUATION AND SUGGESTIONS

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The various strategies evolved to meet the emerging problems of urban development gives us an impression that solutions appear to have been of an *ad hoc* nature. As mentioned earlier, it was considered as a spatial problem rather than a vital ingredient of economic and social development. The time has come when the process of urbanisation should be viewed as a part of economic development of the nation. Further, the concept of the region incorporating both the rural and urban communities should be vigorously pursued.

Urbanisation policy of the coming decades should take into consideration two major aspects. The city level and its socio-economic and financial aspects and the development of the region in the background of the priorities of national development.

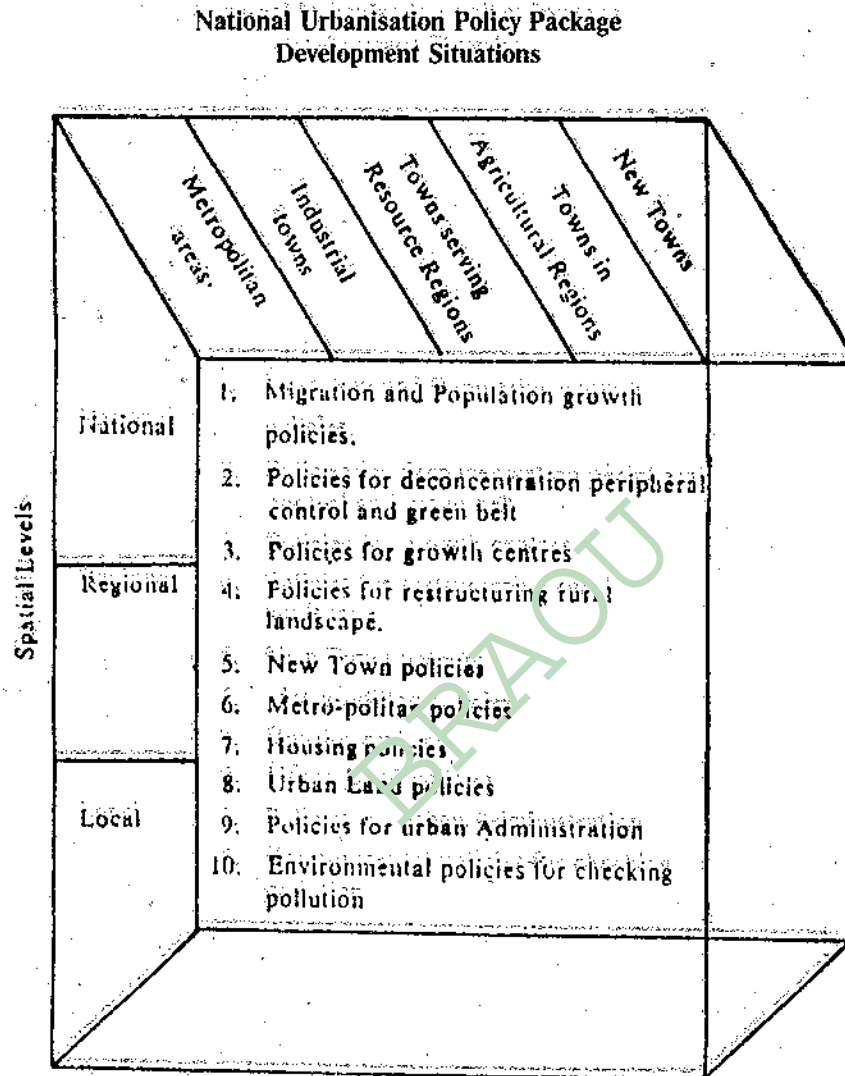
The national policy statement on urbanisation should concern itself with the following issues.

- (a) Ideal size of cities.
- (b) Matters of location, size and growth of urban centres.
- (c) How industrialisation and urbanisation should be related to each other.

(d) Guidelines for the migration of rural people into urban areas.

The strategy should revolve round directing growth into a number of selected areas in all parts of the country.

Integrating urban growth with development of the surrounding rural areas taking into consideration their mutual interdependence. The following diagram would provide in a nutshell the components of urbanisation policy as elaborated by Professor Sundaram, a leading expert on urbanisation.



The national urbanisation policy package has been suggested keeping in view the spatial level as well the requirements of development situations. The policy implications have been spelled out in regard to five types of urban centres.

#### **Metropolitan situation**

The policy should define the optimum size for the growth of cities. New activities should be restricted by placing disincentives. For example, no new industries are allowed to be developed in and around major cities. The major activities for the metropolitan situation would be, rapid mass transportation renewal and rehabilitation of slum dwellers. The efforts in cities like Bombay and Calcutta can be cited as examples.

### Industrial Towns

The policy should spell out the criteria for the location of large and medium size industries taking into consideration costs and benefits-example, Visakhapatnam and Patancheru belt in Hyderabad.

### Towns serving resource development regions

The growth of the towns is attributed to outside stimulus as consequent to major resource development or as a piece of public investment. Here, the emphasis should be on the provision for complementary investments needed to sustain the growth - example, Vijayawada.

### Towns serving agricultural/rural regions

Such towns would serve as market centres for the rural hinterland. The emphasis here would be to provide the link between the growth of the town and development of agricultural and other economic activities of the surrounding countryside (Warangal, Guntur).

### New Towns

These towns should be established either as satellite communities around metropolitan areas or industrial towns. As a rule such towns should be established only where they are inevitable.

## CHECK YOUR PROGRESS - EXERCISE NO. 5

1. Briefly explain the suggestions made for the betterment of Urban areas.

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## 14.7. SUMMING UP

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In this Unit we have discussed the different strategies that are followed to tackle, effectively, the problems of urbanisation. The discussion in this Unit also points out two more important points, One, the strategies for urban development would have to change from time to time taking into consideration the emerging scenario of urban growth, and two, there is need for constant review and formulation of such strategies which would contribute to all round development of country and happiness of urban dwellers.

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## 14.8. ANSWERS TO CHECK YOUR PROGRESS

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### Exercise. 1

1. See 14.2

### Exercise. 2

1. See 14.3

### Exercise. 3

1. See 14.4

### Exercise. 4

1. See 14.5
2. See 14.5.2

## Exercise. 5

1. See 14.6

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### 14.9. MODEL EXAMINATION QUESTIONS

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#### A. Answer the following in about 30 lines each.

1. Define urbanisation and state its characteristics.
2. Discuss the various strategies of urban development.
3. Outline the role of urbanisation as an important aspect of economic and social development.
4. Explain the strategy of small and medium town.

#### B. Answer the following in about 15 lines each.

1. Town
2. Definition of an urban area.
3. Metropolitan cities.

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- |                                  |   |
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Writer : K. V. Srinivasan

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# UNIT-15 : MUNICIPAL CORPORATION : AN ORGANISATIONAL STUDY

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- 15.0. Objectives
- 15.1. Introduction
- 15.2. City Government : Importance
- 15.3. Evolution
- 15.4. Pattern
- 15.5. The council : its composition
- 15.6. The council : its powers and functions
  - 15.6.1. Legislative
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  - 15.7.1. Classification
- 15.8. The Standing Committee
  - 15.8.1. Functions
    - 15.8.1.1 Power to make regulations
    - 15.8.1.2 Supervisory functions
    - 15.8.1.3 Financial powers
    - 15.8.1.4 Appellate powers
    - 15.8.1.5 Advisory powers
- 15.9. Commissioner
  - 15.9.1. Functions
  - 15.9.2. Financial functions
  - 15.9.3. Electoral functions
  - 15.9.4. Advisory functions
- 15.10. Mayor
- 15.11. Administrative Organization
  - 15.11.1. Field Organization
- 15.12. Finances
- 15.13. Staffing
- 15.14. Problems
  - 15.14.1. Loss of credibility
  - 15.14.2. Jurisdictional problem
- 15.15. Summing up
- 15.16. Answers to check your progress
- 15.17. Model Examination Questions
- 15.18. Reference Books

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## 15.0. OBJECTIVES

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This Unit explains the pace of municipal corporation in the governance of a city. After reading this unit you would be able to:

- appreciate the need and importance of a city government.
- list out the various authorities and
- the problems and prospects etc.

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## 15.1. INTRODUCTION

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The Municipal Corporation as a form of city government occupies the top position among the local authorities in India. Normally, the corporation form of Urban Government is found in major cities like Bombay, Delhi, Calcutta, Madras, Hyderabad, Bangalore etc. The administration of civic affairs in a city is a complex as well as challenging task. The distinct characteristic of a city is the huge concentration of population within a limited area. The management of civic services under these circumstances requires an effective organisational structure, adequate finances and efficient personnel.

Over a period of hundred years, city governments have evolved to meet emerging challenges. The Bombay Municipal Corporation served as a model for the other city governments in India. The corporation form of city government with the Council, the Standing Committee, the other Subject Committees and the Commissioner, has been adopted by most of the city governments. It is possible to identify two important attributes of the corporation type of city government namely, separation of politics from administration and the professional management of civic administration. The city government also provides scope both for functional and areal specialisation. It is in this background, that the study of city government assumes considerable importance to a student of 'Local organizations and Development'. For the purpose of this lesson, the city government of Hyderabad would be the subject matter of discussion.

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## 15.2. CITY GOVERNMENT : IMPORTANCE

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Cities have normally been the centres of civilisation and power. They contribute significantly to the process of modernization and economic growth. They are also the centres of technology, knowledge and power. There are trading cities, production centres political centres and centres of culture. In this way, cities have been the forerunners of several important developments in the field of industry, commerce, arts, culture etc. To a student of 'Local Organizations and Development in India, the study of city government is of great importance for several reasons.

The outstanding feature of a modern city is the complex nature of organizations and concentrated administration. The three major elements that have made the modern city government are the growth of formal and complex organization, the criteria of technical rationality, and the pervasiveness of service responsibility. Again, it is the responsibility of city government to provide basic civic amenities like water, drainage, lighting, roads and garbage removal within the context of teeming millions residing within a limited geographical area. Equally important is the fact that the citizens are totally dependent upon the civic authorities for these services. These factors explain the nature of pervasiveness of service responsibility and problems of concentrated administration.

Yet another aspect that cannot escape the attention of any student of city governments is the stress and strain experienced by city governments in the context of ever increasing population and the inability of the existing civic administration to cope up with demand for the expansion of service facilities. The city administration is groaning under the mounting pressure of areal expansion, inadequacy of existing infrastructural facilities, inelastic resource base and increasing resentment on the failure of the city government to provide even minimum civic services. Most

of the city governments are maintaining their ongoing services with great difficulty. Under these circumstances, it is becoming increasingly clear that there is need to examine the existing structure of the city government, its management capabilities, funding pattern, and staffing position, so that it would be in a position to meet the increasing demands on it. Before any attempt is made to suggest, a new design for the city government, it would be worth while to acquaint oneself with the organizational structure, powers and functions of the various authorities of the city administration and for the purposes of this lesson the city government of Hyderabad has been chosen.

### CHECK YOUR PROGRESS - EXERCISE NO. 1

1. State in brief about the importance of city government.

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### 15.3. EVOLUTION

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Hyderabad, the capital of Andhra Pradesh, has had a long history. It was founded in the year 1589 by Mohamed Quli Qutab Shah. A salient aspect of the administration of city of Hyderabad till the year 1869, was that the police commissioner was not only responsible for the maintenance of law and order but also for enforcing the regulatory functions pertaining to the city government.

The year 1869, saw the creation of a separate department for Municipal affairs and maintenance of roads. This can be considered as the beginning of Local Self Government as a distinct branch of administration. As for the city government of Hyderabad, there were two separate municipal boards, one for the city and other for the suburbs. The police commissioner was divested of his civic functions and a municipal commissioner was appointed to look after the civic administration. However, the municipal boards did not have any source of income of their own and the entire expenditure was met through government grants. It may be stated that civic government of Hyderabad was looked upon as mini department of state government. This arrangement continued till the year 1933.

The year 1933, represents an important milestone in the evolution of city government of Hyderabad. It was in 1933 that the city government was given statutory basis through the Hyderabad Municipal Act (1033), which gave it the status of a corporation. The municipal authorities listed out in the Act were, the Corporation, the Standing Committee and a Commissioner. The residents were given the right to elect their representatives to the city council. The power of levying taxes was conferred on the civic body. Elections were held for the first time during the year 1934.

However, owing to serious conflict between the corporation and the government, the corporation was abolished during the year 1942, and an administrator was appointed. This arrangement continued till 1951, when the Corporation was reconstituted under the Hyderabad Corporation Act 1950. In addition to the three authorities mentioned this act also provided for the office of the Mayor who was to be elected annually by the council.

The working of the corporation under the Act of 1950, highlighted several limitations. Hence, a new legislation was enacted during the year 1953, i.e. Hyderabad Municipal Corporation Act of 1955 which is still in force.

During the year 1960, the State Government established a single corporation for greater Hyderabad inclusive of the areas of twin cities (Hyderabad and Secunderabad) with a view to step up efficiency and economy in the municipal administration.

The Municipal Corporation of Hyderabad was superceded during the year 1970-71, and a special officer was appointed to administer the city government. The Government of Andhra Pradesh has recently conducted elections to the Municipal Corporation of Hyderabad.

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#### **15.4. PATTERN**

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The Hyderabad Municipal Corporation Act of 1955, has incorporated the structural pattern of the Bombay Municipal Corporation. The salient features are, distinction between the deliberative and the executive functions, the Committee system and the establishment of net work of field offices.

The Act lists out the following Municipal Authorities:

- a) Corporation
- b) Standing Committee
- c) Municipal Commissioner.

The various authorities have been established to facilitate policy formulation and policy implementation of city government. The Corporation (Council) and the Standing Committee concentrate on policy making and the Municipal Commissioner has to implement the decisions of the council. However, in actual practice, it is possible that there may be some overlapping of functions. It would be useful to analyse the functions and powers of the different authorities so as to understand the role played by these institutions in the city government of Hyderabad.

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#### **15.5. THE COUNCIL : ITS COMPOSITION**

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A significant characteristic of representative government is the great importance attached to the assembly, or the council. That way, these representative institutions consisting of the elected functionaries serve as the forum for ventilation of public grievances and as the instrument to enforce accountability. The role of the council especially in the sphere of local government assumes added importance in so far as the nature of services rendered by these authorities are concerned. The type of activities are such that they affect the life, health and happiness of the citizens. Also, the proximity of the citizen and the authority is so close, that any lapse on the part of the civic administration would be focussed in the council. It is in this background that the deliberative wing of the local authority assumes importance.

The size of the council varies from city to city. In case of Hyderabad, the Hyderabad Municipal Corporation Act of 1955 stipulates that the total strength of the council should be 100, sixty six members to be elected by the citizens of Hyderabad and twenty eight members to be elected from Secunderabad.

The Councillors are elected by the citizens. For the purposes of election, the city is divided into wards and each ward returns a Councillor. The term of the council is for four years, and it may be extended by one more year by the Government.

The Council as the representative body should meet frequently so as to discuss the problems of city administration. As per the Municipal Corporation Act, the Corporation Council should meet twice a month at such place and time as notified by the Mayor. Usually the council meetings are presided over by the Mayor, in his absence by the Deputy Mayor or in his absence the chairman of the Standing Committee. The Corporation elects every year one of the Councillors

to be Mayor and yet another member as the Deputy Mayor. As per the usual stipulation, seats are reserved for the scheduled castes, tribes and women.

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## **15.6. THE COUNCIL : ITS POWERS AND FUNCTIONS**

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In the management of city administration, the city council occupies a place of prime importance. The powers of the Corporation council may broadly be classified as legislative, supervisory, financial, administrative etc.,

As the body responsible for the formulation of policy for effective and efficient civic government, the council is responsible for discharging the obligatory and discretionary duties. The obligatory functions cover vital aspects of city government such as the erection of boundary marks defining the limits of the city, all the activities which have a bearing on the urban community like maintenance of public streets, public health, sanitation etc. The discretionary functions relate to welfare of disabled persons, infants, working classes etc.

### **15.6.1. LEGISLATIVE**

As mentioned earlier, the council has to formulate policies in regard to obligatory and discretionary functions mentioned above. Normally, policy proposals are placed before the council by the Commissioner. The council in order to ascertain the various shades of opinion, refers these proposals to the subject committees of the council like, the Standing Committee, Education Committee, Health Committee etc. The Committees present their report to the council, and this is followed by discussion and deliberation. Normally the policy proposal gets the stamp of approval of the council after getting the support of majority of the members of the council.

The council also may take up for discussion any urgent matter brought before it by any member. The council is also empowered to approve bye-laws and formulate rules for the regular functioning of the civic administration.

### **15.6.2. FINANCIAL**

As in the case of any representative body, the corporation council has the authority to approve the levy of taxes and sanction expenditure in respect of the Hyderabad Municipal Corporation. Every year, the Commissioner places before the Standing Committee of the council, the estimates of income and expenditure (budget proposals) for consideration and for submission to the council and approval by the general body. The council's discussion revolves round the performance of the executive branch in regard to mobilisation of resources and the allocation of funds among the competing demands of civic services. By and large, the council (as the custodian of the interests of the tax-payers) keeps a careful watch over the finances of city government and from time to time gives directives to the municipal executive in this regard.

### **15.6.3. ADMINISTRATIVE AND SUPERVISORY**

One of the important characteristics of the representative government is that the executive is accountable to the deliberative wing. The council has the responsibility of general supervision, direction and control of the administrative agencies and the various committees. The council supervises the work of the Committees in the following manner. The council exercises its prerogative by appointing the members of the various committees by regulating the proceedings of the ad-hoc and special committees, calling for information and proceedings and also in certain cases reviewing some of their decisions.

At regards to supervision of the administrative wing, the council has several avenues to exercise its control. The Commissioner (generally is on deputation from the State Government) is a full time official of the corporation. The Commissioner has to place before the council any record, correspondence, plan or report. As the administrative head of city government he has

to answer questions raised, unless the replies are against its interest. He has to report to the council any action taken in any emergency and get its approval. The council can also seek for the replacement of the Commissioner on the following counts:

- i) If the Commissioner is found default in performing the duties imposed or exceeds the powers conferred on him by or under the Act;
- ii) Refuses to implement the decisions of the Corporation or the Standing Committee or any other Committee of the Corporation; and
- iii) Acts in a manner prejudicial to the interests of the Corporation.

The council can pass a resolution to this effect and forward the same to the government for further action.

The foregoing discussion provides a brief explanation regarding the powers of the council. However, the council being a general body may not be in a position to meet in continuous session. Hence, most of the city councils have taken recourse to the appointment of the Committees to take up the administrative role in the city government.

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## **15.7. COMMITTEE SYSTEM**

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Local Governments, the world over, are adopting the committee system. The general reasons attributed to the establishment of the Committee System are the size of the Council, limited period when the council meets to transact the business and lack of expertise to ensure wider participation by the councillors representing the interests of a various sections of urban population.

### **15.7.1. CLASSIFICATION**

The Committees of the city government can broadly be classified as statutory and non-statutory, subject committees, adhoc committees, area committees etc. The Hyderabad Municipal Corporation Act Stipulates only one Statutory Committee (namely the Standing Committee). During the year 1966, the Hyderabad Corporation established four special committees, namely, Works Committee, Health Committee, Licenses, Markets and Revenue Committee and Law, Labour and Education Committee. Ad-hoc Committees were also established relating to planning and Development and the Relief Committee.

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## **15.8. STADING COMMITTEE**

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Among all the Committees, the Standing Committee of the Corporation occupies the place of primary importance. It is one of the three authorities listed out in the Corporation Act. It has acquired considerable importance in the civic government because of well-defined powers, statutory basis, fixed term and the influence it can exert over the administration. The Standing Committee is the link between the deliberative wing (Council) and the administrative wing (Commissioner).

The standing Committee of the Hyderabad Municipal Corporation consists of 16 members. The Councillors at the first meeting after their election, elect the required number of persons from among themselves as the members of the standing Committee. An important aspect of the Standing Committee is that it is permanent committee in so far as one half of the members retire every succeeding year at noon on the first day of the month in which the first meeting of the corporation has been held.

The Standing Committee at its first meeting elects one from among its members to be the chairman and he will hold office till a successor is elected.

As mentioned earlier, the Standing Committee has emerged as one of the most powerful authorities of the municipal government. The Committee meets once in a week to transact business. The chairman of the Committee can convene a special meeting.

### **15.8.1. FUNCTIONS**

The functions and powers of Standing Committee may broadly be categorised under the following heads:

- a) power to make regulations,
- b) power to direct, supervise and control.
- c) financial powers,
- d) advisory role.

#### **15.8.1.1 POWER TO MAKE REGULATIONS**

The Standing Committee is empowered to make regulations for the efficient conduct of business and administration. the Committee stipulates the procedure for the scrutiny of municipal accounts and delegation of authority by the municipal Commissioner to other Municipal officers.

#### **15.8.1.2 SUPERVISORY FUNCTIONS**

One of the salient features of the corporation form of city government is that the deliberative wing has to exercise administrative functions. Thus there is politico- administrative intergation. Some of the executive functions entrusted to the Standing Committee of the Hyderabad Municipal Corporation are as follows:

The chief Executive of the city government namely the Commissioner functions largely under the immediate supervision of the Standing Committee. This Committee also enjoys the power to make both temporary and permanent appointments to certain categories of municipal employees. It is the disciplinary authority for certain categories of municipal employees. The Standing Committee also reviews the annual administration report and the accounts before they are placed before the council.

In actual practice, the Standing Committee has emerged as a Committee which monitors the performance of the various branches of civic administration.

#### **15.8.1.3 FINANCIAL POWERS**

One of the most important powers exercised by the Standing Committee relates to finances. The Standing Committee considers the estimates and proposals of the Commissioner. This Committee has the authority to modify these proposals. The chairman of the Standing Committee presents the budget to the corporation council. The Examiner of Municipal Accounts functions under the control of the Standing Committee and reports to this august body. The approval of the Standing Committee is necessary for acquiring and disposing of certain categories of civic property.

#### **15.8.1.4 APPELLATE POWERS**

The Standing Committee also acts as a court of appeal in respect of those penalties imposed by the Commissioner.

#### **15.8.1.5 ADVISORY POWERS**

The council seeks the advice of the Standing Committee on several important matters, and which acts as a guide for arriving at a final decision.

The role played by the Standing Committee in civic administration needs hardly any elaboration. It has emerged as the cabinet of civic government. By virtue of its prestigious position, it attracts influential members who can play a dynamic role in city government. The Commissioner looks to the Standing Committee for support in the deliberations of the council. He also seeks its approval for administrative and financial matters. It can be stated in unmistakable terms that no municipal commissioner can head the civic administration without the sustained support of the Standing Committee.

The subject Committees have relatively less important role. They examine the matters referred to them and offer advice to the council. They also exercise supervisory powers over some specific areas of activity.

The Standing Committee and Subject Committees aid and assist the council. However, much of the administrative work rests with the municipal Commissioner. A discussion on the powers, function and the role of the Municipal Commissioner would be appropriate at this stage.

### CHECK YOUR PROGRESS - EXERCISE NO. 2

1. Write a brief note on the Financial and legislative powers of corporation.

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2. Differentiate between statutory and non-statutory committees.

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### 15.9. COMMISSIONER

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As mentioned earlier, the management of the city corporation as well as the municipalities is headed by the commissioner. The municipal commissioner in India may be compared to the City Manager in the cities of the United States and Town Clerk of the United Kingdom. While the mayor/chairman provide political leadership, the commissioner is a powerful administrative leader in the corporation or the municipality. A characteristic feature of the city/municipal Government is the separation of politics and administrative wings and the politico-administrative dichotomy has been structured into the system. Accordingly, institutional arrangements have been made to insulate the administrative wing from the pressures and pulls of the political executive.

The Municipal commissioner in Indian cities and corporations is a deputed officer from the State Government. In major cities like Bombay, Delhi, Madras, Calcutta and Hyderabad they belong to the All India Services. In fact, the municipal commissioner of Bombay is rated equal to the Chief Secretary to the State Government. The service conditions, salary, tenure have been stipulated by the State Government, so that this officer can discharge his duties without fear or favour. While there are statutory provisions to insulate the officer from gusts and winds of political storms, there are no adequate provisions in law to enforce the accountability to the elected council. The council may seek his replacement. The procedure stipulated is that a vote

of removal must be passed in a meeting of the council with a majority of all the members of the council variously prescribed. The grounds on which the council can seek his replacement are incompetency, inefficiency and negligence of duty.

### **15.9.1. FUNCTIONS**

The Hyderabad Corporation Act lays down that, subject to other provisions of the Act, "the entire executive power for the purposes of carrying out the provisions of this Act and any other law, is vested in the commissioner". He is designated as one of the authorities of the corporation. The Municipal Commissioner enjoys a wide range of powers. It is possible to identify his powers, as administrative, financial, electoral and advisory. A brief discussion of these would enable one to understand the role of the commissioner.

As the administrative chief of the city government, the commissioner is responsible for the implementation of the policies approved by the council. All officers and employees are charged with municipal and administrative functions under his supervision. He is responsible to the deliberative wing for the efficient civic administration. As a professional administrator he has to tender advice to the corporation and its committees including the standing committee. He has to act as the friend, philosopher and guide to the deliberative wing. Administering a modern city government is a challenge since the modern city has all the characteristics of a complex organisation. An army of officials including generalists and specialists are employed to perform varied civic functions. All the cities and major towns have a deputy commissioner, secretary, chief financial and accounts officer, the chief auditor on the generalist side, and chief engineer, chief mechanical engineer on the specialist side. These officers constitute the management team. One of the major functions of the municipal commissioner is to co-ordinate the activities of the various segments of municipal administration. Thus, the municipal commissioner has to provide dynamic administrative leadership to ensure optimal performance by the city and municipal governments.

### **15.9.2. FINANCIAL FUNCTIONS**

The commissioner is responsible for the preparation and submission of the budget to the Corporation. At the first instance the budget is submitted by the executive to the standing committee and along with its suggestions it is submitted to the council for its approval. The commissioner assists the standing committee and the council in its deliberations. As the chief executive he is responsible for the most judicious use of the municipal funds. It is matter of common knowledge that the city corporations and municipalities in India suffer from chronic financial insufficiency and under these circumstances, the municipal commissioner has always an eye on economy and efficiency in the implementation of the budget.

In most of the cities there is the chief auditor who functions as a watchdog on the possible loss of revenue or unauthorised expenditure in the city corporation. As the chief executive of the corporation, the commissioner has also to defend the performance of the civic government.

### **15.9.3. ELECTORAL FUNCTIONS**

The elections to the municipalities have to be conducted once in five years. As the chief executive, the municipal commissioner is responsible for making all the arrangements for the conduct of the elections.

### **15.9.4. ADVISORY FUNCTIONS**

The management of city government is a challenge. The image of the city administration would depend upon the cohesion and co-operation displayed by the deliberative and executive wings. The commissioner has the responsibility to provide necessary information, advice and

counsel to the elected council and the various committees. The city elders look to him for objective assessment of the situation. As such the commissioner, should act as the conscience keeper of the council and committees.

In addition to these powers, the commissioner should project the best image of the city. For this, he has to be a good public relations officer and redresser of grievances. As the manager of the team he should have dynamism, future vision, and commitment for development and orderly conduct of city government. The municipal commissioner is assisted on the administrative side by deputy commissioners, assistant commissioners, and other officers. On the technical side, there are senior officers like medical and health officer, chief engineer, city planner, etc. In the city/municipal government, the specialists have to play a crucial role. Most of the civic services are such that their efficient performance depends on the technical component of the civic government. It may be the break down of water supply, dislocation in the sewerage network, alarming increase of air and water pollution, slump in the general level of cleanliness, for which the services of the specialists are most needed. Thus, the role of the specialists in the city administration is of crucial importance. Experience has demonstrated that the commissioner has to rely heavily on the technical component of the civic government to keep the civic administration working and to keep a watch on the aspects of efficiency and economy as well.

### CHECK YOUR PROGRESS - EXERCISE NO. 3

1. What is the role of commissioner in the administration of a corporation?

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#### 15.10. THE MAYOR

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In the city government, the office of the Mayor is of ceremonial importance. As the first citizen of the city, the Mayor enjoys some station, prestige and influence.

Under the Hyderabad Municipal Corporation Act 1955, the Mayor is elected for a period of one year from among the councillors. The Act is silent about the mode of removal of the Mayor. However, the Mayor can resign from his office after giving notice in writing to the Corporation.

The Mayor presides over the council's meetings. It is customary for the Mayor to preside over public functions organised to present civic addresses to visiting dignitaries including foreign visitors. He meets members of public, receives petitions and can inspect any work in progress.

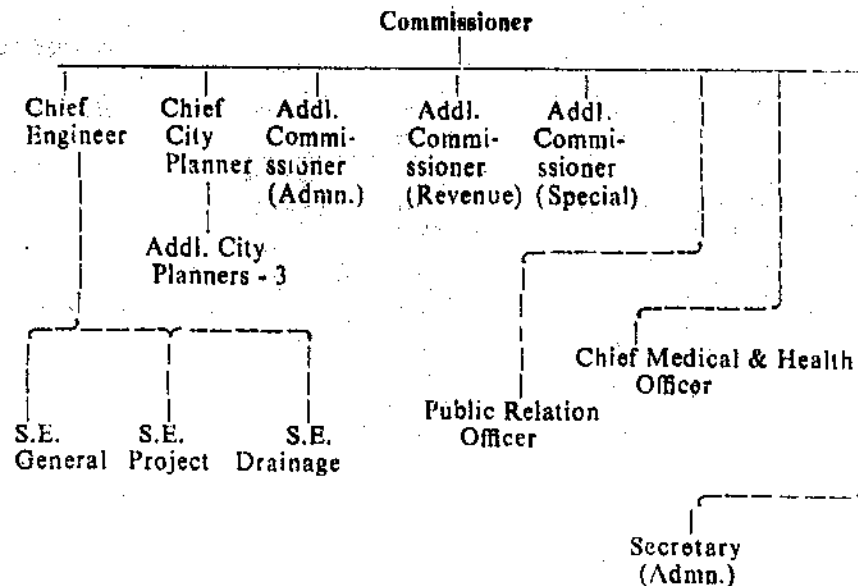
By and large the Mayor's role in the city government is restricted.

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#### 15.11. ADMINISTRATIVE ORGANISATION (HYDERABAD MUNICIPAL CORPORATION)

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The city administration is becoming more and more complex. The Commissioner as the administrative head of the city government is assisted by a team of senior officers comprising both generalists and specialists. The following diagram would provide an idea of the major functional subdivisions (along with their chiefs) which enable the commissioner to provide civic services.



As mentioned earlier, the city Corporation is responsible for public health, public convenience, roads and systematic planning and growth. It is also the licensing authority for constructional activity in the city. To facilitate the discharge of the obligatory functions, Hyderabad City Corporation employs senior officers. For instance, the Chief Engineer, and his immediate subordinates are responsible for the formulation of plans and projects in regard to drainage and other construction activity including roads. Similarly, the Chief Medical and Health Officer presides over a network which is entrusted with the task of ensuring preventive and curative aspects of public health. The Chief City Planner is the authority to enforce regulation of the patterns of land use and construction of buildings in the twin cities. Since the mobilisation of sources is of crucial importance to the civic administration senior officer designated as Additional Commissioner (Revenue) has to supervise the mobilisation of funds. In addition to this, there are two additional commissioners in charge of administration and special assistance to the Commissioner. The Secretary to the Municipal Corporation is essentially connected with the council and Standing Committees. He is responsible to provide secretarial assistance to the Mayor, Councilors and Chairman, Standing Committee.

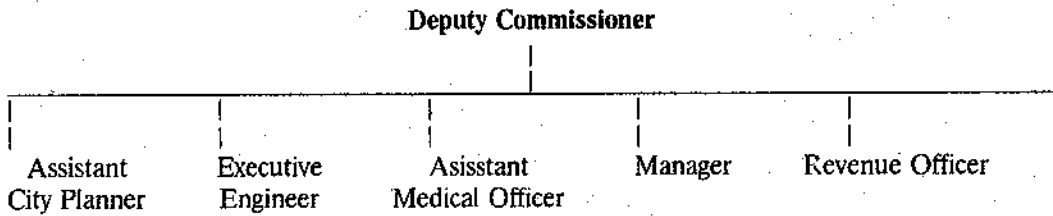
Besides officers, there is the Examiner of Accounts of the Municipal Corporation of Hyderabad. However, he is under the control of the Standing Committee and the Council. Over a period of many years the appointment of more officers (both generalists and specialists) to meet the increasing challenges of city administration.

It is a matter of common knowledge that administration not only operates at the centre but also at the circumference. The field organisation where policies are implemented, and where there is a direct citizen-administration interaction, it has come to play a dynamic role in the satisfaction of citizens' demands. In respect of city government, field organisation assumes added importance because most of the problems are of such nature that if prompt action is not initiated, there would be considerable hardship for the citizens. Choking of drains, collection of garbage, breakdown in water supply, require immediate attention failing which it may endanger the health of the citizens of the locality. To ensure effective administration, Hyderabad city has been divided into six circles. The circle office which is a corporation in miniature caters to the requirements of citizens in different localities.

### 15.11.1. FIELD ORGANISATION

In Hyderabad city, the major unit for field administration is the circle. At present, there are six circles in Hyderabad city. The circle is further subdivided into wards and each ward has

a small office. As in the case of the Headquarters Organisation, the circle administration has also a number of technical and administrative offices. The following chart would indicate the administrative set up at the circle level.



The Deputy Commissioner as the administrative head of the circle administration is responsible to supervise, direct and co-ordinate various activities. In fact most of the programmes and plans are implemented at his instance at the circle level. As the officer incharge, he has to monitor the performance of the various officers under his jurisdiction and attend to the problems of the citizens. Beneath the circle level, there are ward offices with skeleton staff to attend to the urgent requests from the citizen.

The administrative structure is quite impressive and elaborate. In addition to the structure, there are two other important inputs, namely, personnel and finance. For effective performance there is need for availability of adequate resources. In addition to this, a large work force is also needed because most of the civic functions are labour intensive. Hence a brief discussion of the finances and the staffing pattern of the Hyderabad Municipal Corporation would be in order.

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## 15.12. FINANCES OF HYDERABAD MUNICIPAL CORPORATION

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Hyderabad City Corporation derives its income from taxes, grants, loans and income from remunerative enterprises. It is a matter of common knowledge that the financial position of the Hyderabad Corporation is far from satisfactory.

The pattern of expenditure indicates that nearly 44 percent of the income is utilised for the payment of salaries. The Municipal Corporation has to perform the rest of the varied functions with limited resources. It is therefore, becoming increasingly difficult to maintain essential services, not to speak of providing improved amenities to the citizens.

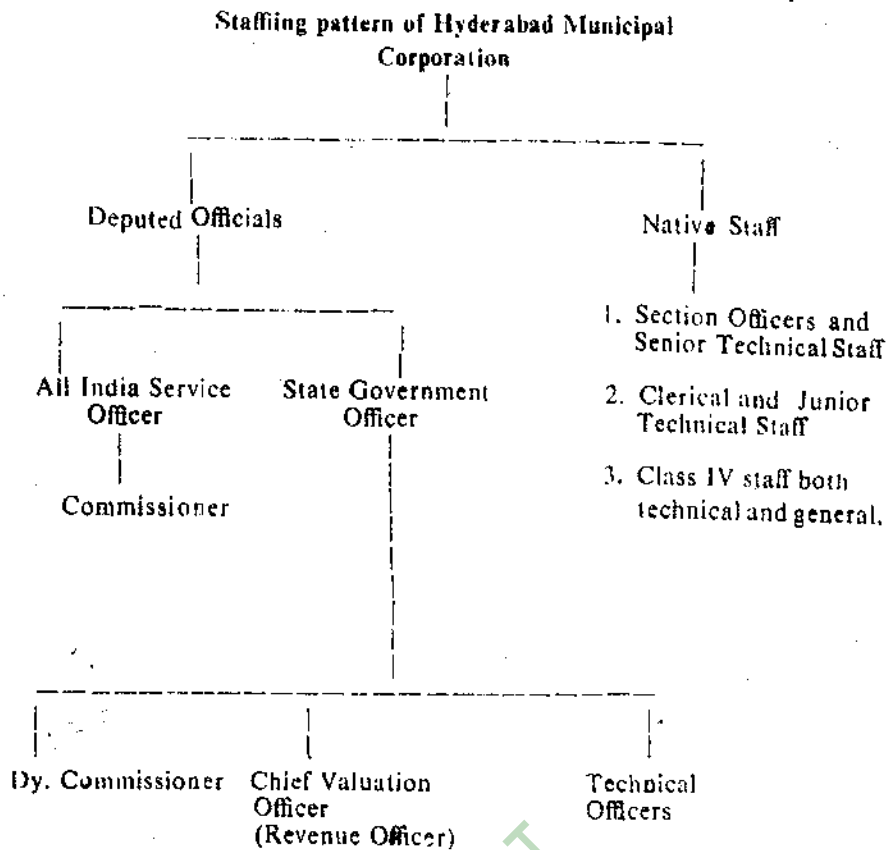
It would be necessary for the Corporation to increase its tax resources by way of systematic and objective assessment, and improved collection. It is equally important for the Government to increase the quantum of grants. Yet another dimension is that the citizens should also volunteer to share a portion of the mounting civic expenditure.

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## 15.13. STAFFING PATTERN

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For efficient administration of an expanding city like Hyderabad it is necessary to have a competent work force. Normally the city Corporation employs a large number of officers, skilled and unskilled labourers. For the purposes of clarity, it is possible to identify 4 categories of officials working in the municipal corporation of Hyderabad. It is possible to group the staff into two segments as deputed staff and native staff. The following chart would enable the reader to get a clear idea of the staffing pattern,



The complex nature of city government entails that the chief administrative officer should be an official with vast administrative experience and a veteran who can face the challenges of city government. The Commissioner of Hyderabad city corporation usually is a senior official of the Indian Administrative Service cadre. This official with experience and rapport with government would be able to provide dynamic leadership.

The second category for the deputed officers belong to the State government service. The entire team of officials at the management level of both general and technical branches of the municipal government are on deputation from the State Government. The Deputy Commissioner, the Chief Engineer, Medical and Health officer, the City Planner and Chief Valuation Officer are the most important officials on deputation from the State Government. Their service conditions are governed by the civil service rules of the State Government.

The city Corporation is empowered to recruit its own staff who belong to the Municipal Corporation Service. It is possible to identify a three-tier staffing pattern.

The first tier comprises of the Section Officers and senior technical staff whose appointing authority is the council. The second layer is made up of the clerical and junior technical staff who are appointed by the Standing Committee. The Class IV Employees belonging to both administrative and technical levels are appointed by the Commissioner.

From the wage bill of the municipal corporation it is evident that there is a huge complement of officials. However, the performance of the civil officials is far from satisfactory. One of the main reasons for the poor performance of the staff is the dichotomised staff structure. The deputed officials who have to serve for a limited period, are not able to totally identify themselves with the corporation. Further, they find it rather difficult to exercise disciplinary control over the native staff because the latter normally have the support of the elected functionaries. In addition to this, the various workers unions exert considerable pressure on the top management for concessions. So much so, the output of the various categories of staff is highly unsatisfactory. One of the suggestions put forward is, to develop an integrated staff grid. There are two

alternatives. The first alternative relates to the provincialisation of the municipal services so that all the officers come under state services. The second alternative would be that the entire municipal bureaucracy (except the Commissioner) should be declared as the corporation cadre. This possibly contributes towards better performance.

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## 15.14. PROBLEMS OF CITY GOVERNMENT

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### 15.14.1. LOSS OF CREDIBILITY

A survey of the working of city governments in India including Hyderabad tends to give an impression that the city governments as premier local self governing institutions have lost their credibility. The fact that several city corporations including Hyderabad have been superceded by the government and are under the regime of officers, appears to confirm the belief that the higher level government has considerable reservations about the manner of working of democratically constituted authorities at the local level. For instance, the Hyderabad Municipal Corporation was superceded in the 1970, and till the end of 1985, elections have not been conducted. Virtually the city corporation become an extended government department and not elected body. The decision to hold the elections rests with the government and the citizens have very little say in the matter.

### 15.14.2. JURISDICTIONAL PROBLEM

Yet another disturbing fact is that the government is establishing urban development authorities to regulate urban growth and development. In case of Hyderabad, there has been jurisdictional problem with Hyderabad Urban Development Authority and Quli-Qutib Shahi authority. More over, these authorities have relatively more comfortable financial base and are in a position to take up capital works and construction activity. In comparison with these bodies, the city governments are not even in a position to maintain ongoing services in a satisfactory manner. Multiplicity of authorities to cater to the civic services makes the citizens depend on these agencies and the stature of city corporation as the civic authority is declining.

### CHECK YOUR PROGRESS - EXERCISE NO. 4

1. State the Problems of city government.

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## 15.15. SUMMING UP

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The future of the city government would depend on regular conducting of elections, clear demarcation of the activities of city government and the development authorities and augmentation of resources. Last, but not least, the citizens have to exert their might for the end of the special officers regime and have democratically elected bodies constituted at the earliest, failing which city governments would continue to be treated as extended arms of the government.

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## 15.16. ANSWERS TO CHECK YOUR PROGRESS

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### Exercise No. 1

1. See 15.2

### Exercise No. 2

1. See 15.6.2. and 15.6.1
2. See 15.7.1

### Exercise No. 3

1. See 15.9.4.

### Exercise No. 4

1. See 15.15.1. and 15.14.2.
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## 15.17. MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each.

1. Trace the evolution of the Municipal Corporation of Hyderabad.
2. Outline the importance of city Government.

### B. Answer the following in about 15 lines each.

1. Discuss the powers and functions of Council of municipal corporation
  2. Comment on the financial resources of municipal corporation.
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## 15.18. REFERENCE BOOKS

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1. M.A. Muttalib & Md. Akbar Akhbar : Theory of Local government.
2. Radha Kumud Mukerjee : Local Government in Ancient India.
3. Harold F. Alderfer : Local Government in Developing countries.
4. Darke and Walker : Local Government and the public.

Writer : K. V. Srinivasan

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# UNIT-16 : MUNICIPALITIES : AN ORGANISATIONAL STUDY

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- 16.0. Objectives
- 16.1. Introduction
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## 16.1. INTRODUCTION

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The term development is perhaps the most commonly used word. It signifies the concerted effort on the part of the people as well as the government to bring about comprehensive changes in the socio-economic, political and administrative components of society. It is indeed a challenging task. For the achievement of these goals, very important and purposeful role should be played by different layers of government at the central, state and local levels. In this way they are partners in the process of development.

We have pointed elsewhere in this book, that the quality and extent of development are not only dependent on the inputs provided by the government but also the active participation of the people. Thus participation of the citizen in socio-economic and cultural activities is of crucial significance. It is in this context that urban (municipal) and rural (Panchayati Raj) institutions assume importance. These local Government institutions besides being nearest to the common man, provide a variety of services extending from the cradle to the grave. Needless to say, that the common man comes into frequent contact with these institutions. The significance of local government has been well explained by two leading authorities on urban local Government thus: "In spite of what might be called the nationalisation and internationalisation of our interests, it should be reasonably be self evident that local government still occupies a position of importance in the lives of citizens. Of all government services, those provided by local government most directly affect day to day lives of individuals. Too often it has been pointed out, we judge a government by the coverage of its domain, instead of by the services

it renders to the people. Local government has long suffered from this delusion. Yet, which government, national, state and local touches the most people at most points, most frequently? which gives constant protection to lives of many people by suppressing epidemics, apprehending criminals, operating traffic controls etc., etc.? Which builds and maintains the streets and roads that allow people to move freely within the city town and country? Which keeps a watchful eye on the health of the individual from birth to death? or which maintains the educational system for our people? These are but a few of the services furnished by local government.

In addition to performing these services, the local self governing institutions are also emerging as the outlets through which the higher level governments channelise several welfare benefits to the community. Thus, urban and rural governments in addition to providing services that affect the life and limb of the citizens also are emerging as extended arms of the higher level governments to usher in development. They have achieved their present status during the course of nearly one hundred and twenty five years of history. A brief survey of the various landmarks in the evolution of municipal government in Andhra Pradesh in particular would serve as a useful background to understand the functioning of municipal government in the State.

### **CHECK YOUR PROGRESS - EXERCISE NO. 1**

1. State the importance of local self government.

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## **16.2. EVOLUTION**

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The municipalities in the state of Andhra Pradesh as they exist today, bear the impact of two distinct styles of governance. The municipalities in the coastal and Rayalaseema districts were influenced by the policies of the government of the Madras Presidency which was under the direct control of the British government. The municipalities of the Telangana region were established as per the policies of the native ruler, the Nizam. This had its impact on the structure, powers, role and the freedom enjoyed by municipal authorities in Andhra and Telangana regions of the State respectively.

### **16.2.1. COASTAL AND RAYALASEEMA REGIONS**

We can identify five important stages in the evolution of municipal institutions of the Andhra region. The first stage saw the establishment of municipal institutions consequent to the process of financial decentralisation initiated by the British government during the 1860's. Mounting financial burdens of the Imperial government necessitated the transfer of expenditure in regard to local security and sanction to local authorities. This resulted in the establishment of municipal institutions in 1860s in British India. These municipalities were given the power to impose taxes and were vested with the responsibility for maintaining local sanitation and security.

The second stage intensified the process of democratisation of the local bodies. As already stated in lesson 2 of the first instalment, Lord Ripon (1882), considered local self governing institutions as schools for political and popular education. His liberal policy resulted in the process of democratisation of the municipal institutions. For the first time, election was introduced as the mode of selection of non-official majority and the municipal chairman was to be elected by the council and was made responsible to it.

The third stage from the year 1920 may be considered to be the era when the process of democratisation reached the highest level. The British government announced in year 1919, that

the goal of the Imperial government was progressive introduction of representative government in India. In pursuance of this it was decided to introduce comprehensive changes in the municipal government. This period witnessed the enactment of legislation of the Presidency Governments which enacted the process of democratisation to be translated into practice. Madras District Municipalities Act 1920 incorporated several significant changes in the organisational set up of municipal government. The franchise was extended to all the tax payers and the council was to have non-official majority. But the most significant development was that the state executive authority for the conduct of municipal administration was vested with the office of the Chairman. The Chairman who was an elected functionary began to exercise important executive powers like making appointments, contracts, deciding appeals on taxes and general supervision over day today administration. However, this experiment was a short lived one. The government felt that the elected Chairman were championing the cause of the nationalist movement. Indeed, several municipal councils became centres of protest against British rule. Also, it was found that the elected Chairman could not devote full attention to the day to day administration of the municipality. Possibly, this factor contributed to the delay in the disposal of business. Keeping in view the above factors, changes were introduced in the Municipalities Act during the year 1933.

During the fourth stage from 1933, the dichotomy between deliberative and executive wings of municipal government became distinct and clear. The Chairman emerged as the political executive of civic government and the deliberative wing connected with policy formulation and general supervision functioned under his control. The executive authority came to be vested in the hands of the Municipal Commissioner, an employee of the state government. Sufficient care was taken to insulate the executive machinery from the pulls and pressures of local politics. Another significant development was in regard to state control over local bodies. The state government armed itself with the power to correct the mistakes committed by the municipalities, through such devices, as the suspension of a resolution of the municipality. This phase continued till the dawn of Independence during the year 1947.

when India became a sovereign democratic republic in the year 1950, most of the states amended the municipal Acts. The main thrust of reform was to give more powers to the elected council.

The foregoing discussion outlines the various landmarks which shaped the structure of municipal government in India. Some of the basic developments are related to the elections to the council, the powers of the municipal Chairman, the relationship between the deliberative and executive wings of the municipal government and finally the balance between municipal autonomy and state control. These factors in turn influenced the functioning of municipalities in the Andhra region.

## CHECK YOUR PROGRESS - EXERCISE NO. 2

1. Why the third stage in the evolution of municipal government is considered as the highest level in the process of democratisation?

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### 16.2.2. ERSTWHILE HYDERABAD STATE

The origin of municipal government in the Hyderabad city could be traced to financial considerations, while the municipalities were set up in British India to provide relief to imperial revenue in the Hyderabad state it was intended to help the Nizam Govt.

A distinctive feature of civic government during the formative years was that there was no distinction between rural and urban areas. The district and town finances were combined. The district and Taluq boards were entrusted with the responsibility of administering municipal services also. A preliminary step was taken in the year 1921, to separate the district and town budgets. This move enabled the towns to acquire identity of their own part from the District and Taluq Administration. The district municipalities, however, continued to languish for want of funds. The reforms of municipal government had to wait till the year 1937, when a high power committee was appointed to suggest reforms in administrative set up including municipal government under the Chairmanship of Diwan Bahadur Aramuda Iyengar. The Committee's report served as a blue print for further administration improvements.

### 16.2.3. REPORT OF THE REFORMS COMMITTEE

The committee's report, among other things, made recommendations regarding the municipal authorities, the mode of representation to the council, the municipal functions, their finances, and nature and scope of state control.

The committee adopted the population criteria for classifying towns. Towns having a population of 15000 inhabitants and above were categorised into municipalities and those with population ranging between 5000 to 15000 were constituted into town committees. A novel recommendation made by the committee related to the various groups representation rather than population. There was the nominated element also.

#### Composition of Municipal Committee

Industry and Trade	...	...	1	Elected
Women	...	...	1	
Liberal profession	...	...	1	
Bankers & Money Lenders	...	...	1	
Organised labour	...	...	1	
Depressed classes	...	...	1	
Owners of lands and buildings within the municipal area	...	...	2	Nominated
Non-officials	...	...	2	
Officials representing Education, Medical and Public Works Departments	...	...	3	
Total:-			13	

#### Composition of Town Committees

Officials including the Chairman	...	5
Nominated non-officials	...	2
<b>Elected:</b>		
Owners of lands and buildings with the municipal limites	...	1
Industry, trades and commerce	...	1
Labour & depressed classes	...	1
Total:-		10

The term of the council was to be three years.

The president of the committee/council was to be the Collector in the District Head-quarters towns and senior-most revenue officer in respect of other towns.

The Committee made a comprehensive list of functions to be assigned to municipalities. Some of the important functions are as follows:-

- 1) Construction and maintenance of roads ;
- 2) Preservation of public health, vaccination and sanitation, drainage, water supply and measures against epidemics ;
- 3) Elementary education ; and
- 4) Other matters to promote public health, safety, comfort and convenience of the people.

The Committee also enumerated the sources of income:

- 1) Property tax i.e., tax on lands and buildings;
- 2) Tax on profession and trades ;
- 3) Tax on vehicles and animals ;
- 4) Rates and fees for services rendered and licences issued ;
- 5) Such other special and purely local taxes as approved ; and
- 6) Grants-in-aid from government.

The committee suggested the retention of traditional modes of control like the power to cancel the resolution, supersession and dissolution of the committee.

#### **16.2.4. THE HYDERABAD MUNICIPAL AND TOWN COMMITTEE ACT 1941**

The Hyderabad Municipal and Town Committee, Act of 1941 provided the statutory basis for the municipalities and towns. The Act accepted the population criteria for the constitution of municipality or town committee as well as the mode of elections.

##### **(i) Executive Authority**

The Presidents of the town and municipal committees formed the officials. The President presides over the council meetings, exercised powers of supervision, direction and control. His control extended over personnel, finance, and general administration. Interestingly enough, the Act was silent regarding the appointment, position and powers of the executive officer of the municipal committee.

##### **(ii) Finances and Services**

The taxes to be levied by the municipality were listed in the Act. Besides tax on lands and buildings, the Act provided for the imposition of profession tax and water tax. Further, this act enabled the Government to abolish or vary the taxes. The Government also retained the power to frame rules regarding the imposition and fixing of maximum rates of taxes. Municipalities were authorised to appoint persons as and when needed subject to the rules and regulations in force. The Hyderabad Civil Service regulations were made applicable.

##### **(iii) Control**

The Act provided for a well established network for state control. The senior revenue officer constituted the layer of control at the state head quarters. The Subedar was given the

supreme power to control the municipalities. He could examine the proceedings, or call for, and inspect any document belonging to any municipal committee. He could suspend the resolution of the council. The government retained the power to dissolve or supersede a municipality on the ground of default or abuse of power. The revenue officers, namely, the Subedar and Talukdar acted on behalf of the Government.

The next major land mark was the passage of the Hyderabad Sanitary Powers Act of 1941. This Act provided legal basis for the executive action of municipalities in matters of health, sanitation and town planning. Thus for the first time a comprehensive regulatory legislation was introduced governing such matters of municipal importance as erection of building, construction of huts, town planning, health, vaccination, control of offensive trades and mosquito control. This Act was in force till 1950 when fresh legislation was introduced by the popular government.

To sum up, the regime of the last Nizam was a considerable significance to the student of city and municipal administration. Reforms were initiated, several enactments were made, a review of the working of these institutions made and short-comings were eliminated. In short, the era of the last Nizam can be rightly called as a pioneering phase in the development of city and municipal governments in Hyderabad State.

The Municipalities of the Andhra Pradesh region were functioning in accordance with the Andhra Pradesh (Andhra area) District Municipalities Act of 1920, and that of Telangana followed the Andhra Pradesh (Telangana Area) District Municipalities Act of 1959. With linguistic reorganisation of States, the State of Andhra Pradesh came into existence during the year 1956, with the merger of the state of Andhra and Telugu speaking districts of the Hyderabad State. During the course of time it was found that the municipalities of the entire state need to be covered by an integrated Act, to ensure uniformity. Hence the Andhra Pradesh Municipalities Act of 1965 was enacted and is in force now.

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### **16.3. THE A.P. MUNICIPALITIES ACT**

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The statutory basis for the municipal government in Andhra Pradesh is the *Andhra Pradesh Municipalities Act of 1965*. The objects and reasons spell out the basic objectives of the Act. With a view to securing uniformity in the laws prevailing in both the regions, and with a view to providing more scope for the elected representatives in the municipal council to have a greater voice and control in administration and also to ensure that the control of government over such municipal councils is minimised to the extent possible, the government has decided to have an integrated enactment governing the subject matter after repealing both the Acts. The Act came into force on 2nd April, 1965.

The Andhra Pradesh Municipalities Act 1965 is a comprehensive legislation with seven parts and three hundred and ninety one sections. The Act contains provisions relating to the conditions for incorporation and creation of various authorities and their powers, the sources of income, the functions, as well as the agencies of control.

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### **16.4. CONDITIONS FOR THE ESTABLISHMENT**

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According to section three of Andhra Pradesh Municipalities Act, the government is empowered to declare a local area as a municipality with a population of not less than twenty five thousand. Thus the population is the criteria for declaring a local area as a municipality. However, the state government has classified the municipalities into five grades on the basis of annual income. The following table would provide the basis of gradation and number of municipalities under each grade in the State of Andhra Pradesh.

## 16.5. CLASSIFICATION

Sl. No.	Grade	Income Limit	No. of Municipalities in Andhra Pradesh
1.	Third Grade Municipality	An annual income not more than 15 lakhs-rupees-	30
2.	Second Grade Municipality	An annual income more than 15 lakhs but not more than thirty lakhs.	31
3.	First Grade Municipality	an annual income of more than thirty lakhs but less than rupees fifty lakhs.	14
4.	Special Grade Municipality	an annual income of fifty lakhs and above but less than rupees eighty lakhs.	11
5.	Selection Grade Municipality	An annual income of rupees 80 lakhs and above.	7
<b>Total:-</b>			<b>93</b>

The gradation of municipalities has been possibly undertaken for the purpose of development of specialist officers. For instance, it is only at the selection, special and first grade municipalities, specialist officers like Public Health Officer, Municipal Engineer, Town Planning Officer, Revenue Officers (borne on the state cadre) are employed. In the smaller municipalities the locally recruited sanitary inspector, municipal supervisors and others attend to tasks.

### CHECK YOUR PROGRESS - EXERCISE NO. 3

1. what is the basis for the gradation of Municipalities?

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## 16.6. FUNCTIONS

The Andhra Pradesh Municipalities Act 1965, lays down the various functions to be discharged by the municipal body. It is possible to classify them under four main heads, namely, Public Health, Public Convenience, Public Instruction and Public Safety as described in the chart.

## Municipal Functions

Public Health	Public convenience	Public Instruction	Public Safety
Water Supply, Drainage, Scavenging Removal of Garbage, Control of epidemics and infections diseases, Disposal of the dead, Enforcement of Food Adulteration Act.	Public streets Lighting, Vital statistics, Markets, houses	Elementary & Secondary Education	Building Regulation, Precaution in case of dangerous structures, Enforcement of legal prosecution regarding committing of nuisance, Licencing of dangerous and offensive trades, Regulation of meat and milk trade.

The aforesaid enumeration would enable us to understand the vital nature of the services rendered by the municipalities. Indeed they range from the cradle to the grave. If the civic government fails to discharge any of the above mentioned functions the health of the citizen would be in danger. It will not be out of place here to mention that one of the major tasks in any developing country is to ensure improvement of health standards of the community. However, the process of urbanisation, entails the migration of population from the rural to the urban areas. The result is that most of towns and cities are overcrowded and the concerned municipal authorities are not in a position to render even minimal preventive health measures due to the mounting volume of work and inadequate resources. This is one of the most difficult problems being faced by the urban/ municipal governments in India.

### CHECK YOUR PROGRESS - EXERCISE NO. 4

1. What are the functions of Municipalities?

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## 16.7. AUTHORITIES

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For the proper discharge of the various functions, the Andhra Pradesh Municipalities Act 1965, has made provision for the constitution of certain municipal authorities viz., Council, chairman and the Commissioner.

### 16.7.1. MUNICIPAL COUNCIL

An important component of any organised government is the deliberative wing (comprising of all elected functionaries) which decides the policy. For every municipality there is a Municipal

Council comprising of elected members, ex-officio members. The following table would highlight the number of councillors elected on the basis of population.

Municipalities with a population at the last census	Number of Councillors
Not less than 25,000 but not exceeding 30,000	20
Exceeding 30,000 but not exceeding 40,000	24
Exceeding 40,000 but not exceeding 50,000	28
Exceeding 50,000 but not exceeding 1,00,000	32
Exceeding 1,00,000 but not exceeding 2,00,000	36
Exceeding 2,00,000 but not exceeding 3,00,000	44
Exceeding 3,00,000	50

For purposes of election to the Council, the municipality is divided into wards and each ward (people of the ward) elects one councillor. There is provision for reservation of seats for members of the scheduled castes, scheduled tribes and women. While the number of seats reserved for Scheduled Castes and Scheduled Tribes is related to their strength in the total population, the A.P. Municipalities Act stipulates that not less than two seats shall be reserved for women.

- **Ex-Officio Members**

When the municipal councils were constituted after the adoption of the Act in 1965, there was no provision for the category of ex-officio members though there was a provision for aldermen. In 1971 when the Act was amended the post of aldermen was abolished. Instead, the M.L.A. and M.L.Cs. (representing the constituency of which a municipality forms part) were made ex-officio councillors. Again in 1981, the member of the House of the People representing a constituency of which a municipality forms a part was made ex-officio member. The significance of the inclusion of the ex-officio component would be examined later. The normal term of the council is five years.

### CHECK YOUR PROGRESS - EXERCISE NO. 5

1. what is the advantage of ex-officio members to the municipalities?

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- **Powers**

The municipal council is made responsible for the discharge of the functions devolved upon the municipality. The municipal administration shall vest with the council the power to initiate policies and programmes which would fulfill the objectives for which the municipality has been established. The council as the policy making agency is responsible for the approval of proposals, projects and other schemes submitted to it by the municipal commissioner. It has to accord sanction to the annual budget. The council, as the custodian of the interests of the common man exercises supervision and control over all the officers of municipal administration. It reviews the performance of the various branches of civic government when the annual administration

report is discussed. It can call for records or any information from the municipal officials. In case of serious lapse on the part of civic administration, the council can appoint measures. As in the case of any legislature today, the council is empowered to pass a vote of no-confidence against the Chairman, the political executive. In case of permanent officials, it can pass a resolution regarding the government to transfer such officials from the municipality.

The council is a large body and it may not be able to examine the details of plans and programmes. Moreover, it may not meet frequently. In order to overcome their problems, the usual practise has been to appoint committees. The Committee system is one of the important characteristics of local self- government. The committees which are compact in size can meet at frequent intervals and examine issues in great detail. Services of experts can be secured by the committee in regard to technical aspects of civic government. In case the committee wants to seek public reaction it can call members of public to give details. This being the general rule, the Andhra Pradesh Municipalities have also made use of the committee system.

#### • The Committees

The functioning of the committee system in Andhra Pradesh provides certain interesting highlights. Prior to the enactment of the Andhra Pradesh Municipalities Act of 1965, the practise of having multiple committees was followed. The Appointments Committee, the Contracts Committee, the Taxation Appeals Committee may be cited as an example. However, the A.P. Municipalities Act 1965, replaced the multiple committee system by an all powerful single committee called the Executive Committee which was more or less equivalent to a municipal cabinet. In pursuance of the objects of the Act, elected functionaries were given a place of primacy. The executive powers of the municipality came to be vested in the Executive Committee consisting of wholly elected functionaries. It was thus, that neither the President as in the case of erstwhile Telangana municipalities, nor Commissioners as was found in the Andhra Municipalities was made the executive authority. The collegial type of Executive Committee was conceived to be via media between the two extreme patterns that existed before the new legislation.

In the organisational set up, the Executive Committee was structured between the council and the commissioner. The strength of the Executive Committee varied in accordance with the grade of the municipality. While the third and second grade municipalities had three members on the Executive Committee, the first grade municipality had five and the special and selection grade had seven members. They were elected to the Committee for a term of one year. Besides these elected members, the chairman and vice- chairman were ex-officio members.

The Committee was made responsible to implement the resolutions of the council. In addition to this, the Committee was vested with the power to make appointments, grant permission for the construction of buildings and exercise general powers of supervision.

In actual practise, the experiment of a powerful single committee system failed to act as an effective instrument of municipal government. It was found that the executive committee system led to considerable delays in decision making, increase in factionalism, corruption and large scale flouting of established administrative procedures especially in regard to the sanction of building licences. It was under these circumstances that the executive committee came to be abolished through an amendment to the A.P. Municipalities Act of 1965 during 1971.

At present, there are two committees functioning at the municipal government level viz, Contracts Committee and the Panel Committee.

#### (i) Contracts Committee

For awarding contracts in the municipality a committee known as Contracts Committee has been established.

Municipality	Monetary Limit	Authority
Second or third grade municipality.	a) Not exceeding Rs. 3,000/-	Chairman
	b) Exceeding Rs. 3,000/- but not exceeding Rs. 10,000/-	Committee consisting of the Chairman, Commissioner not less than three but not more than seven councillors, chosen by the Council.
Any other Municipality	a) Not exceeding Rs. 5,000/-	Chairman
	b) Exceeding Rs. 5,000/- but not exceeding Rs. 20,000/-	Committee consisting of the Chairman, Commissioner and not less than three but not more than seven Councillors chosen by the council

In every municipality, contracts for supplies, execution of works etc., would have to be entered into. Possibly, this Committee wields considerable influence in actual working of municipal administration.

#### (ii) The Panel Committee :

Every municipality employs different categories of officials. While certain category of officials are appointed by the state government, others are appointed either by the Chairman, on the basis of recommendation made by Committee called as Panel/Appointments Committee.

The A.P. Municipalities Act 1965 stipulates that appointments to all the posts, the pay or maximum pay of which exceeds rupees one hundred shall be made from a panel prepared by a Committee consisting of the Chairman, the Commissioner and not less than three but not more than seven councillors chosen in this behalf from the council. It should be mentioned that as per an amendment introduced in 1982, the ex-officio councillors can also be members of the Committee. Because of this power, the Committee exercises considerable ways over the functioning of municipal administration.

#### 16.7.2. THE CHAIRMAN

The office of the Chairman in a municipality is of considerable importance. The Chairman's powers, position prestige and the role he has to play in the power game at the municipal level make this post a very crucial one at this level. As mentioned earlier, the importance of this post was either upgraded or downgraded in accordance with policy shifts of the higher level government. At the initial stage (in the later half of the 19th century) he acted as the presiding officer of the Municipal Council. In 1920's, he was made the chief executive authority of the municipal government and emerged as a powerful functionary. But in 1933, his powers were reduced and the executive authority was transferred to the government official namely the Commissioner. In the post-Independence era, again he has regained back much of his powers, though the Commissioner continues to exercise executive powers subject to the control of the Chairman. Possibly, this particular position is due to the avowed policy of the government to give the council and elected functionaries higher role to play in municipal government.

The Chairman, as per the existing provisions of the Andhra Pradesh Municipalities Act 1965, is elected by the Council. The Councillors shall meet and elect a Chairman. There is no restriction for the ex-officio councillors contesting for the post of the Chairman. In the event of an ex-officio councillor getting elected as Chairman, he should cease to be a member after six months. From 1981 onwards fourteen percent and five percent of the total number of Chairman posts are reserved for members belonging to scheduled castes and sheduled tribes respectively.

The council is empowered to pass a vote of no-confidence against the Chairman, and he shall cease to hold office, if it is passed with simple majority.

One of the important developments in the recent years has been that the Chairman has emerged as a very powerful functionary. The powers of the Chairman may broadly be classified as legislative, administrative, financial and emergency.

- **Legislative Powers**

The Chairman as the political excutive of the municipality has certain important powers in regard to the conduct of business in the council. He has to convene the meetings of the council and make arrangements for the election of the Vice-Chairman. He has to preside over the meetings of the Council.

- **Administrative Powers**

The Administration of the municipality is carried on behalf of the Chairman. The A.P. Municipality Act 1965 states that all official correspondence between the council and the government or the Heads of the Departments shall be conducted in the name of Chairman. In addition to exercising general supervision over the municipal administration, the Chairman has some very important povers in regard to the municipal establishments. The Municipal Commissioner functions under his supervision and the annual confidential report of the Commissioner is written by the Department of Municipal Administration on the basis of information provided by the Chairman. As the Chairman of the Panel Committee, he exercises considerable influence in the appointments of officers of the municipality. Further, he also enjoys the powers to suspend, impose penalty of removal or dismissal of the officials appointed by the Municipality.

- **Financial**

The Chairman is authorised to incur contingent expenditure incidental to municipal administration as per the scale fixed. In case of third or second grade municipality the expenditure should not exceed one thousand and five hundred rupees per annum, and in case of first, special and selection grade municipality it should not exceed three thousand rupees per annum. Yet another important power having financial implication is that in case of third and second grade municipality, the Chairman can award contracts not exceeding rupees three thousand. In case of other grade municipalities, the contract amount should not exceed Rs. 5000/-.

- **EMERGENCY POWERS**

In the case of emergency the Chairman may direct the excution of any work which many ordinarily require the sanction of the Council or incur any expenditure subject to the ratification by the Council later.

The emerging trends indicate that municipal Chairman has become a very powerful force to reckon with in urban government. The A.P. Municipalities Act of 1965 and the subsequent amendments strengthened the hands of the Chairman. The abolition of the excutive committee, and the provison that the commissioner would function under the administrative supervision of the chariman have enhanced the prestige and the status of the Office. If the direct election of the Chairman becomes a reality, the Chairman's position would further be strengtened since he will have the backing of a popular vote and Council may not be in position to restrain him in the exercise of authority.

## CHECK YOUR PROGRESS - EXERCISE NO. 6

1. Why the municipal Chairman is considered as a very powerful force to reckon with in urban government?

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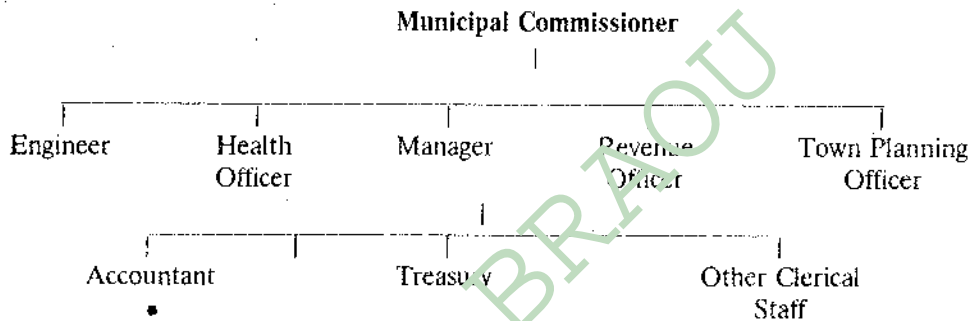
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### 16.7.3 THE COMMISSIONER

The municipal Commissioner is the administrative head of civic government. As stated earlier, during the year 1933, the Commissioner emerged as a powerful municipal functionary to counter-balance the growing importance of the elected Chairman. When the A.P. Municipalities Act of 1965 came into force, in tune with avowed objective of enlarging the role by way of elected functionaries in municipal government, the administrative head of municipal government was designated as Secretary with very limited powers. But in 1971, he was redesignated as Commissioner and much of the erstwhile powers have been restored to him. As a result, he has emerged as a powerful municipal functionary next in importance only to the office of Chairman.

the following diagram would indicate that the Commissioner is the chief of the municipal bureauary.



The Commissioner is an officer deputed by the State Government to work in the municipality. He belongs to the State Government service called as Andhra Pradesh Municipal Commissioners Service and Andhra Pradesh Municipal Commissioners Subordinate Service. As the head of the executive branch of municipal government, the Commissioner has been vested with adequate powers to carry out his duties and responsibilities.

A careful examination of the powers given to the Commissioner reveal that his responsibilities are many and varied. He is designated as the authority to carry into effect all the resolutions of the council. As head of the executive he has to exercise supervision, direction, control over the municipal officials. When the A.P. Municipalities Act 1965 came into force, the officials of the municipality like the Municipal Engineers, Municipal Health Officer, Town Planning Officer were not under his control and reported directly to the Chairman. This, to a very large extent diluted the effect of his control over municipal administration. However, consequent to the amendments in 1971, these officers were brought under the control of the Commissioner. To that extent he came back to his prime position in the municipal set up. The municipal commissioner is the officer who is responsible for the preparation of budget, mobilisation of resources, deployment of funds, and maintenance of accounts. Consequently, he is accountable for the efficient and effective financial administration at the municipal level. He is incharge of the municipal office and the records. He has to aid, assist the Chairman in carrying out the administration.

An assessment of the position of the Commissioner would indicate that he is not as powerful as he used to be in 1933, nor is he a nominal executive as he was between 1965 and 1971. The amendments to the Act 1971 restored in several of the executive powers to him.

### CHECK YOUR PROGRESS - EXERCISE NO. 7

1. A weak chairman makes the commissioner strong and vice-versa. comment.

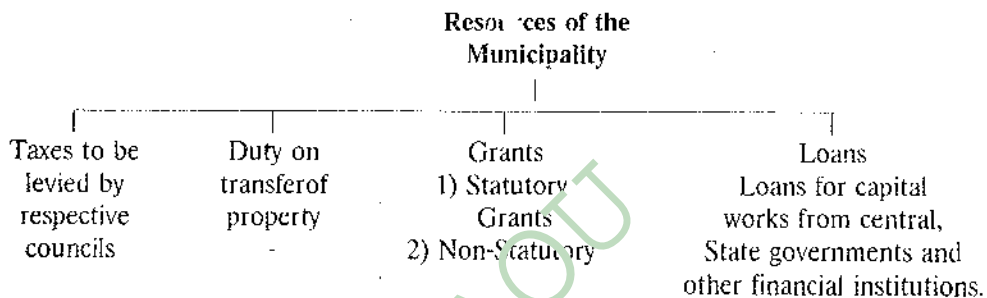
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## 16.8. FINANCES

It should be remembered that the municipal institutions were established in the mid-nineteenth century to provide relief to imperial revenues and for this purpose they were given the powers of taxation. In addition to these there are financial subscriptions (grants and loans)



The Andhra Pradesh Municipalities Act 1965, has enumerated taxes that can be levied by the municipal councils. It is obligatory on the part of the municipality to levy property tax, profession tax, tax on carriages and carts, and tax on animals. It is left to the discretion of the municipal councils to levy a tax on advertisements. Among the taxes levied by the municipality, property tax is by far the most important. The Act has stipulated that the maximum rate of tax in case of residential buildings shall not exceed twenty five percent of the annual rental value, and thirty three percent in case of non-residential buildings. By and large most of the municipalities rely on this source of income.

The Profession tax is the next important tax. The tax is assessed on the basis of income. However, the maximum yearly profession tax that can be collected is rupees two hundred and fifty.

The tax on carriage and carts and tax on animals are of declining importance in urban areas since the mode of transportation is mechanised (the state Government levies the tax on Motor and mechanised vehicles) and animals are not maintained in large numbers in towns and cities.

The tax on advertisements is another source. The nature, extent and volume of income from this would depend upon the level of urbanisation. It may be mentioned here that nearly seventy percent of the municipalities in Andhra Pradesh belong to second and third grade municipalities. Hence, income from advertisement tax is not a much significance.

The municipal councils are also empowered to levy duty on transfer of property, not exceeding five per cent of the amount specified on the instrument of transfer.

Among the forms of financial assistance forthcoming from the state government, the allocation of the proceeds of entertainment tax constitutes one of the important sources of

income. It is lived under the provisions of the Andhra Pradesh Entertainment Tax Act, 1939 and it is assessed and collected by the Commercial Tax Department of the State Government. The Municipalities receive ninety five percent of the proceeds as grant.

In addition to the above, the municipalities receive recurring grants from the State Government for specific services like maternity and child welfare, health, education, antilalaria, anti-malaria, family planning and also grants to meet revision of pay scales and dearness allowance of the municipal employees. The state government gives loans for the construction of shopping complex, markets, slaughter houses, water supply schemes, drainage schemes, etc.

The municipalities also receive income by way of licence fee and rents from remunerative enterprises. One of the chronic problems faced by the municipalities in Andhra Pradesh is the inadequacy of the resources to meet the mounting expenditure, by and large nearly sixty percent of municipal revenues are used for the payment of salaries for the employees. Then nearly five to ten percent of the income is earmarked for the repayment of loans and payment of interest. The rest of the amount is inadequate for carrying out even the expenditure on maintenance of municipal services. Suggestions have been made that the state government should provide more money to support municipal services since they are of vital importance to the community.

### **CHECK YOUR PROGRESS - EXERCISE NO. 8**

1. In regard to the municipalities it is observed, that they have innumerable functions but in adequate funds. Explain?

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### **16.9. PERSONNEL**

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One of the important needs of any organization is the services of efficient personnel. Since most of the municipal services are labour intensive, it should be stated that the personnel component plays a very crucial role in municipal administration.

It is possible to identify two layers in the municipal bureaucracy. The management component consisting of the Commissioner, Engineer, Health Officer, Town Planning Officer, and Revenue Officer belong to the state cadre and are deputed to the municipality. The administrative, executive and operational staff like the Sanitary Inspector, Tax Inspector, Bill Collector, Sanitary Peons, Assistants and Clerks belong to the 'native' component in that they are locally recruited.

Research studies have shown that there is very close link between the local political leadership and the native employees. It is in this background that the management bureaucracy finds it rather difficult to enforce discipline in the organisation. With the municipal chairman along with the councillors having an important say in the appointments and Chairman having powers to enforce discipline, the lower level functionaries do not generally extend active co-operation to the higher officials. This may be one of the reasons for the low standard of services by the municipal authorities.

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### **16.10. STATE CONTROL**

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An accepted fact of local-self-government is that autonomy of the local authorities needs to be balanced with the required amount of state regulation and control. The nature of local government services are such, that there is need to ensure certain minimum level of performance

and uniformity of standards. In addition to this, the state government provides considerable amount of financial assistance by way of grants and loans, and it has to ensure that these funds are deployed for the purposes for which they have been intended. There is possibility of misuse of authority by the elected as well as permanent officials at the municipal level. It is in this background that state regulation and control generally figure in.

There are four types of State Control over municipalities in Andhra Pradesh they are :

- a) rules ;
- b) administrative and audit control;
- c) control over the activities of the local council and
- d) supercession and dissolution.

- **Rules**

One of the most commonly used instruments of state regulation and control is the formulation of rules and regulations. Rules have been formulated for the enforcement of health, safety, building regulations, town planning, taxation, municipal establishment, conduct of business etc., to name only a few. Rules ensure uniformity and put a check on use of discretion by the municipal officials.

- **Administrative**

Administrative control is exercised through different agencies. The district collector as the representative of the State Government at that level exercises general supervision. In case of any emergency the district collector is empowered by the Act to give directives to the municipal authorities and the latter are expected to comply with them. The services of the Municipal Engineer, Municipal Health Officer and Town Planning Officer are supervised by their respective technical supervisors. The Regional Directors of Municipal Administration and Director of Municipal Administration undertake annual and special inspective technical supervisors. The Regional Directors of Municipal Administration and Director of Municipal Administration undertake annual and special inspection of the municipalities. The budget of the municipality is to be approved by the District Collector and the state government, and if the authorities find any deviation from the prescribed norms they can direct the municipality to comply with such norms. The annual administration report of the municipality is subject to review at different levels.

Yet another form of control is auditing. The examiners of Local Fund Audit, scrutinize the accounts of the municipalities. The audit report highlights the acts of omission and commission by the municipal authorities. The auditor is authorised to initiate surcharge proceedings to make good any financial loss suffered by the municipality due to lapse on the part of the municipality concerned.

- **Control over council**

While the control over the administration and finance is well integrated, the activities of the deliberative wing also are subject to the control of the government. The government is empowered to suspend any resolution passed by the council. In cases of gross abuse of authority, it can even cancel the resolution. It is also empowered to remove the Chairman and Vice-Chairman, if they violate the Act after being given an opportunity to explain.

- **Dissolution**

In case the municipal council persistently commits default in the exercise of its functions, the State Government after giving reasonable opportunity can dissolve it.

One of the most challenging tasks of state-municipal relationships is how to strike a balance between excessive state control and meaningful autonomy. It appears as though that the extent of State Control is on the high side.

### CHECK YOUR PROGRESS - EXERCISE NO. 9

1. What are the means of State control over municipal governments.

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### 16.11. EMERGING TRENDS

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The Municipalities in Andhra Pradesh have functioned for two decades under the provisions of the Andhra Pradesh Municipalities Act of 1965. A period of twenty years, would have enabled the municipal institutions to acclimatize themselves with the objectives of the legislation and function accordingly. Also, the various authorities entrusted with different functions would have been in a position to play the role expected of them. If an attempt is made to compare the actual performance with the stated objectives of the municipal law, there is a possibility of discerning the emerging trends of municipal institutions in Andhra Pradesh.

The aims and objectives of the Andhra Pradesh Municipalities Bill have clearly identified the following strategies to strengthen the democratic foundations of municipal government. Firstly, there was to be greater de-centralisation in that the elected representatives in the municipal council would have a greater voice and control in administration and secondly, the government control over the municipal government, would be minimised. However' the actual working of the municipal institutions over the past two decades indicates, that there has been considerable deviation from the set goals of the legislation. As at present, there is aggregation of power, in the office of the municipal Chairman, and the state control over municipal administration is on the increase.

To start with, the pattern of the municipal government based on the primary elected functionaries, especially of a collegiate type saw the establishment of the executive committee. The executive committee was almost comparable to the cabinet and was structured in between the council and the commissioner. This committee was given the crucial role of representing the council on the one hand, and supervising the executive on the other. It was made responsible to carry into effect the resolutions of the council in most of the important matters. In addition to this, it also enjoyed several administrative powers as well. But the institution of the executive committee could hardly survive for six years and it was abolished in 1971. With the abolition of this committee, the powers hither to enjoyed by it came to be exercised by the Chairman, and the commissioner. The major outcome of this has been that the office of the Chairman, has emerged as a powerful institution in the municipal government. In addition to enjoying financial, administrative and emergency powers, the position was further strengthened by certain other changes. For the first time the Municipal Chairman was given the power to write confidential report of the Municipal Commissioner and the Commissioner, his team of administrators have to function under the general supervision, direction and control of the Chairman. Further, the Chairman being the ex-officio member of the contracts committee and the panel committee could exercise considerable influence in the decision making process of these Committees. To add to this, if the decision of direct election to the office of the Chairman is implemented by the Government possibly the Chairman would become the focal person in municipal administration and the elected council would have to play a relatively less important rule. In a recent meeting, the chamber of Municipal Chairmen have passed a resolution requesting the Government to stipulate that 2/3 majority of the membership of the council for the removal of chairman should be restored (instead of the simple majority as at

present). It appears that Chariman/Commissioner's stewardship of municipal administration is akin to the Mayor-Manager plan of the city Government of the United States. The crucial role played by the political executive in the governance of the city is becoming an established fact. The need for professional management of the complex city administration is becoming inevitable. Under these circumstances, it is highly probable that the city government also may develop conventions on the lines of minister-civil servant relationship of higher level government.

Yet another dimension of municipal government that needs careful analysis is the question of state regulation over municipal government. Contrary to the stated objective of the Andhra Pradesh Municipalities Act, state regulation is on the increase. There is increasing realisation that local autonomy and state regulation should be viewed in the background of changing scenario of state local government relationship in transitional society. Instead of arguing from polar positions, it is becoming increasingly evident that partnership trends should replace rigid state control vs local autonomy. It would not be out of place to mention that, in the sphere of financial administration, the control is more comprehensive than before. The appointment of central valuation officers, state appellate commission, restrictions on the use of earmarked funds and dissolution of municipality on the score of financial mismanagement are manifestations of this trend. In a transitional society like India, there is need for enlightened state regulation till, the political leadership at the civic government level is able to provide firm and objective leadership. Once this happens, there is the possibility that the state control would be reduced. In the ultimate analysis, the future of efficient municipal government depends upon the leadership provided by the Chairman/Commissioner them, and the enlightened policies of the central and state government.

### **CHECK YOUR PROGRESS - EXERCISE NO. 10**

1. Explain in brief the emerging trends in municipal administration.

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### **16.12. SUMMING UP**

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Local government consists of two types of governments. One is meant for the rural people and is called as rural local government and another is obviously for the urban people. Municipal government is designed to cater to the needs of the people of towns, and cities. Municipalities have come to stay. But, the stay of municipal government will be well received by the people provided the municipalities serve the interests of the people better. Better service to the people depends obviously on the better resources position of the local body.

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### **16.13. ANSWERS TO CHECK YOUR PROGRESS**

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Exercise No. 1

Ans 1: Read 16.1

Exercise No. 2

Ans 1: Read para 3 of 16.2.1.

Exercise No. 3

Ans. 1: Read 16.5

Exercise No. 4

Ans 1: Read 16.6

**Exercise No. 5**

Ans 1: Read 16.7.1.1.

**Exercise No. 6**

Ans 1: Read 16.7.2.

**Exercise No. 8**

Ans 1: Read 16.8.

**Exercise No. 9**

Ans 1: Read 16.10.1, 16.10.2, 16.10.3 and 16.10.4

**Exercise No. 10**

Ans 1: Read 16.11

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#### **16.14. REFERENCE BOOKS**

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1. MA Mattalib Mohd Akbar Alikhan : Theory of local Government.
2. Radha kumud Mookerjee : Local Government in Ancient India.
3. Dark and Walker : Local Government and the public

*Writer : K. V. Srinivasan*

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# UNIT-17: URBAN DEVELOPMENT AUTHORITIES

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- 17.0 Objectives
- 17.1. Introduction
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Andhra Pradesh
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  - 17.6.1. Regulatory
  - 17.6.2. Developmental and promotional function
- 17.7. Staffing and Finances
- 17.8. Control
- 17.9. Problems and prospects
- 17.10. Summing Up
- 17.11. Answers to Check your Progress
- 17.12. Model Examination Questions
- 17.13. Reference Books.

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## 17.0. OBJECTIVES

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The Continuous migration of population from the rural areas to urban areas has been leading to the expansion of cities and towns. This phenomenon led to the establishment of urban development authorities to plan, control and co-ordinate development programme in and around metropolies and other big cities. After reading this unit you would be able to

- know the evolution of urban development authorites,
- understand the legal frame
- explain urban development authorities of Andhra Pradesh and
- describe the the problems and prospects

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## 17.1. INTRODUCTION

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It is customary in both advanced and backward countries to view development as urban and rural in the areas context. That way, rural and urabn development represent, two facts of human settlement. There is interdependence between rural and urban areas in the form of producer and consumer relationship. In the wake of modernization, there is a continuous migration of population from the rural areas to urban areas. This process has become an ongoing proposition. Consequently, the expansion of cities and towns is becoming inevitable. Overcrowding of cities and towns, unsatisfactory civic services growth of slums are only some of the evil effects of this process. Failure to meet these challenges, would result in urban unrest. The magnitude of the problems can be understood if one understands the trends of growth of urban population in India in general and Andhra Pradesh in particular.

The tempo of urbanisation in India since 1951 has been rapid when compared to earlier decades. India's urban population has increased from 61.6 millions in 1951 to 156.2 millions in 1981. In 1981, 23.7% of the population was in urban areas as against only 17.6 percent there decades ago. Given this trend of growth of 1981, the urban population of India may be second largest in the world after China.

Andhra Pradesh is no exception to this general trend of rapid growth of urban population. Urban population of the State which was 5.42 millions in 1951, increased to 12.46 millions in 1981. The proportion of Urban population in the state to total population increased from 17.34 percent in 1951 to 23.25 percent in 1981. Most of the major towns and cities registered considerable growth. The following table would illustrate the growth trend.

TABLE No. 1

City/Town	Population in the year 1951	Population in the year 1981	Annual rate of growth
Hyderabad	1,27,581	2,528,198	2.73
Visakhapatnam	108,042	594,259	5.85
Vijayawada	161,198	544,958	4.15
Warangal	133,130	336,018	3.14
Tirupati	25,207	115,244	5.20

The consequences of the increase in urban population have been outlined in the earlier pages. If the problems are to be satisfactorily tackled, there is need to develop new strategies and approaches. The establishment of urban development authorities is one such attempt.

## 17.2 EVOLUTION

It is generally held that the thrust of the first three five year plans was on rural development. We have discussed in the earlier lessons that the Community Development Programme and Panchayat-Raj Programmes were launched to usher in development of rural India. However, the pressing problems of urbanisation caught the attention of the planners during the fifth five year plan which emphasized on the integrated development of metropolitan cities and areas of national importance. In the sixth plan, the emphasis was on the integrated development of small and medium towns.

The immediate cause for the establishment of urban development authorities was the 37th Report of the Estimates Committee of the Vth Lok Sabha. The committee had suggested the establishment of development authorities to plan, control, and coordinate development programme in and around metropolises and other big cities. Following this recommendation, urban development authorities were established in most of the states in India.

As regards Andhra Pradesh, the increasing urban population and rapid expansion of the capital city of Hyderabad, attracted the attention of the Government of Andhra Pradesh during the late 1960s. The State Planning Cell constituted a working group to spell out the policy guidelines to tackle the problem. In the first instance, the problem was sought to be tackled by providing more funds by way of grants and loans to the municipalities. However, this did not result in any improvement. The second alternative was to establish separate statutory agencies to deal with the problem of haphazard urban growth. This resulted in the enactment of the Andhra Pradesh Urban Areas (Development) Act 1975.

## CHECK YOUR PROGRESS - EXERCISE NO. 1

1. What is the immediate cause for the establishment of urban Development Authorities?

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### 17.3. LEGAL FRAME WORK

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The Andhra Pradesh Urban Areas (Development) Act 1975, provides the statutory framework for the establishment of urban development authorities within the state. The Urban Development Authorities have been given the status of a corporation. Section 10(i) of the said Act empowers the government to declare an area as development area by specifying the limits through a notification. For any such declared development area, an urban development authority can be constituted.

The following are the major objectives of the urban development authorities.

- a) to prepare the master plan for the development of an area after a careful survey;
- b) to prepare zonal development plan for the zones into which development area may be divided;
- c) to enforce the master plan;
- d) to control the use of land for various purposes;
- e) to carry out development work and provide infrastructural facilities to the extent funds are available.

Broadly speaking, the urban development authorities have some functions, viz., regulatory planning, promotional and collaborative.

## CHECK YOUR PROGRESS - EXERCISE NO. 2

1. What are the objectives of urban development authorities?

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### 17.4. URBAN DEVELOPMENT AUTHORITIES: ANDHRA PRADESH

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The State Government has established six urban development authorities since the passage of the Act. The following table provides among other things, the year of establishment, the extent of the area under each U.D.A.

Sl. No.	Name	Date	Area in Sq. Kms.	Coverage
I.	Hyderabad Urban Development Authority	2-10-1975	1554	Municipal Corporation of Hyderabad and 307 villages in Hyderabad, Ranga Reddy and Medak districts.

2.	Visakapatnam Urban Development Authority	17-6-1978	1315	One Municipal Corporation, namely, Visakhapatnam and three municipalities namely, Anakapalli, Bheemuni- patnam and Vizianagaram and 240 villages in Visakha and Vizianagaram districts.
3.	Vijayawada, Guntur, Tenali, Mangalagiri Urban Development Authority	7-12-1978	1696	Vijayawads municipal Corporation, 3 municipalities of Guntur, Tenali and Mangalagiri and 154 villages in Kr- ishna and Guntur districts.
4.	Kakatiya Urban Development Authority	1-2-1982	850	Warangal Municipal Corporation and 144 villages in Warangal District and 27 villages in Karimnagar district.
5.	Tirupati Urban Development Authority	3-2-1982	290.5	Tirupati Municipality and 89 villages in Chandragiri Taluq.
6.	Quli-Qutub Shah Urban Development Authority	1-8-1981	64	12 Wards out of the 23 Wards of Hyderabad City.

The necessity for the establishment of the above urban development authorities arose due to certain factors. The Hyderabad Urban Development Authority was established due to the rapidly developing industrial belt around the twin cities (Hyderabad and Secunderabad) which called for immediate regulation and control. Rapid industrialisation of Vishakapatnam, Anakapalli and Vijayanagaram complex necessiated the establishment of the urban development authority there. The impact of the rich hinterland and the growth of the industrial belt in the Vijayawada, Guntur corridor led to the establishment of urban development authority in that area. The fast tempo of industrialisation in and around Warangal city along the Karimnagar and Hyderabad road made the government to set up the Kakatiya Urban Development Authority. The temple town of Tirupati with its floating population and the interest shown by the industrialists in setting up industries in the Renigunta, Tirupathi segment, resulted in the establishment of urban development authority. The Quli Qutub Shah Development Authority was set up especially to hasten up the development of the Old City of Hyderabad. Thus it can be stated that rapid industrial development from the fringe areas of major cities and towns, the impact of rich agricultural hinterland and the need to revitalise decaying old city led to the establishment of different urban development authorities in the state.

### CHECK YOUR PROGRESS - EXERCISE NO. 3

1. What factors were responsible for the establishment of Urban Development Authorities in Andhra Pradesh?

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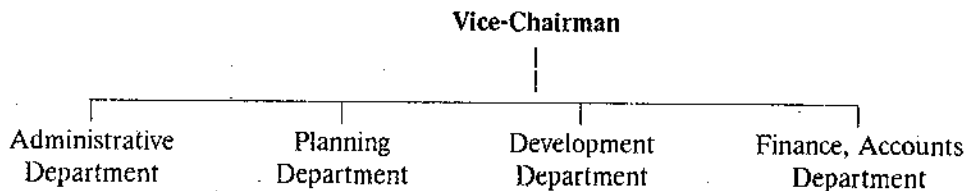
### 17.5. COMPOSITION AND ADMINISTRATIVE SET-UP

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It is possible to identify two layers in the organisational set up of the Urban Development Authority. The first level concerns itself with the formulation of policy, general supervision, direction and control. A non-official is usually appointed as Charman and the Vice-Chairman would be an official who can be deemed to be the administrative head of the organisation. For all practical purposes the Vice-Chairman is made responsible for general administration, supervision and control. As the administrative head, he has to submit to the authority, policies

and programmes and on its approval execute the plans. An important function of the Vice-Chairman is to co-ordinate the various activities of the authority. As the administrative head, he has to negotiate with national, international and other financial agencies for securing the funds. Also as the administrator, he has to settle the service problems of the staff functioning in his organisation. The efficient performance of the Urban Development Authority would to a large extent depend upon the dynamic leadership provided by the Vice-Chairman. Depending upon the work load and other factors the other members are appointed. All these appointments are made by Government.

The second level relates to administrative segments created to achieve the objectives of the Urban Development Authority. The following chart would indicate the set up.



#### (i) Administration

The Administration Department which is headed by the Secretary is responsible for the general administration, public relations and personnel aspects of the organisation. Further, it plans the crucial role of inter-organisational and intro-organisational co-ordination.

#### (ii) Planning

This department is mainly concerned with preparation of master plans and zonal plans. For purpose of convenience and clarity, this department is bifurcated into two wings, one dealing with the master and zonal plans, within the municipal limits and the other dealing with similar plans for the non-municipal area. This is headed by the Chief Planning Officer, who is assisted by several specialist officers.

#### (iii) Development

One of the important functions of the Urban Development Authority is the construction activity. Headed by a Chief Engineer, this department deals with the implementation of development schemes, urban renewal, housing projects etc.

#### (iv) Accounts

Management of finances is a very important activity of any organisation and the Urban Development Authority is no exception. The Finance and Chief Accounts Officer is responsible for the preparation of the annual budget, expenditure control, maintenance of accounts and assistance to audit.

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## 17.6. FUNCTIONS

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The Urban Development Authorities have been established to regulate and check the unplanned growth of cities and towns and also ensure orderly and planned utilisation of land in accordance with the master and zonal plans. Also, the Urban Development Authority supplements the development activities of the existing municipalities and corporations in the fringe area.

As mentioned earlier, it is possible to classify the functions performed by urban development authorities into regulatory, developmental and promotional.

### **17.6.1. REGULATORY FUNCTIONS**

One of the major objectives of Urban Development Authorities is to ensure that land within and along with expanding boundary of the city and municipal limits is properly utilised ensuring the health and safety of the citizens. The alarming incidence of environmental pollution consequent to the rapid industrialisation has developed into a major health hazard. Further, ambitious real estate agents sensing the upward swing of land price within the vicinity of urban areas entered into shady deals. In view of these disturbing trends, regulative and restrictive measures were needed. The Urban Development Authorities were mainly established for regulating the development and use of land. The Urban Development Authority Act vests the authority to do whatever any commercial real estate development company does legally. It is empowered to acquire, hold, develop, sell and mortgage land and other properties.

The powerful weapon at the disposal of the Urban Development Authority is to ensure orderly utilisation of land in the master plan. The Urban Development Authorities have the authority to prepare the master plan. The master plan divides the area under the authorities jurisdiction into zones and indicates as to how the land in each zone is to be used and the sequence of developmental activity.

The next important regulatory function of the Urban Development Authority is the preparation of zonal plan which indicates detailed land use and site plan. For instance, a zonal plan will identify land for schools, hospitals, markets, industries, buildings, parks etc. In addition to this, it also specifies standards of buildings and population density.

The master and zonal development plans become operative after being approved by the State Government.

It will be useful to examine as to how the master plan and zonal development plan regulate the growth of the urban area. For instance, any development has to take place with the prior permission of the Urban Development Authority. No individual organisation is empowered to use land or construct a building in any zone other than in conformity with the plan. Any action in contravention of the development plan would attract penalty. Structures which are not in conformity with the plan can be demolished by the Urban Development Authorities.

Further, the Urban Development Authority can also acquire with the permission of the government any land which is required for purposes of development under master plan.

The Urban Development Authority also stipulates through zoning regulations, and multi-storied building regulations the norms to be followed. Wherever the Urban Land Ceiling Act 1976 is in operation, exemption under this Act it also to be given by the Urban Development Authority.

### **17.6.2. DEVELOPMENTAL AND PROMOTIONAL FUNCTION**

To start with Urban Development Authorities were essentially concerned with management of land utilisation in urban areas. However, after some years, their activities were diversified. When the authorities began to sell land for different types of use it was inevitable that infra-structural facilities like water supply, roads, power, and other related services had to be provided. Most of the Urban Development Authorities also undertake the responsibility to provide these services.

In view of acute shortage of houses in cities and major towns, the Urban Development Authorities have also undertaken the construction of different types of houses. The Urban Development Authorities are also undertaking urban renewal schemes.

In most of the urban agglomerations in Andhra Pradesh there is traffic congestion due to increase in the number of vehicles and narrow roads. A comprehensive traffic survey for the Hyderabad Metropolitan region was undertaken by Hyderabad Urban Development Authority

in collaboration with APSRTC. All major traffic corridors have been located, traffic management plans have been finalised. On this basis, widening of roads and traffic function improvements have been undertaken. In Hyderabad and Visakhapatnam the ring-road projects are under execution.

In addition to these functions, the Urban Development Authorities also concern themselves with such activities like preservation of historical monuments and buildings as well as development of recreational facilities. The Hyderabad Urban Development Authority has undertaken a comprehensive study for the conservation of historic buildings and monuments in the city of Hyderabad.

As regards other activities, the Buddha Poornima Project in Hyderabad, and Visakha, Bheemali Beach front development projects can be cited as examples. The Buddha Poornima Project will establish a beautiful landscape around the Hussain Sagar Lake in the city of Hyderabad. It will have several parks, in addition to reducing traffic congestion. The Visakha-Bheemali Beach front Development project is concerned with the control of development along the Beach line and eco-conservation.

#### **CHECK YOUR PROGRESS - EXERCISE NO. 4**

1. State in brief the regulatory functions of Urban Development Authorities.

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2. Write a brief note on the developmental functions of Urban Development Authorities.

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#### **17.7. STAFFING AND FINANCES**

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For the successful functioning of any organisation like urban development authority, there is need for adequate financial base. In addition to the monetary support, this authority also requires the services of both the generalists and the specialists. It would be useful to have a brief idea of the finances and personnel of Urban Development Authorities in Andhra Pradesh.

The Urban Development Authorities do not have their own funds for the implementation of their plans. The following are the general sources of funds of the authority.

- (i) Loans and grants and advances from the State and the Central governments.
- (ii) Money borrowed by the authority from sources other than government.
- (iii) Fees charged by the authority.
- (iv) Rents and profits
- (v) Sale proceeds of property and land
- (vi) Finances realised after prosecution
- (vii) Levy of development charges

The grants from the government are adequate to cover the salary and other related overheads. Normally funds for land acquisition and widening of roads come in the form of grants. Funds for housing projects are made available by financial institutions and loans and grants from the Central and State Governments. No doubt, the urban development authorities are totally dependent on other agencies for finances. However, there is enough scope for the Urban Development Authorities to raise their own resources through effective real estate management and collection of development charges. Possibly, they can also be permitted to float open market loans, or sell bearer bonds.

The staffing pattern of Urban Development Authorities is similar to that of any major town or municipality. The management bureaucracy consisting of generalists and specialists are on deputation from the State Government. Other officials belonging to the lower levels are being recruited by the authority itself. This dichotomised staffing pattern results in several problems. Yet another aspect of the staffing pattern is that there appears to be a general paucity of technical staff.

### CHECK YOUR PROGRESS - EXERCISE NO. 5

1. What are the sources of Urban Development Authorities?

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### 17.8. CONTROL

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Like any other local authority, the Urban Development Authorities have been set up through the Act of the State legislature. Although, the Urban Development Authority is a cooperative body, it derives all its powers through the enabling legislation. The State Government exercises control over the urban development authorities through several devices.

The Urban Development Authorities are expected to carry out all the instructions given by the state government.

The Government can call for any record of the Urban Development Authority and carry out inspection of any work undertaken by the authority.

In the event of any dispute between the authority and the government, the decision of the government shall be final.

In addition to these powers, the government also exercises indirect control through its officers who are exofficio members of the authority or senior officers of the authority.

One of the most important levers of control is the finance. As mentioned earlier, the Urban Development Authorities are nearly totally dependent on the government for finances.

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### 17.9. PROBLEMS AND PROSPECTS

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The urban development authorities have completed different periods in office and are in different stages of growth. Among the six urban development authorities. The Hyderabad Urban Authority has completed a decade of its existence. This decade has been eventful and enables any student of local organisation to identify the measure of their success and the problems and failures if any. It may be mentioned here, that an attempt is made to assess the performance of the Hyderabad Urban Development Authority (since it has completed a decade of its existence) and highlight the problems.

The Hyderabad Urban Development Authority has to its credit several important achievements. The road widening programme, the improvements in the traffic junctions and the construction of ring-road may be cited as a few examples. Further, the Quli-Qutub Shahi Development Authority is also in the midst of an ambitious programme of urban renewal. The Hyderabad Urban Development Authority has also started convening meetings at its office, wherein the citizens are explained the pattern of land use and the implications of the master plan while these represent some of the achievements, one of the major bottlenecks faced by the Hyderabad Urban Development Authority, has been that of inter agency co-ordination especially with the city corporation. There has been atleast in the initial stages, some conflict of jurisdiction between the city corporation and the Hyderabad Urban Development Authority in regard to enforcing of the building regulation. After the initial phase of confrontation, the powers have been properly defined, and smooth functioning has been ensured.

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### **17.10. SUMMING UP**

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The urban development authorities are also suffering from want of adequate finances and sufficient staff especially in the technical cadres. By and large, these are the limitations from which any new organisation suffers. It is hoped that the successful implementation of urban development schemes will generate resources which will serve as a booster to the sagging financial position of the local authorities. It is equally possible that, when the financial base of the Urban Development Authorities is sound, it would be in a position to recruit its own cadre of specialists.

To sum up, the future for urban development authority is bright, since they are attempting to enforce some regulation into the haphazard and unchecked urban growth which is a must for the survival of urban agglomeration.

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### **17.11. ANSWERS TO CHECK YOUR PROGRESS**

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**Exercise No. 1**

See 17.2

**Exercise No. 2**

See 17.3

**Exercise No. 3**

See 17.4

**Exercise No. 4**

1. See 17.6.1

2. See 17.6.2

**Exercise No. 5**

See 17.7

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### **17.12. MODEL EXAMINATIONS QUESTIONS**

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**A. Answer the following in about 30 lines each.**

1. Briefly examine the reasons for the establishment of urban development authorities in Andhra Pradesh.

2. What are the main functions of the urban development authorities in Andhra Pradesh.
3. What are the problems and prospects of the urban development authorities in Andhra Pradesh.

**B. Answer the following in about 15 lines each.**

1. Write a short note on A.P. Urban Areas (Development) Act of 1975.
2. What are the various government controls over the urban development authorities.
3. Briefly examine the staffing and finance of the urban development authorities.

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**17.13. REFERENCE BOOKS**

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*Writer: K.V. Srinivasan*

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## **BLOCK - 4**

### **ISSUES IN LOCAL DEVELOPMENT**

*This block deals with the major issues relating to local development. Important issues areas have been identified and each unit of this block (from Unit 18-24) try to explain specific problem concerning local development. Unit 18 discusses the need to involve the people in the process of rural development and the problems associated with their participation. Unit 19 explains the relationship between urban and rural areas with special reference to India. Unit 20 attempts to discuss the linkages among various local organisations and assess their impact on rural development. Units 21 and 22 are intended to examine the reasons for unrest in both the regions and suggest some remedial measures. Local organisations are best with several management problems. Unit 23 is intended to explain the management problems they are facing. In the last unit, i.e., unit 24, the role of local organisations in the future national development is explained.*

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# UNIT-18 : PEOPLE'S PARTICIPATION

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## Contents

- 18.0 Objectives
- 18.1 Introduction
- 18.2 Importance of Participation
- 18.3 Meaning of Participation
- 18.4 Participation in Decision-Making
- 18.5 Participation in Implementation
- 18.6 Participation in Monitoring and Evaluation
- 18.7 Summing Up
- 18.8 Answers to Check Your Progress
- 18.9 Model Examination Questions
- 18.10 Reference Books

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## 18.0. OBJECTIVES

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After reading this unit you should be able to:

- explain the meaning and importance of participation and
- describe different aspects of participation

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## 18.1. INTRODUCTION

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People's participation, as a conscious involvement of people in the development programmes, is considered a pre-requisite for the realisation of social objectives of public institutions. In this unit we shall discuss the meaning, importance and different dimensions of people's participation.

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## 18.2. IMPORTANCE OF PARTICIPATION

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One of the most significant challenges before the Third World countries is that of achieving social, political and economic development along with social justice. We shall discuss one of the important steps to bring in rapid-socio-political development through the active participation, involvement and control of people in the whole process of development. The hypothesis is that within the socio-political context of developing countries the participation of people can give rise to a socio-political system more conducive to the attainment of economic development along with a greater degree of social justice.

Other objectives of the new development strategy are likely to be fulfilled when people start participating in all aspects of the development process, namely, decision-making, implementation, monitoring and evaluation and benefit sharing. For example, people's participation in planning and implementation of development programmes and projects leads to the selection of the types of projects which are of direct benefit to them and will also generate more gainful employment. At the same time utilization of idle labour resources in production will lead to an increase in production. Since local resources like labour, indigenous material and technology are used, the process is likely to become self-reliant.

With regard to intergrated rural development, the most important form of participation is in sharing of the benefits of the development projects. Equity aspect of development is closely connected with this. Similarly, only through people's participation, the improved management of physical resources such as land, water and forest is possible. In a participatory democracy like ours, water and forest is possible. In a participatory democracy like ours, the group or community decisions are extremely important in the proper use and conservation of these physical resources. This conclusion is based on the many successful cases of community irrigation projects, community forest or soil conservation projects. Thus it can be observed that all other objectives of integrated rural development revolve around the pivot of people's participation.

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### 18.3. MEANING OF PARTICIPATION

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Participation cannot be imposed on the people from above. It should be voluntary and based on will to participate. Participation means direct involvement of people and not indirect involvement through their representatives. This must be ensured because in the existing socio-economic political structure "representatives" of the people are most likely to promote the interests of the rich rather than that of the poor majority. However, in such a large country like India, direct participation of people is possible only at local level, therefore, this discussion is limited to the direct participation at local level only. This is also in line with the assumption that an equitable sharing of the benefits of development by the poor is possible only when there is equitable participation by them in the process of development. By doing so people can influence the decisions at higher levels through their joint efforts and common voice. This may be termed as grass root approach to integrated rurla development.

However, participation of the poor in the process of development under the existing social system can be regarded as a gradual process. The process can be accelerated only when the poor become conscious of their rights, privileges and build up faith and confidence in themselves through united strength to achieve justice for themselves in the sharing of benefits of development.

In the following sections we shall discuss in detail the three important dimensions of participation i.e., participation in decision making, participation in implementation and participation in monitoring and evaluation.

#### CHECK YOUR PROGRESS EXERCISE NO. 1

1. Explain the importance of participation

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2. Explain the meaning of participation.

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## 18.4. PARTICIPATION IN DECISION-MAKING

Decision making is one of the important aspects of political processes at all levels-national, state and local. However, the decision-making process at grass-root level is something different from decision-making at national and state levels. In a sense local political process means the exercising of the decision-making influenced by the popular representatives on issues which are likely to create general obligations for the citizens. Formerly, these powers are exercised by officials who could claim to be the experts. The new political process aims at combining the popular elements with the ingredient of expertise in the final decision process. Moreover, the incorporation of popular elements is not without its problem of management. The differing views must be made explicit and integrated into a workable agreement, the expertise must be invited to supply the best advice at his command which must then be integrated into the political situation. Thus the kind of responsibility involved in making the decision in the new context is of a much higher order. Unless people's representatives recognize this responsibility and exhibit dexterity in handling the various stages of the complex process of decision-making, there is a real danger of deterioration of the quality of decisions which in turn result in lower standards of performance.

In connection with rural development, at present there is virtually no participation of the rural poor in any kind of decision-making process at the village, district, state and national levels of Government. Planning is so defective that the normal procedure is that guidelines for resource utilization, budgetary allocation to different sectors and regions and the programmes and projects for area development are prepared by the Central Government. The political system represents the elitist groups and it reflects the needs and interests of the elitist minority. When programmes are formulated in consultation with political representatives and corresponding budgetary appropriation is approved by legislative bodies at various levels the interests of the poor masses are less likely to be given high priority. With the socio-economic and political structure which exists at present in most of the developing countries participation of the poor indirectly through their so-called "representatives" is most likely to be in the interest of rich only. As such, participation by the poor is effective only when it is direct.

However, direct participation of the poor in decision-making is possible only at the village level. Even there, decisions on community projects such as drinking water, school construction, etc., are made by small caucuses of so-called village elite. These schemes must be discussed freely in the open assemblies in the presence of all the villagers so that the poor masses may have some say in the decision-making and execution. In the beginning the rich are likely to influence the decisions in their favour in setting priorities of these projects and their locations. But as soon as the poor masses become politically conscious and socialized, the whole community gets involved in the decision-making process. When they are involved in this process it is unlikely that decisions which are detrimental to the interests of the poor are made. In due course the poor will be in a position to influence decisions in favour of the needs and interests of the majority.

The poor masses could raise the important issues in the open forum of village assemblies. These issues may include the road construction project in an area of great importance. Who should make the final decision in the alignment of the road? Should not the alignment by engineers presumably on technical grounds be discussed by the villagers and the engineers be asked to give justification, on a purely technical basis, to ensure their accountability to the people? Should not the community be involved in discussing the rate and method of compensation that is to be paid to those who would benefit directly from the windfall from rise in the value of land due to road construction? Open discussion in village assemblies of issues like this which cut across class interests will encourage the villagers, particularly the majority, into participation in decision-making in their own interest, while the "leaders" will also be put on alert to justify their position in public.

The open assembly is one form to enable the poor and the majority to participate directly in decision-making at the local level. It may not be the effective means and also is in danger of being manipulated by the vested interests to preserve their own power structure. The issues, therefore, that need to be further explored and discussed are: Are there other forms whereby the participation of the poor in decision-making for development can be made more effective? What is the experience with innovative measures that may have been devised and tried in some of the developing countries?

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### **18.5. PARTICIPATION IN IMPLEMENTATION**

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In the form of contribution of free labour (Popularly known as Shramadan) Voluntary or otherwise, the rural poor can normally participate in the implementation of community projects. It is the poor who possess labour as their sole asset and who are asked to contribute their only asset without any compensation. Though the rich derive the benefit of the community projects, they are not required to make proportionate sacrifices. Hence, this practice of people's participation through free labour is both inequitable to and exploitative of the poor.

An equitable participation in contribution for a community project is possible only when everybody in the village voluntarily contributes or is required by the community to contribute an equitable share either in the form of free labour or cash in proportion to the benefits that each is expected to derive from the project when completed.

Another small but important aspect of participation is the maintenance of community projects after their completion. People's participation in project maintenance on a community basis is very important. How this should be organized in an equitable manner for the maintenance of community projects is therefore a related and very relevant issue that needs to be further examined and discussed.

The important point with regard to participation of the poor in the implementation is how to compensate them in an equitable manner either in the form of payment for their labour or in the form of benefits to be equitably shared by them as members of the village community. Compensation for labour would raise the need for resources and simultaneously the issue of resource constraints.

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### **18.6. PARTICIPATION IN MONITORING AND EVALUATION**

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If plan formulation is input and plan implementation output, monitoring and evaluation can be treated as feedback for corrective measures to be taken in plan formulation and plan implementation in future. These aspects of the development process are very closely related to project identification, formulation, appraisal and selection aspects discussed under "Participation in Decision-Making". As lack of enthusiasm and initiative is witnessed in decision-making on the part of poor masses, there is also very little participation by the majority and the poor in monitoring and evaluation at present.

Monitoring is the continuous gathering of information on project inputs and objectives and on conditions and complementary activities that are critical to the success of the project. On-going evaluation of project outputs, effects the impact of development. Ex-post evaluation is an analysis after the completion of the project of its (output) effects and impact.

In order to identify problems and constraints in implementation, people's participation is necessary to provide information related to the progress of the project. To identify not only how many but also who benefits from a particular project, people's involvement in monitoring and evaluation is also essential. People's direct participation in monitoring and evaluation is likely to reduce mismanagement of resources in a project. People should also evaluate the performance of Government personnel engaged in the execution of their projects in their locality. This will help inculcate a sense of accountability in Government personnel.

## CHECK YOUR PROGRESS - EXERCISE NO. 2

1. Distinguish between direct and indirect participation.

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2. What do you understand by participation in decision making?

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### 18.7. SUMMING UP

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Public participation as an important input in development is widely recognised. In a complex and widely varied local situations, the participation of local people makes the development process nearer to local realities. In this unit we have examined different dimensions of public participation. Participation empowers people-Empowerment enable the people to enjoy the fruits of development. as rightly observed by many participation is a pre-condition for development.

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### 18.8. ANSWERS TO CHECK YOUR PROGRESS

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#### Exercise - 1

Ans: 1. see 18.2

Ans: 2. see 18.3

#### Exercise - 2

Ans: 1 see 18.4 and 18.5.

Ans: 2 see 18.4

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### 18.9. MODEL EXAMINATION QUESTIONS

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#### A. Answer the following in about 30 lines each.

1. Explain the importance of people's participation in development.
2. Write about people's participation in implementation of public programmes.

#### B. Answer the following in about 15 lines each.

1. Explain the meaning of participation.
2. Explain the importance of monitoring and evaluation.

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## 18.10. REFERENCE BOOKS

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*Writer : N. H. Sitarama Sharma*

BRAOU

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# UNIT-19 : RURAL-URBAN CONTINUUM

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## Contents

- 19.0. Objectives
- 19.1. Introduction
- 19.2. Profile of Rural-Urban areas
- 19.3. Factors Contributing to Rural-Urban Interaction
  - 19.3.1. Urban Centres
  - 19.3.2. Migration
  - 19.3.3. Common Functions
  - 19.3.4. Hierarchy of Communities
  - 19.3.5. Area Management
- 19.4. Summing Up
- 19.5. Answers to check your progress
- 19.6. Model Examination Questions
- 19.7. Reference Books

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## 19.0. OBJECTIVES

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This unit aims at examining the relationship between rural and urban areas. After reading this unit you would be able to,

- distinguish the rural and urban areas,
- identify the features of rural and urban areas, and
- describe the factors contributing to rural-urban interaction.

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## 19.1. INTRODUCTION

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Most of the third world countries have completed the first phase of development. The measure of their success varies. It can be stated that India has faced the initial challenges of development, and various lessons have been drawn during this voyage of discovery. The limitations of the framework of policy, the lack of integrated approach, adhocism, lop-sided nature of priorities and the inability of the bureaucracy to keep pace with the tempo of change may be cited as few examples. The initial euphoria has paled into insignificance. Sober reflection over the failures with a view to avoid mistakes and pragmatism have become the basis for policy makers and planners. There is greater awareness of the need for critically examining priorities and evolving a flexible strategy, wherein the thrust would be integration, establishing meaningful linkages, ensuring inter-area and inter-agency coordination.

An inescapable aspect of development is the process of modernisation. While the rural sector witnessed the green revolution, the urban areas became the focal points for rapid industrialisation. It is a matter of common experience that agricultural growth and industrial development are two sides of the same coin with the common goal of bringing prosperity of the teeming millions. Unfortunately in our country till the late 60's, the thrust has been on rural development to the comparative neglect of the urban areas. The problems and prospects of the

rural-urban interface were not clearly understood. The shortcomings of the disjointed approach and the need for integrating planning covering both the rural-urban areas are becoming too apparent to be ignored.

The importance of purposeful relationships between the rural hinterland and the urban areas need hardly any emphasis. The futility of the artificial distinction between the country and the city, the rural and urban has been well understood by the academics and the practitioners of public administration. To quote the Rural-Urban Relationships Committee, "It must be realised that the human-being is basically and ultimately at the centre of the stage and any parcelling out of human groups on the basis of their place of occupation would be improper". The action, reaction and the interaction of the rural and urban communities can be identified at the social, economic and administrative levels. The limitations of areal and functional division of functions especially in the context of local organisation have become so glaring that any further thinking on the compartmental basis would be disastrous from the point of view of the development of the region. Economists, Sociologists, Geographers and Administrators have come to realise the inevitability of integrating the rural and urban local bodies into a regional grid so as to obtain the maximum return for investment of resources. The Maud Committee's Report on Reforms of the Local Government in England, the Rural-Urban Relationship Committee Report in India can be cited as examples of this trend of thinking at the policy making level.

#### CHECK YOUR PROGRESS - EXERCISE NO. 1

1. Explain the need for rural urban relationship.

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#### 19.2. PROFILE OF RURAL-URBAN CONTINUUM

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In developing countries like India, not only the urban-rural distinction but also urban-rural dualism persist. There are sharp regional variations in the levels of socio-economic development, urban-infrastructure, resource endowments and population densities. In the words of Prakasa Rao, "Metropolitan regions and the lagging rural regions are the two polar ends of the urban-rural regional profile". The metropolitan cities stand out as peaks with high population densities and population potentials in the expansive sea of low levels of employment. Next in the profile is the urban area where a large majority of the people are engaged in industrial and non-agricultural activities. According to the Rural Urban Relationship Committee "in addition to its size, population and occupational characteristics in an urban area provide such facilities as transportation, banking, commercial and technical services, community facilities and other civic services. Further the attitude towards life and social relations of the urban dwellers have tended to become different from those of rural dwellers. In contrast, rural settlements function as self contained units involved primarily in agricultural activity based on self-sufficient subsistence with little or no investment on-trade. They do not also depend upon any civic authority for amenities and services.

If this is the ideal proposition an interesting fact is that the stereo typed rural-urban profile is undergoing modification. The contacts between the town and the country are on the increase. Several factors have contributed to the state of affairs.

## CHECK YOUR PROGRESS - EXERCISE NO. 2

1. Briefly explain the features of Rural-Urban continuum.

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### 19.3. FACTORS CONTRIBUTING TO RURAL-URBAN RELATIONSHIP

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The connection and contact between the town and country is increasing. The impact of technology and tremendous advances in communication have made the distance between the urban and rural areas very much narrower.

There is urban to rural to rural to urban movement of people, goods and services. The contacts are direct in respect of commuting, whole-sale and retail trade. It is indirect through spread of information in the forms of radio, television and newspapers etc.,

Also, various economic and social changes are taking place in villages as a result of implementation of plans and programmes. "The national Five Year Plans, and increasing emphasis on spread of education, public health, supply of electricity and means of communication have brought about increasing awareness among the rural masses (The Rural-Urban Relationship Committee's Report). The Community Development Programme has brought to the countryside new techniques, fertilizers, improved implements and better seeds to improve agriculture and raise the standard of living in the villages.

Infact, sociologists and economists now look upon urbanisation as a continuous process of transition from rural to urban treating the present differences as only a stage in the continuum. The points of contact between rural and urban areas are several. Let us now discuss some of the points of relationship between urban and rural areas.

The economic relationship between the rural and urban areas is growing. In the economic orientation, the urban net-work together with its rural components is considered as a force contributing to the growth. The following are some of the important aspects relating to the rural urban continuum.

#### 19.3.1 URBAN CENTRES

The urban centres of the system may be viewed as products of the countryside set up to perform certain essential functions. The city is the product of the region is served and transferred by its city. In a market-centred rural community, the urban economy of the market town has a territorial basis and the rural-urban relations are intimate, mutually reinforcing and optional.

#### 19.3.2 MIGRATION OF PEOPLE

Yet another factor that contributes to the interaction of the rural and the urban area is the migration of people from the rural to urban areas. As mentioned in an earlier unit, the poor people from the rural areas are pushed out to the urban areas in search of better opportunities for investment and employment. In the words of Rural and Urban Relationship Committee, "even after migration they continue to have their roots in the villages. It takes them long to get absorbed in the life of the towns as regular town dwellers. For a long time they continue

to maintain their families in the villages which they often visit. They take with them the ideas of urban life and that way accelerate the forces of social change in the rural society”.

### **19.3.3. COMMON FUNCTIONS**

The nature of civil functions is such that there cannot be any rigid demarcation as to where urban civil function ends and the rural civil functions start. This is true of water supply, sewerage ect., Further some of the municipal Acts permit urban local bodies to take up predominantly rural functions. For instance, the Gujarat Municipal Act, 1964, empowers the municipal bodies to undertake activities for the promotion of agriculture, industry and community development in the rural areas within their jurisdiction. Moreover, much of the problems of haphazard growth and development in areas that lie outside the municipal limits and within the jurisdiction of Panchayat can be avoided if there is coordination between these authorities in regard to such functions as building activity, sanction of plans, and regulation and control of trading and industrial establishments.

To some extent, the problem has been overcome by providing representation to urban local bodies in Panchayat Raj institutions. However, this has not resulted in any meaningful improvements. In the mechanical representation and joint committees cannot be expected even to comprehend, much less to implement, these extremely complex policies and programmes so vital for effective national development”.

The need of the hour is to evolve strategies that would integrate the needs of Rural-Urban areas which would provide a strong base for the national development effort. Several alternatives have been suggested. It would be appropriate to examine some of the important alternatives.

### **19.3.4. HIERARCHY OF COMMUNITIES**

The mutual dependence between the country and city has been well understood. No community is self-sufficient by itself. There is interaction with other communities for fulfilment of the needs. “The process of interaction and the inter-dependence between the smaller communities for the achievement of common needs and interests leads to the formation of a regional community. Such a regional community contains a central urban area and the surrounding rural area. The bigger and more complex an urban area, the larger the corresponding region embracing within its boundaries rural and urban groups. All these regions, big and small, include a fairly broad spectrum of agricultural, industrial, commercial and other types of activities, all closely inter-related and requiring common services such as health, education, water supply, drainage and transportation.

In the region, there is a hierarchical pattern of settlements bound together in a system of functionally interlinked and inter-dependent units. There is thus a continuum of communities that stretches from the smallest village to the largest metropolis. The problem of rural-urban relationship has thus to be viewed in the context of growing requirements of communities at different levels in the process of transition from the rural to the urban”.

### **19.3.5. AREA MANAGEMENT**

The Rural-Urban Relationship Committee made a significant recommendation to bring about rural-urban integration. The Committee suggested the concept of “Area-Management”. The whole area should be treated as one unit for administrative purposes and rural and urban areas falling within it should be treated as integral parts of the area for purposes of overall planning and implementation of development programmes. This will promote political and emotional integration and remove the sharp distinction between the rural and urban dwellers and pave the way for the evolution of an organic community”.

It becomes very clear that, any national urban development policy should take into consideration the needs of the region. The concept of area management and integrated regional planning holds the key to the future.

### CHECK YOUR PROGRESS - EXERCISE NO. 3

1. Explain briefly the factors that are contributing to rural-urban relationship.

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2. Explain how migration maintains rural-urban relationship.

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### 19.4. SUMMING UP

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In this unit we have examined the relationship between rural and urban areas. The study points out that the artificial discussion of Urban and Rural areas is disastrous for the development of both the regions. Many committees and commissions also emphasised the need of integrating both the regions to obtain the maximum returns for resources. The issues in the rural-urban continuum, are also examined in this unit.

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### 19.5. ANSWERS TO CHECK YOUR PROGRESS

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#### Exercise. 1

See 19.1

#### Exercise. 2

See 19.2

#### Exercise. 3

1. See 19.3
2. See 19.3.2

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### 19.6. MODEL EXAMINATION QUESTIONS

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#### A. Answer the following in about 30 lines each.

1. Explain the factors that determine the interaction between Urban and rural areas.
2. What are the causes for heavy migration of people from rural to urban areas and suggest the remedial measures.?

3. Discuss the concept of Area Management
4. Give a general profile of rural urban continuum.

**B. Answer the following in about 15 lines each.**

1. Rural-Urban continuum.
2. Migration.
3. Urbanisation.

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**19.7. REFERENCE BOOKS**

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*Writer: K.V. Srinivasan*

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# UNIT-20 : LOCAL ORGANISATIONS : THE QUESTION OF LINKAGES

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## Contents

- 20.0. Objectives
- 20.1. Introduction
- 20.2. Need for Linkages
- 20.3. Horizontal Linkages
- 20.4. Vertical Linkages
- 20.5. Political Linkages
- 20.6. Criticism
- 20.7. Summing Up
- 20.8. Answers to Check Your Progress
- 20.9. Model Examination Questions
- 20.10. Reference Books

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## 20.0. OBJECTIVES

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After reading this unit you should be able to:

- explain the importance of linkages between the organisations involved in development; and
- describe the pattern of linkages among the development organisations.

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## 20.1. INTRODUCTION

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As has been pointed out, India like most of the other developing countries has been attempting rural development through various organizations. Thus rural development is the main thrust of national development effort. Since development is a multi-dimensional activity, several organizations have been involved in this gigantic effort. Local government Institutions such as gram panchayat, panchayat samiti, Zilla Parishad, municipalities, municipal corporations etc., are created to provide for the participation of the people in the developmental effort. This has been done because the participation of the people in developmental effort is crucial to the success of developmental plans. Co-operatives, commercial banks and regional rural banks are the financial agencies involved in the economic development of the rural areas. Besides these, there are political and economic institutions. Voluntary agencies and people's organizations are also involved in the developmental effort. In this unit we shall discuss the questions of linkages among all the institutions involved in rural development.

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## 20.2. NEED FOR LINKAGES

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Since several organizations are involved in the rural developmental effort, there is a likelihood of their working at cross purposes which may retard the progress of the developmental effort. It may also lead to avoidable competition. Further, the clientele may be served by many institutions. Hence, there would be no co-ordination among the institutions. Further, in modern times the state has assumed the role of 'service state' with its ever expanding functions. As such no unit can be independent of the others. This calls for both horizontal and vertical linkages. While linkages with other organizations at the same level are called horizontal linkages, linkages with

those at higher levels are known as vertical linkages. The advantages of linkages are that they integrate a unit with the total system. They also help to achieve smooth coordination among several bodies engaged in development.

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### 20.3. HORIZONTAL LINKAGES

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At the district level and below Panchayati Raj institutions and Municipal Bodies are expected to play an important role in rural development. Panchayat Raj institution came into being as a result of the acceptance of the recommendations of the Balwant Roy Mehta Committee. The first state to create the Panchayat Raj bodies was Rajasthan. The Panchayat Raj system in A.P. is a three tier system with Gram panchayats at the bottom Mandal Praja Parishad and Zilla Praja Parishad at the district level. These local bodies are made responsible for the development of agriculture, industry, education, etc., in the rural areas. Again there are municipalities which are made responsible for water supply, laying and maintenance of roads, cleaning of streets, etc. Though the functions of both the Panchayat Raj bodies and the municipalities are in some respects similar, there is no horizontal link between them. They are working as independent agencies especially in relation to planning, implementation, etc. The Rural Vs Urban and City Vs Villages dichotomy is still continuing. That the Panchayat Raj bodies would look after the development of the rural areas and the municipalities that of the urban areas is questioned now. It is argued that the plans for the development of rural and urban areas in a district cannot be prepared independently of each other, since plans for the socio-economic development of rural areas need to be linked with those of adjoining urban areas. In response to the need the Rural-Urban Relationship Committee of Government of India in 1966 recommended "area management". It means that a whole delimited area should be treated as one unit for administrative purposes and rural and urban areas falling within it should be treated as integral parts of the area for the purpose of overall planning and implementation of development projects.

In addition to Panchayat Raj and Municipal bodies, Voluntary agencies are also involved in rural development. Though their functions are in no way different from the above mentioned bodies, they have no links or association with them. They have been working independently of them.

The financial institutions associated with the economic development of rural areas are cooperative banks, commercial banks and recently created rural banks, which are intended to free the rural people from the clutches of the money lenders. They have been working independently of one another in identifying the needy people in advancing loans, etc., as a result of which the possibility of a target group receiving loans from all these three financial institutions cannot be ruled out. This would mean that while some persons may receive from three different agencies other needy people will receive none. At the time of recovery also it would become difficult for the financing agency to recover the loan amount, since the same persons might have borrowed from all the available sources. Moreover, the repaying capacity of the borrowers may weaken resulting in mounting debts. Such a situation is due to the absence of links between these institutions. According to the Panchayat Samitis and Zilla Parishads Act, 1959, the Chairman of the Primary Cooperative Agriculture Development Bank in the Block, the Director of the District Cooperative Central Bank representing the Block and the President of the Primary Cooperative Marketing Society in the Block are ex-officio members of the Panchayat Samiti. Similarly, the District Director of Andhra Pradesh Cooperative Agricultural Development Bank, the President of the District Cooperative Central Bank and the President of the District Cooperative Marketing Society are Ex-Officio members of the Zilla Parishad.

The Narasimham Committee on Panchayat Raj Institutions in 1981 recommended that the Samiti President at the Block level and the Chairman Zilla Parishad at the district level might be made members of the Cooperative institutions in their respective areas. The Committee also recommended that the Chief Executive Officer of the Zilla Parishad be made a member of the management Boards of District level bodies like Grameena Banks. In order to correct the deficiencies in the loaning policy for rural development an apex body at the national level with

regional offices was created in 1982 by the Government of India. This apex body is known as the National Bank for Agriculture and Rural Development (NABARD).

### CHECK YOUR PROGRESS - EXERCISE NO. 1

1. Explain the importance of inter organisational linkages in development.

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2. Explain the horizontal linkages between different bodies at district level

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### 20.4. VERTICAL LINKAGES

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As pointed out earlier, links of the organizations involved in rural development with higher levels are known as vertical linkages. We shall examine whether there are any links and if so, whether they are weak or strong.

According to the old Act in the three-tier system of Panchayat Raj in Andhra Pradesh, the lower tier is Gram panchayat. As per the Andhra Pradesh Panchayat Samitis and Zilla Parishads Act, the Sarpanch of a Gram panchayat is an ex-officio member of the Panchayat Samiti in which his panchayat falls. Before direct election to the office of the Panchayat Samiti President was introduced in 1981, the Sarpanch had been an elector of the former also. With regard to Zilla Parishad, all the Samiti Presidents are the ex-officio members and also electors of the Chairman, Zilla Parishad. Since the work of the Zilla Parishads and the Samitis is carried on through the Standing Committees, the Samiti Presidents and the Sarpanchas keep in touch with the working of the higher level bodies. In addition to this, the Budget of each Panchayat Raj body must be approved by the next higher body. Another point is that earlier the District Collector was a member and Chairman of all the Standing Committees of the Zilla Parishad. Further, all the resolutions passed by Panchayat Raj bodies go to the government through the District Collector. Thus, we can see an organic link between the three levels of the Panchayat Raj bodies in Andhra Pradesh. Such a link does not appear to be there with the State Government, and it is much weaker in relation to the Central Government. The above description relates to the situation before 1985 amendments to panchayati Raj institutions.

Urban development in Andhra Pradesh is left to the municipalities. These municipalities are classified into five grades, namely, Special Grade, Selection Grade, Grade-I, Grade-II and Grade-III. In a district, municipalities of all these grades may or may not be present. Each municipality may be of any grade, functions as an independent unit. It works independently of the other municipal bodies. There is hardly any link between the municipalities and the State Government or the Central Government.

Even voluntary agencies have no organic links. Though all of them have come into existence with the purpose of serving the people, they are not linked horizontally or vertically.

Let us now consider the situation of Cooperative Banks. At the village level there are Primary Cooperative banks, at the District level, District Cooperative Central Bank and at the State level the State Cooperative Apex Bank. This is the position with regard to State Cooperative Bank which advances short term loans. These cooperative banks are governed by the members elected by the primary members of the societies. The presidents of the Primary Cooperative banks are the members of the District Cooperative Central Banks. They constitute the District Cooperative Central Banks. From among them will be elected the Board of Directors and the Management Committee. Similarly, all the presidents of the District Cooperative Central Banks are members of the State Cooperative Apex Bank. They elect the president, the Vice-president and the management committee. With regard to the policy formulation, implementation, etc., the State Cooperative Apex Bank has no links with the State government, nor does State Government have any links with the Central Government.

Commercial Banks and Rural banks have branches in all the districts. Those branches are opened by the Nationalized Banks such as the State Bank of India, State Bank of Hyderabad, etc. There is vertical link between the branch office to the regional office to the Head office at the State level. All the nationalized banks work under the control of the Government of India.

In recent years the Banking sectors is playing a very important role in rural development. But the linkages of Banks with other rural development agencies is very weak. There is no effective linkage between Panchayat Raj institutions and Banks. At the district level a number of special agencies are created for rural development. Most of them are headed by District Collector. But these agencies do not have field staff of their own. As a result they are depending on Panchayati Raj field staff for implementation of their schemes. Because of lack of effective organisational linkages at institutional level, the coordination of activities at field level is adversely affected.

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## 20.5. POLITICAL LINKAGES

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It has been brought out that the links with political leaders and political parties and with important personalities in the political system are likely to affect the functioning of the institution.

At the panchayat level, the leaders have direct contact with the people. This contact of the leaders with the people contributes to their importance in the political linkages. As such, the Panchayat leaders and the leaders at higher levels depend on one another. While the Panchayat leaders depend upon the higher level leaders for political support, the latter depends upon the former for shining a political base. In view of the importance of the position held by the Sarpanch, the taluq and district level political leaders strive to maintain close political relations with the Sarpanch.

The political links are found between the Sarpanch and the Samiti President; and the Samiti President and the Chairman, Zilla Parishad on the one hand, and on the other hand, there are links with the political leaders at the state level like the Ministers, MLAs; etc. These links may be on the basis of relationship, acquaintance or friendship with top level leaders. Research studies by several writers have revealed that the political links have benefited the rural areas. A study by K. Seshadri on "Political Linkages and Rural Development" revealed that in Andhra Pradesh the Panchayat Raj leaders exploited their acquaintance, relationship and party affiliation to get things done like lighting, water supply, roads, hospitals, schools, etc. Some of them even got an animal husbandry complex, a bacon factory and a fertilizer complex, etc.

A study by V.S. Prasad titled **Panchayats and Development** shows that a Gram Panchayat Sarpanch due to his political linkages with the Samiti President has been able to get finances for an approach road, Fish Seed Farm, Mahila Mandal Building, Panchayat Office building and the construction of side drains.

Similarly, it is also true that where the Panchayat Raj leaders have no links with the leaders at higher levels, their areas remain undeveloped. They fail to secure benefits for their people. Equally true is the fact that the higher level leaders face difficulties in elections because of those Panchayat Raj leaders with whom they do not have links.

With regard to Municipalities, the political linkage can be with the MLAs of the District and through them with the Minister of Municipal Administration. This is so because there is no 'tier system' in Municipal Administration.

### CHECK YOUR PROGRESS - EXERCISE NO. 2

1. Describe the vertical linkages in Panchayati Raj institutions.

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2. Describe the importance of political linkages for development.

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### 20.6. CRITICISM

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We have discussed the need for linkages organic, political and bureaucratic-between the various organizations involved in the development of the local areas and the benefits which such an arrangement would bring to the local areas. But there is the view that linkages go against the principles of decentralization. Linkages are also viewed from the populist and paternalistic approaches. The populist approach advocates the granting of complete autonomy to these organizations whereas the paternalistic approach considers them as being incapable of functioning independently. The advocates of paternalistic approach plead for the establishment of linkages. They argue that the local institutions if separated and isolated from other levels are likely to become ineffective. They are also of the opinion that local development is more important than local autonomy. In this context linkages are considered significant.

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### 20.7. SUMMING UP

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Linkages, both horizontal and vertical, are examined in this unit with a view to assessing their impact on rural development. At the horizontal level linkages between the Panchayati Raj bodies, municipalities, co-operative banks, commercial banks and the voluntary agencies are considered. It is found that the horizontal linkages are weak. An examination of the linkages at the vertical level has brought out that they are very weak. There is no doubt that linkages would contribute to rapid rural development. But the presence of parallel bodies at the horizontal level demand an integrated approach. The weak and feeble vertical links would hamper the process of development.

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## 20.8. ANSWERS TO CHECK YOUR PROGRESS

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### Exercise - 1

1. See 20.2
2. See 20.3

### Exercise - 2

1. See 20.4
2. See 20.5

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## 20.9. MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each.

1. Identify the problems in linkages among rural development institutions.
2. Describe vertical linkages among the panchayati Raj institutions in Andhra Pradesh.

### B. Answer the following in about 15 lines each.

1. Explain the importance of linkages in rural development
2. Explain the linkages between Banks and panchayati Raj institutions

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# UNIT-21 : RURAL UNREST : CHALLENGE AND RESPONSE

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## Contents

- 21.0. Objectives
- 21.1. Introduction
- 21.2. Agricultural Problems
- 21.3. Economic Problems
- 21.4. Social Problems
- 21.5. Measures to solve Rural Problems
- 21.6. Summing up
- 21.7. Answers to check your progress
- 21.8. Model Examination Questions
- 21.9. Reference Books

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## 21.0. OBJECTIVES

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After reading this unit you will be able to:

- explain the problems in rural areas; and
- describe the measures to be taken to resolve problems in rural areas

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## 21.1. INTRODUCTION

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Villages are no more the places for peaceful living. Many socio-economic and political problems are affecting peace and development in rural India. In an agrarian society, agricultural problems affect the total life of people in villages. In this unit the focus of discussion is on agricultural, economic and social problems. Some of the measures for resolving these problems are also discussed in this unit.

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## 21.2. AGRICULTURAL PROBLEMS

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The major problems in this respect are:

### (i) Unskilled Methods.

In India the progressive methods of farming have not yet been popularized. The farmer continues to use the old methods. Ploughing, sowing, harvesting and other allied activities still follow the old pattern. Consequently labour yields are less.

### (ii) Ineffective Tools

Besides the farming methods, Indian agriculture is further handicapped by the use of old and out-moded tools. Modern implements like tractors, sowers, have not been introduced on the scene for the agricultural activities. The reason for this backwardness is that the farms are subdivided into small pieces and the farmers have neither adequate knowledge of these tools nor the resources to purchase them.

### (iii) Undeveloped varieties of seeds

Not much has been achieved in India towards the improvement of the varieties of seeds and whatever little has been done does not spread over any considerable area. Most of the villagers

use undeveloped and degenerated seeds on their farms. As a result, the yield per hectare is extremely low.

**(iv) Small and Scattered Farms**

Most of the farms in India are small and scattered. When the owner of the land dies, his property is shared among his heirs. The land is further sub-divided in each succeeding generation. The resulting pieces of land become uneconomic holdings, and they do not yield food crops in proportion to the efforts.

**(v) Lack of Irrigation Facilities**

There is a serious shortage of the means of irrigation in India. The crop is not very good because the plants do not get water at the proper time. Most agriculture depends upon the rains for water, which makes it a gamble based upon the monsoon. If the rains come at the proper time and in proper quantity the crop is good, otherwise it is a failure.

**(vi) Shortage of Manure**

There is a considerable shortage of the supply of good manure to the crops. Consequently, we cannot have the same number of crops every year or those which are possible in other countries. Most of the farmers are ignorant of even the use of manufacturing manures. Knowledge of chemical manures is almost negligible and even where the chemical manures are available, the quantity is insufficient to meet the needs of the farmers.

**(vii) Destruction of Crops by Insects**

The villagers are not acquainted with the modern methods of preventing and curing diseases to which the plants are susceptible. Thus small insects cause heavy damage to the crops. Besides insects, animals like monkeys and foxes and even some birds help themselves to a good part of the crops.

The farmer is completely ignorant of the results of scientific research in the field of agriculture. The economic problems are also very serious in the Indian villages. The major problems are the following:-

**(i) Lack of proper Marketing Facilities**

There is no proper organisation for the sale of the produce of agriculture and cottage industries in the villages of India with the result that the producers do not get adequate remuneration for their labour.

**(ii) Indebtedness and high rate of interest**

Indebtedness has reached a very high level in the Indian villages, and the villagers do not get any relief from it because the rate of interest is extremely high. Sometimes the money-lender goes to the extent of taking possession of the animals of the debtor legally dispossessing him of his land as well. As a result of this extremely high rate of interest the progress of agriculture is not possible.

**(iii) Lack of Transport and Communications**

In the villages of India there are no adequate facilities for the transportation of goods. And in some places even the postal delivery of letters takes place once a week. The trade activity moves at a snail's pace because there is no facility of transport and communications.

**(iv) Problems of Small Scale and Cottage Industries**

The cottage and rural industries of India are in a helpless condition. They neither have adequate knowledge of the scientific instruments of production, nor are these instruments easily available. Even if they are available there is not enough money with the producer to enable him to purchase them. The hand made goods are unable to compete with the goods produced

in the factory. Thus, the rural industries are continually degenerating. The economic condition of the villages cannot be improved without solving the problems of the rural industries.

**(v) Problem of landless Agricultural Labourers**

The condition of the landless labourer in the agricultural sphere is very deplorable. Their annual income is rupees 487 per family and they are occupied only for 218 days in year. Among them only 16% of labourers are employed for almost the entire year. The number of agricultural labourers in India is 490 lakh and this number is continuously increasing. The Planning Commission had admitted that the problem of these labourers is undoubtedly big and complex which has not only an important bearing on the village economy but which, in the next 15 to 20 years, will have a serious influence upon the entire economic and social development of the nation.

**(vi) Problem of Cattle**

The problem of the cattle in the villages of India is also serious because they neither get sufficient fodder nor are they protected from disease. There is a great shortage of cattle of a good breed and no adequate measures are being implemented to improve it. Many of the animals consume fodder even though they are completely useless because of religious restrictions.

**(vii) Undeveloped Vegetation**

Another problem of the rural economy is the lack of an adequate use of the forest wealth. The forests are neither properly protected nor properly developed, and proper use is also not made of them.

Besides the above economic problems of the villages some other problems also assume serious proportions like the problems of famine, floods, monsoon failure etc.

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## **21.4. SOCIAL PROBLEMS**

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There are many serious problems in the social sphere of the villages. The most important among them are:

**(i) Illiteracy**

In the Indian villages the problem of illiteracy is very serious. Even today a larger number in the rural population is uneducated and illiterate. In respect of the technical and agricultural training, the picture is even more gloomy. This not only breeds superstition and dogmatism, but also hinders economic progress.

**(ii) Poverty and Unemployment**

The problem of poverty and unemployment in the villages is no less serious. Not all the people in the villages get even two square meals a day. In some extreme cases many people do not have even adequate cotton clothing let alone the luxury of woollens. The houses are small, inadequate and uncemented. The number of people who are employed throughout the year is extremely small. Even the farmers do not get work all the time in many months of the year while at certain periods they are completely unoccupied. Poverty and unemployment have together spread corruption, filth and moral degeneration in the villages.

**(iii) Bad condition of Health**

A very serious problem in the village is the extremely bad condition of health. In India the birth rate as well as the death rate are the highest as compared to the other countries and the span of life is the shortest. The rates of child birth and infanticide are also the highest. Due to inadequate and undernourishing food there is hardly any resistance of epidemics which are very common and there is no proper arrangement for eradicating them. People live in houses under insanitary conditions which the use of intoxicating drugs makes the state of their health even worse.

Beside the above problems others like superstition, religious dogmatism, casteism, untouchability, factionalism, disunity, litigation etc., are to be seen in the villages. There is a lack of political awakening. The means of communication not being available, the villagers are ignorant of the national and international problems which arise from time to time.

### CHECK YOUR PROGRESS - EXERCISE NO. 1

1. How lack of irrigation facilities effect development.?

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2. How unemployment causes rural unrest.?

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### 21.5. MEASURES TO SOLVE RURAL PROBLEMS

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Efforts are needed to supplement the inadequate planning for eradicating these defects from the Indian villages. In this respect the following positive measures may be suggested :

#### (i) Improvement in Agriculture

The first step towards the reconstruction of the Indian villages should be an improvement in the state of agriculture. To ensure this the following suggestions can be made.

- (a) The new methods of agriculture and farming should be exhibited and made popular.
- (b) Pointing out the shortcomings of the old implements knowledge of the use of the new tools should be disseminated and these tools should be made available in the villages at reasonable prices.
- (c) Improved seeds should be cultivated on government farms and be made available to the farmers at reasonable prices.
- (d) The scattered farms should be unified and the fragmentation of farms beyond a certain limit should be prevented by enacting laws to prevent them from becoming uneconomic holdings.
- (e) There should be proper provision of tubewells, wells, canals etc.
- (f) The advantages of chemical manure should be made known to villagers, besides making them available in the villages at a reasonable price. The process of compost manure from cow dung should be popularised. In this respect the panchayats should be assisted by the Government.
- (g) Measures for protecting crops from destructive insects should be exhibited on Government farms and instructive talks on the use of such protection measures should be broadcast over the available media for the benefit of the villages. Insecticides should be made available in the villages at a reasonable price.

(h) The Government should distribute medicines for curing the plants of the diseases which they may have contacted.

## (2) Economic Reconstruction

Some measures for economic reconstruction are:

(i) There should be arrangement for the sale of the village produce through co-operative societies.

(ii) The farmers, business men and other people engaged in small industries should be able to get the necessary capital at a low rate of interest from the co-operative banks.

(iii) Insurance schemes and other schemes for savings should be widely made known among the villages.

(iv) The roads in the villages should be reconstructed and properly maintained so as to withstand heavy vehicular traffic for transporting the goods. As far as practicable, new rail roads should be laid near the villages.

(v) The Government should extend special encouragement and assistance to cottage and small industries. New tools and capital at a low rate of interest should be made available to them, proper assistance being given to facilitate the sale of goods which they produce.

(vi) It is necessary to organise business fairs and exhibitions in the villages at regular intervals so that business may be encouraged and industrial knowledge increased.

(vii) Maximum efforts should be made to eliminate middle men like the landlords and money lenders in the transactions of the farmer and the labourer on the one hand and the producer and consumer on the other.

(viii) The Government should provide improved methods of cattle breeding in the villages. Necessary training for poultry farming and fish farming should be imparted.

(ix) Efforts should be made to provide the landless labourers with the maximum of land by encouraging the Bhoodan Movement. Law should also be passed in respect of the wages of agricultural labourers.

(x) The government should construct dams at strategic points in order to prevent floods and also canals to reduce the probability of floods. During times of floods and similar natural catastrophic happenings, Takkavi Loans should be distributed.

(xi) The village panchayats should develop the pastures and forests contiguous to the village and legal measures must be taken for their protection.

## (3) Social Reconstruction

The problems of village cannot be solved without resorting to social reconstruction. The major suggestions in this respect are:

(i) Adult education centres should be opened in the village and the Basic primary education should be made free and compulsory.

(ii) Efforts should be made to provide employment to all and also for removing poverty. Some control over the rate of interest should be exercised and wasteful expenditure should be curbed.

(iii) The basic laws of health should also be made known to the villagers and contaminations of foodgrains should be prevented.

(iv) Adequate provision of hospitals and maternity homes should be made in the villages where the poor should be treated free of charge. Measures for the prevention of infectious diseases should be implemented.

(v) It is necessary to remove insanitary condition in the villages if diseases to be prevented. The drains should be widened and cleanliness should be ensured in the villages. This work can also be done by voluntary agencies.

(vi) There is need for social propaganda for the eradication of untouchability, factionalism and superstitions etc.

(vii) In order to provide justice at the door step of the people the panchayat should be given the legal jurisdiction to dispose matters of minor importance.

(viii) The problem of rural improvement is not so simple as to be successfully solved by the Government alone and unaided, thus there is a great need for political awakening.

### CHECK YOUR PROGRESS - EXERCISE NO. 2

1. What measures are required for agricultural improvement?

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2. Identify the measures for economic reconstruction.

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### 21.6. SUMMING UP

In this unit we have discussed some of the problems faced by people in rural areas. The increasing consciousness of the people and the failure of the government to meet the rising expectations of people are resulting in increasing social tensions. The failure to restructure social relations to meet the changing needs of the people is also an important contributory factor for rural unrest. The discussion in this unit on the problems in rural areas, clearly shows that restructuring of socio-economic system in rural India is necessary for the development of rural people.

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### 21.7. ANSWERS TO CHECK YOUR PROGRESS

#### Exercise - 1

Ans: 1. See 21.2

Ans: 2. see 21.3

**Exercise - 2**

Ans: 1. See 21.5

Ans: 2. See 21.5

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**21.8. MODEL EXAMINATION QUESTIONS**

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**A. Answer the following in about 30 lines each.**

1. What are the major problems that are responsible for the unrest in rural areas?
2. Discuss major economic problems faced by rural people in India.

**B. Answer the following in about 15 lines each.**

1. What measures do you suggest for arresting unrest in rural areas?
2. Trace the causes for low agricultural productivity in India.

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**21.9. REFERENCE BOOKS**

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- |               |   |  |
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*Writer: N.H. Sitarama Sarma*

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## **UNIT-22 : URBAN UNREST : CHALLENGES AND RESPONSE**

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- 22.2. Manifestations of Urban Unrest
- 22.3. Factors Contributing to Urban Unrest
  - 22.3.1. Migration
  - 22.3.2. Growth of Slums
  - 22.3.3. Inadequate Services and Inefficient Administration
  - 22.3.4. Political Factors
- 22.4. Strategies to overcome the problems of Urban Unrest
- 22.5. Summing Up
- 22.6. Answers to Check Your Progress
- 22.7. Model Examination Questions
- 22.8. Reference Books

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### **22.0. OBJECTIVES**

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After reading this unit you should be able to:

- explain the different dimensions of urban unrest;
- describe the factors contributing to urban unrest; and
- explain the strategies to overcome the problems of urban unrest.

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### **22.1. INTRODUCTION**

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An interesting phenomena being witnessed in many developing countries is the open manifestation of disillusionment and disenchantment about the performance of the government to usher in socio-economic change. The people expected massive changes. Though changes have taken place, the tempo of change has not been fast enough to sustain public confidence. The mounting frustrations are evidenced by unrest both in the rural and urban areas. Strikes, breakdown of law and order, increase in the number of crimes, communal violence, clashes between the privileged and underprivileged are some of the outward symptoms of the deep rooted malady affecting the nation and society, while every individual is aware of the restlessness, there is need to identify the factors that generate these tensions. The causes may cover demographic, economic, political, social and cultural spheres of the society.

While the unrest may be the common denominator in both rural and urban areas, the types of unrest may be different as between these two areas. For example, the urban areas may witness social tension caused because of the slums, the rural areas may be affected by the agitation by agricultural labourers. A student of local organisations should have a clear idea about the nature and types of unrest especially in the urban areas. It would also become necessary to understand the causes and evolve strategies to reduce the tensions. This unit would attempt

to provide the types of urban unrest, the factors contributing to the problem and the possible remedies that may be thought of.

## 22.2. MANIFESTATIONS OF URBAN UNREST

One of the important characteristics of development is the great importance attached to industry and commerce. An outcome of this is the large scale migration of people from rural areas to urban areas in search of employment. As more and more people pour into the cities and towns, the density of population in the urban areas increases. The concentration of people in a limited area results in several inconveniences to the common man. The citizens in the urban areas suffer from want of pollution-free atmospheres, protected water supply, clean surroundings, and adequate public health care. To add to this inadequate transport facilities make an average citizen to spend lot of time in commuting from his residence to the place of work and back. All-in-all the citizens as well as city administrators face difficult times ahead.

A typical example of urban unrest is the outbreak of violence and the use of force to restore law and order. The following statistics would provide an idea about the nature and types of clashes during the year 1985 in our country. If rioting is an indication of law and order situation in a city then Ahmedabad, Hyderabad and Calcutta stand out as the worst three cities. As many as 833 rioting cases occurred in Ahmedabad during the year 1986, no doubt the caste riots accounting for most of them. Hyderabad records the next highest number of 763 which included several communal clashes. In Calcutta the number was 604. Similar riots also took place in smaller towns notably Bhiwandi in Maharashtra, and another town in Assam. By and large these disturbances could be categorised as socio-religious in nature.

Yet another category of unrest is political in nature. Different political parties choose the capital city or the major towns to launch their campaign against the party in power. Normally these protests are directed against policies pursued by the government of the day. Possibly these agitations are engineered.

A different type of urban unrest is the feeling of insecurity for the citizens living in slums. The inhuman conditions in which people live also contribute to ill health and increase in crimes.

People living in towns and cities also have to contend with highly inefficient and corrupt administration. The mounting expenditure and inelastic sources of income make it difficult for the civic authorities to provide even minimum services. There is an undercurrent of resentment though it is not open.

### CHECK YOUR PROGRESS - EXERCISE NO. 1

1. Explain different manifestations of urban unrest.

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2. Describe political manifestation of urban unrest.

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## 22.3. FACTORS CONTRIBUTING TO URBAN UNREST

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The aforementioned description would provide an idea of the types of urban unrest. It is equally important to understand the causes for the unrest among the people in urban areas. Here it would be in order to list out the possible causative factors and explain as to how they contribute to urban unrest. The factors may be listed as follows:

- i) Migration;
- ii) Growth of slums;
- iii) Political Factors
- iv) Inadequate Services and Inefficient Administration.

### 22.3.1. MIGRATION

Migration of people is considered as the basic tenet of urbanisation. This is also one of the major factors that contributes to urban growth. During the decade of 1951-61, the net rural to urban migration accounted for 40.6 per cent of the decade's urban growth. About 11.62 millions moved from rural to urban areas. During 1961-1971 period nearly 11 million persons migrated to urban areas. While figures provide some idea about the flow of population, it becomes necessary to identify areas where they settle and the types of migration. Equally important would be the exercise to identify the impact of such movement on the socio-economic life of the residents. Possibly such an attempt would provide a clue for urban unrest.

Experts on migration have identified four migration zones. They are:

- i) Distressed areas with small villages, and no infrastructure;
- ii) Areas with resource potential and with some development with limited infrastructure;
- iii) Small towns which are more developed but with low infrastructure;
- iv) Highly developed areas with high infrastructure facilities.

The highly developed zone attracts the maximum pull from all other areas. Distance factor has little or no significance to migration. Zones two and three if developed would also act as pull centres. Thus, urban industrial complexes, mineral based industries, land reclamation schemes, irrigation projects act as magnets for migration. In such a situation the city/urban employment capacity is filled by the unemployed migrant labour. Hence migration has an imbalancing function of either increasing the level of urban unemployment or under-employment. This may be considered as one of the results of migration and possibly contributes to urban unrest.

While seasonal rural to rural migration does not pose any problem, there is another type of migration which may contribute to imbalances. In the words of Prakasa Rao "the rural to urban migrant streams are becoming highly disparate and polarised; one large stream consisting of the illiterate poor in search of livelihood, and another, consisting of the rich, educated and the elitist in search of better opportunities, proximity to a city or a high way acts as a pull factor. The poor are pushed out of the village, while the rich are pulled into the city. Thus in the city or a big town the industrial area is dominated by migrants which stand as enclaves of poverty amidst prosperity. To this must be added the third dimension namely the feeling of the traditional residents of the city. The inflow of migrants makes them feel better and reasonably so that they are being edged out by the newcomers. The feeling of "we" and "they" begins to take root. The massive unrest in Hyderabad during the years 1969-71 can be cited as an example.

To sum up, the process of migration leads to the following:

- (i) Urban unemployment and under employment;
- (ii) The socio-economic disparity between the have and have nots;
- (iii) the feeling of alienation between the traditional residents and the migrant population;
- (iv) The frustration among the people in towns and cities because of the failure to realise the anticipated benefits.

Possibly these factors contribute to economic disparity leading to unrest.

### 22.3.2. GROWTH OF SLUMS

The words slum and city cannot be separated just like an individual and his shadow. The Slum Act of 1956 defines slums mainly in terms of sub-standard structure of housing, over crowding, lack of ventilation, zero or near zero sanitary facilities all conspiring to promote slum life which defies health and morals. Some of the city master plans define a slum as an area with more than 20 huts. Normally, the slum is associated with over-crowding, filth, sub-standard Housing, drinking, vice, violence, apathy, and poverty. A positive attitude is to recognise that the slum as a component of city evolution, an element of urban complex, as a transitional settlement and the need to appreciate the contribution of the slum dwellers to the city's low wage labour work force and its gross product. Thus the slum represents both the physical and human adjustment to poverty.

The slums in big town and cities are on the increase. The number of slums in Hyderabad, Secunderabad increased from 106 in 1962, to 283 in 1972 and 357 in 1976. while the city population increased by 44 per cent during 1961-1971, the slum population increased by 132 per cent during 1962-72.

If the population increase has been alarming ground and room congestion associated with unhygienic conditions is one distinct characteristic of all slums. In Hyderabad and Secunderabad slum population density varies from 49 persons to 3571 persons per acre. Room congestion varies from 2 to 21 persons per room. Ground congestion of houses varies from 10 to 595 houses per acre.

The physical conditions of the slum is hardly conducive to any prevalence of order. While the slums generate law and order problems, increasingly they are drawn into the political areas also. To quote Sri Prakasa Rao ..... the disintegrating force is the voting right of the slum dweller that is making him feasible to yield to power politics. He is now sandwiched between the political lord and the slum lord.

The slums also pose a problem for the guardians of law. By and large, the under-world comprising of drug traffickers, thieves, hard-core criminals, pimps and prostitutes have direct or indirect link with the slums and slum lords. Within the slum the life for women and children and elders is hardly conducive for orderly life.

Further, the slums existing by the side posh localities present a study in contrast, poverty amidst plenty. This engenders a feeling of deprivation to the slum dwellers and contributes to socio economic tensions occasionally leading to outbreak of violence. Thus the slum presents some of people who are semiskilled with low occupational status and low income drawn mainly from the weaker sections of communities. Thus slums should be equated first with the poverty of people the sub-standard living conditions.

### 22.3.3. INADEQUATE SERVICES AND INEFFICIENT ADMINISTRATION

One of the common complaints about city and urban governments is the poor quality of services rendered by the city administration. The citizens complain of unsanitary condition,

poor lighting, unsatisfactory state of roads, inadequate health care etc. The reasons for such state of affairs are inefficient and poor management, inadequate finances and corrupt officials. There is considerable amount of dissatisfaction among the city dwellers. However because of their apathy, the discontentment is dormant.

It is also pointed that the controversy concerning place vs. people's development also may contribute to urban unrest. Any development of a place should be considered from its utility value to the inhabitants. Sometimes the priorities fixed by the authorities may go contrary to the urgent needs of the people. The city beautification and the road widening scheme of the Municipal Corporation of Hyderabad has not improved the lot of a common man living in the congested areas of the city and the outskirts. The cost benefit analysis is the pre-requisite for any scheme taken up by the civic authorities.

All these factors contribute in different measure to urban unrest. The discussion tends to highlight few of the major factors. It is not enough to identify causes for urban unrest. It is imperative to evolve strategies that would not only arrest urban unrest but reverse the trend. The effort is gigantic and would involve huge investment of men and money.

#### **22.3.4. POLITICAL FACTORS**

A recent phenomena being witnessed in urban areas is the large scale violence fomented directly or indirectly by political parties. Certain instances may be cited as examples. The city of Hyderabad witnessed violence during the years 1969-71. The Telengana Praja Samithi spearheaded a movement to project the neglect by the government of the educational and employment needs of the people of the area.

These agitations caused loss of life and property. Order was restored only when the Central Government announced several economic, educational and employment concessions to the people of the region. The comparative neglect of the Telengana region by the Congress party was exploited by the dissidents in the Congress Party (who formed the Telengana Praja Samithi). The people of the region living in cities and towns became tools in the hands of politicians and had to suffer.

The city of Hyderabad also witnessed communal riots in recent times. Political parties have exploited the religious sentiments of the people and incited violence. The old city became the scene of clashes between two communities. The dislocation of normal life affected adversely the poor people.

The city of Ahmedabad suffered long spells of violence. The point of dispute was the reservation policy of the government of Gujarat. The anti-reservations and reservationists had the support of different political parties. The caste factor was exploited to the maximum extent. Similar agitations took in place in smaller towns also.

While the reasons mentioned above are general in nature, there are certain other factors that also contribute to urban unrest. It may be worth while to examine them.

#### **CHECK YOUR PROGRESS - EXERCISE NO. 2**

1. What are the effects of migration

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2. What are the effects of slums on law and order situation in urban areas.

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## **22.4. STRATEGIES TO OVERCOME THE PROBLEM OF URBAN UNREST**

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It is heartening to note that steps are being taken in this direction by the Government of India and the State Government. The policy makers have realised the primary cause for the urban unrest is socio-economic deprivation. Efforts are being made to tackle the problem.

It is worthwhile to mention that the Government of India has set up an Urban Development Ministry. An expert committee also has been set up to aid and assist the formulation of a national policy for urban development.

It is hoped that this policy document would spell out the guidelines for the optimum size of the city, the location of industries, decongestion procedures of existing metropolis and improvement of living conditions within the cities.

Financial assistance is being made available to tackle the problem of urban decay. For instance the Government of India has sanctioned a loan of Rs. 100/- crores to Maharashtra Government for massive capital investment to save the city of Bombay.

Here in Hyderabad the Andhra Pradesh Government has established Quli- Qutub Shahi Urban Development Authority for rapid development of the old city. The authority is concentrating on improving the living conditions in the old city.

Regarding slums a two pronged strategy is proposed. To start with the State Government took the task of pulling down the slums and providing alternative accommodation. However, it was found to be not successful.

These are also short term measures. The need of the hour is to develop a long term plan which would evolve useful linkage between the urban and rural economy thereby reducing the pull and push of the cities and towns.

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## **22.5. SUMMING UP**

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The increasing urbanisation necessitates the increasing attention to urban problems. At the urban centres are the political and administrative power centres, the maintenance of social harmony in these places is crucial to efficient administrative system. In this unit we have discussed about the different dimensions of the problem of urban unrest and some strategies to maintain peace in urban areas.

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## **22.6. ANSWERS TO CHECK YOUR PROGRESS**

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### **Exercise - 1**

1. see 22.2
2. see 22.2

### **Exercise - 2**

1. see 22.3.1
2. see 22.3.2

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## 22.7. MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each.

1. Trace the causes for unrest in urban areas
2. What strategies are designed for tackling the unrest in urban areas.

### B. Answer the following in about 15 lines each

1. Discuss the political causes for deteriorating conditions of living in urban areas.
2. "Migration is the major cause for deteriorating conditions of living in urban areas " Elucidate.

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## 22.8. REFERENCE BOOKS

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1. Centre for the study of Developing Societies : Urban tensions in India A case study of Civic amenities in New Delhi, CSDS, Delhi, 1974.
2. Connell, John etal : Migration from Rural Areas : The Evidence from village studies, Oxford University Press, New Delhi, 1978.

*Writer : K. V. Srinivasan*

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# UNIT-23 : LOCAL ORGNISATIONS: MANAGEMENT PROBLEMS

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## Contents

- 23.0. Objectives
- 23.1. Introduction
- 23.2. Financial resources
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  - 23.3.1. Municipal Personnel
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- 23.4. Political Management
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- 23.6. Summing Up
- 23.7. Answers to check your progress
- 23.8. Model Examination Questions
- 23.9. Reference Books

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## 23.0. OBJECTIVES

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Any organization has to work within the given constraints. Constraints are in-built in the system.

The objective of this Unit is to explain to you the given constraints of rural development administration. After reading this unit you would be in a position to

- identify the management problems of local organizations,
- appreciate why rural development in India is not as fast as it is desired to be.

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## 23.1. INTRODUCTION

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Management is essential for every organization because it helps in achieving its objectives. Management has become all the more important in view of the vastness and complexity of modern government and its declared policy to work for a "socialistic society".

Management is regarded as a collective utilisation of resources, namely, money, men and material, for the achievement of a set goal. But management does not itself do things but gets them done by others.

To manage is to manipulate the resources - financial, material and human - to achieve the target. According to Newton's law of motion every body continues in its state of rest or uniform motion unless compelled by some external force acting upon it to act otherwise. This external force is management. Thus it is management which makes things move in the desired direction.

Management changes the direction, controls the speed, and ensures that the available resources are put to optimum use to achieve the declared objective. In fact, management essentially means the utilisation of scarce resources - money, men and materials - for achieving optimum production. Production in government offices is in the form of services and in private and public in the shape of goods and services.

Sickness in industries is attributed mainly to poor management. For instance, low levels of production of food grains are attributed to poor crop management. Poor crop management, poor industrial management or any poor management results from poor management of resources.

We shall discuss the management of resources of organizations involved in rural development, especially the Panchayat Raj institutions, co-operative societies, commercial banks and voluntary organizations in this unit.

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## **23.2. FINANCIAL RESOURCES**

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### **23.2.1. PANCHAYAT RAJ BODIES**

Panchayat Raj institutions receive funds for their expenditure from four sources : (a) Grants (b) Fees and taxes (c) Income from commercial enterprises and (d) Loans. Of these, government grants form the biggest and the most important form of income. Grants flow from the State Government to the Zilla Parishad, from the Zilla Parishads to Samitis and from the Samitis to the Gram Panchayats. Nearly 80% of the income of the Panchayat Raj bodies is made up of government grants. Thus the Panchayat Raj bodies depend heavily on the State Government for finance. While the functions of these bodies are increasing, there is no corresponding increase in the financial assistance which makes it difficult for them to balance their functions against their financial resources. Several Committees have recommended the granting of adequate financial autonomy to these bodies so that they would be able to discharge their functions. The debate autonomy versus control has been continuing.

### **23.2.2. COOPERATIVES**

Co-operatives have been created mainly to free the poor farmers from the clutches of the money-lenders. Co-operative loans bear lower rates of interest than the other loans. It is true that funds are required to finance the needy farmers. But owing to inadequate financial resources, co-operatives are not able to cope with the growing demand for financial assistance from the poor farmers. The principal reasons for the unsatisfactory financial position are (a) poor recovery of loans, and (b) failure to attract deposits from the public.

### **23.2.3. VOLUNTARY AGENCIES**

The funds of the voluntary agencies come from two sources (a) internal and (b) external. Membership fee, annual subscriptions of the members, donations from the public, grants by the government come under the first category, i.e., internal sources. The main source of income for the voluntary agencies is from the government grants.

The other source of the income for voluntary agencies is the donations received by them from foreign philanthropic agencies.

The main problem faced by these bodies is that of inadequate finances or no finances. Voluntary agencies have no sources of income of their own nor do they have a continuous flow of funds. As a result, they have to depend upon the other agencies for their requirements.

The organisations involved in the rural development suffer for want of finance. For instance, consider the case of urban local bodies, the effectiveness of which would depend on their being able to collect taxes in an adequate measure. But experience has shown that the local bodies

are generally not able to collect taxes such as house, water etc., promptly or even increase them, if needed, mainly because they affect the electorate directly. It also leads to public protest, political agitations, etc. In most of the cases the House Tax is kept low although it is potentially one of the richest sources of revenue for local bodies. But its potential is not exploited to strengthen their financial position because of political considerations. The machinery for the evaluation and collection of the taxes is often inadequate, inefficient and corrupt. It has been observed by the Rural-Urban Relationship Committee that the local bodies limit their activities to what can be carried out with the available income rather than attempt to assess the needs and mobilise the required resources. This 'No-funds', 'No work' approach of the local bodies speaks of their unhelpful approach to the management of their finances. Moreover, they have to plan their expenditure as per appropriate priorities to avoid wastages of their limited resources.

### **CHECK YOUR PROGRESS - EXERCISE NO. 1**

1. It is not the problem of resources but that of their use that is responsible for slow development of rural poor. Comment.

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### **23.3. PERSONNEL MANAGEMENT**

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Of the three resources human is most important. It is the personnel who translate policies into actions and promises into programmes. In other words, they help in materialising what has been planned. Even the sophisticated computer is manufactured by and operated by man, and the programming has to be done by man alone.

Such being the importance of personnel, let us examine the personnel management in local bodies, co-operatives and commercial banks.

#### **23.3.1. MUNICIPAL PERSONNEL**

The personnel working in the municipalities can be divided into two categories - (a) Deputed employees and (b) Own employees. General and technical staff are deputed from the State Government. The Municipal Commissioner, Engineer, Medical Officer, and Town Planning Officer belong to the first category of municipal employees. The Sanitary Inspector, Tax Inspector, Bill Collector, Clerks and attenders come under the second category, who are recruited by the municipality and they work under its control.

#### **23.3.2. PANCHAYAT RAJ PERSONNEL**

As in the municipalities, in the Panchayat Raj bodies also there are two categories of employees - (a) deputationists and (b) own employees. The employees who come under the first category are the District Development Officer, Executive Engineer, Assistant Engineer and Accounts Officer who are recruited by State Public Service Commission or the agencies concerned, the District cadre employees such as Manager and Superintendent are recruited by the District Selection Committee.

An examination of the personnel management practices in both municipalities and Panchayati Raj bodies would be helpful to know their weaknesses and strengths and their likely impact on municipal services.

One of the main weaknesses of municipal government in India has been the absence of a well-organized and effective system of personnel management to bridge the gap between the growing aspirations of the people and the civic needs. No organization can perform well without having competent personnel. As observed by the Rural-Urban relationship Committee, there is a pressing need for establishing a permanent corps of officials recruited on the basis of merit and offering them security of tenure and opportunity for advancement through a graded system of promotion.

In Andhra Pradesh as has been mentioned earlier, the executive and the technical posts are manned by local government personnel or by officers deputed from the State Services. The conditions of service, pay scales and prospects for promotion are not very attractive. They compare very unfavourably with those obtaining in the Government. Under these conditions it is difficult to attract suitable candidates to municipal services and still more difficult to retain them. Without qualified staff the work will suffer and funds earmarked for various services will remain unutilised.

As the present system fails to attract proper personnel to municipal service, there is a need for improving the quality. To achieve this it is necessary to create a state-wide cadre for certain categories of officers. Under the state-wide cadre system which is also known as unified service the postings would be made exclusively to the municipalities of the State. The pay scales should be both fair and adequate and correspond to those of government employees in equivalent positions. The existing facilities for imparting training are inadequate. This calls for the formulation of an effective programme of training for the municipal employees.

Panchayat Raj Personnel are recruited by more than one agency. As a result, the employees are not working as a team. Panchayat Raj bodies are not able to exercise any control over the deputationists other than what is routine or formal. Moreover, they are like 'birds of passage' having no abiding interest in the growth and development of Panchayati Raj bodies. In view of this the creation of a separate Panchayat Raj service is suggested so as to include all categories of the employees who are now working in these bodies. This has been put forward as a solution to the personnel problems of these bodies. This arrangement could also create among the employees a sense of belongingness and oneness.

Training is a neglected aspect even in the Panchayat Raj bodies. Moreover the training, if taken up, is imparted to the deputationists who hold key positions. With the result when they leave the organization at the end of their deputation, all fruits of training are lost to the Panchayat Raj bodies.

### 23.3.3. COOPERATIVE PERSONNEL

The situation in the co-operative banks is no better than what it is in the municipalities and the Panchayat Raj bodies. The Banking Commission in its report has observed that 88% of the co-operatives do not effective personnel policies. Though the co-operatives are adopting modern techniques of personnel management such as paper advertisement, conduct of written and oral tests, they have not been able to cash up on them. Co-operatives are not able to attract and retain able and efficient personnel. It is observed that personnel management suffers from corruption and defects. No attempt is made by these bodies to recruit the best talent.

Training is a part of the service regulations of the co-operatives. Yet, it is taken very casually. It should not come as a surprise if there are untrained people in the co-operatives. The fact is that the employees who require training are not deputed for training and that those who are sent for training do not require it.

Chances for securing promotion are few and far between. Even those available are given to those who are politically influential. This is a dangerous tendency. It would interfere with the concept of civil service neutrality.

## CHECK YOUR PROGRESS - EXERCISE NO. 2

1. What are the weaknesses in personnel management of the bodies involved in rural development?

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### 23.4. POLITICAL MANAGEMENT

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Panchayat Raj, municipal bodies and co-operative institutions are basically political institutions. They are created, continued and abolished by the State Governments. It is expected that people with service orientation, dedication and sincerity would man these organizations. In case this does not happen, the State Governments have the authority to suspend such office-bearers, or to remove them from office, etc. It is alleged that the State Governments are often exercising this power to punish their political rivals rather than to set things right. In several States, elections to these bodies are postponed for political reasons. Such an action cuts at the very roots of democratic decentralization. This speaks of the stemmately attitude of the State Governments. Unless the State Governments have full faith and trust in the political leadership of the local bodies, local democracy and rural development will remain pious slogans. In some states panchayat raj bodies are abolished without providing an alternative. This sort of adhocism is prevailing because of lack of clarity with regard to public policy. The abolition of an exiting political institution brings to standstill the ongoing programmes and developmental activities.

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### 23.5. PROCEDURES

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Cumbersome procedures and large number of forms to be filled in by people constitute another problem for local organizations. We have discussed this problem elsewhere in this course material.

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### 23.6. SUMMING UP

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Local Organizations are beset with several management problems. These have been studied by several committees which have made recommendations. But there has been no tangible improvement in their working.

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### 23.7. ANSWERS TO CHECK YOUR PROGRESS

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#### Exercise No. 1

1. see 23.2.3 para 4

#### Exercise No. 2

1. see 23.3.1, 23.3.2, 23.3.3

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### **23.8. MODEL EXAMINATION QUESTIONS**

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**A. Answer the following in about 30 lines each.**

1. What are the problems of local organizations with regard to personnel?
2. Discuss the financial problems of the local organizations.

**B. Answer the following in about 15 lines each.**

1. What is management?
2. Explain what is meant by Cadre system?

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### **23.9. REFERENCE BOOKS**

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*Writer: P.*

BRAOU

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# UNIT-24 : FUTURE OF LOCAL ORGANISATIONS

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## Contents

- 24.0. Objectives
- 24.1. Introduction
- 24.2. Importance of Future Studies
- 24.3. Problems faced by Local Bodies
- 24.4. Structural Issues in Local Organisations
- 24.5. Summing Up
- 24.6. Answer to Check Your Progress
- 24.7. Model Examination Questions
- 24.8. Reference Books

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## 24.0. OBJECTIVES

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After reading this unit you should be able to :

- explain the problems faced by local bodies; and
- describe the structural issues in local organisations

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## 24.1. INTRODUCTION

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The general structure, functions, problems and place of local organizations have been discussed in the earlier units. The local organizations should play a pivotal role in development as promoters or generators. While the objectives of these agencies cannot be contested, the structure, functions, finances and other related aspects of these bodies -- considered in relation to their objectives - can be questioned. In other words there seems to be a gap between promise and performance. In this unit we shall discuss the future trends of the issues of local organisation.

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## 24.2. IMPORTANCE OF FUTURE STUDIES

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The organizations have come into existence as a result of the acknowledgement of the need for decentralisation and its significance to the goal of achieving development. Theoreticians of Growth and Development have recommended a strong institutional structure at the grass root level for the effective implementation of the five year plans. Decentralisation, it is argued, is sine qua non for bringing about development. A vast country like India, for instance, cannot be developed effectively through centralisation of authority. Further, the policy makers of third world countries have realised that unless people participate in the development process the results will be unsatisfactory. The local organizations, it is believed, would throw open the avenues of participation to the people in the affairs concerning them. But this is not borne out by an experience of nearly thirty five years of developmental effort. Our local bodies have not measured up to our expectations. This fact coupled with the need to look ahead should make us reconsider the potential of these agencies to meet the challenges of the future.

We have been hearing reports/news about how things are going to develop in future. Of course we are familiar with predictions of various kinds or of different interests about the future. In fact, a new branch of knowledge called 'futurology' has emerged. Some of us may have heard

of the reports of the Club of Rome on 'Limits to Growth' which cautions us against population explosion and its likely effect on the economy, political system and social systems of not only the developed but also the underdeveloped countries. There are also warnings about the imbalances of growth. The book "The Year 2000 : A Frame Work for speculation on the next thirty years" by Kahn and Weiner published in 70's says that by the year 2000 A.D. there will be "islands of wealth in sea of poverty". Several others have foreseen such increasing inequalities of income which could lead to the outbreak of violence and rebellion all over the world. Of the several challenges which we may have to face in future the growth of population is regarded as one of the important. Thus the visions of the future projected by many eminent academics and public men appear disturbing, if not alarming! As part of the scheme of things the local organizations are likely to be affected by the developments in the next 20 or 30 years. An awareness of the problem which the future may pose should make us take such steps as are needed to meet them. Futurology should prove helpful in this regard by virtue of its being the study of the "interplay between resources and demand".

It may be argued by some that there is some difference between the problems of the developed and those of the developing countries. The latter are yet to satisfy the basic needs of their rising populations. However, it should be remembered that the developing countries are part of the global system and hence are prone to be affected by the developments elsewhere. The local agencies being a part of the national system, will, also be influenced by them. Discussion on the future of local agencies is particularly relevant in the context of preparing the nation for the 21st century, acknowledgment of the need for the development of human resources, new education policy, attempts at the introduction of high technology etc.

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### 24.3. PROBLEMS FACED BY LOCAL BODIES

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There are some general issues which have to be faced by the local bodies in the coming years. They are :

1. Rising expectations of the people with regard to the role of the State in the eradication of poverty;
2. Rise in population;
3. Demand for better educational facilities;
4. The question of the adequacy of the structure of local bodies in facing up to its tasks;
5. The question of the availability of adequate managerial skills and formulation of effective personnel policies;
6. The problems of linkages and coordination among the local organizations and those with higher levels;
7. Declining financial resources and rising aspirations;
8. Increasing migration to urban areas and the decline in the standard of services by the urban bodies.
9. Threat of noise pollution and other environmental problems;
10. Poor performance of agencies for urban renewal;
11. Extension of jurisdiction under urban areas without any corresponding increase in the revenues.

Let us now examine the present structures and their ability to cope with the challenges of the future.

#### CHECK YOUR PROGRESS - EXERCISE NO. 1

1. Explain the significance of future studies

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2. What are the problems faced by local bodies?  
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#### 24.4. STRUCTURAL ISSUES IN LOCAL ORGANISATIONS

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In the earlier years of planning in our country the launching of Community Development programme was significant in that it was the first planned move to develop rural areas. It did not produce the desired results because it had to depend on the initiative of the Government alone, rather than that of the people for whose development it was intended. To provide a corrective and in order to secure people's participation in development, the panchayat Raj institutions came to be established in 60's. They were structured on a two-tier pattern in some states and on a three-tier pattern in most others. They represent a significant attempt to create avenues for the participation of the people. They have been charged with wide ranging functions but not with enough finances to discharge them. Indeed they have become static for want of funds instead of becoming dynamic agents of rural development as has been discussed the earlier. Indeed the starting of special agencies seems to be a tacit acknowledgement of the ineffectual functioning of Panchayat Raj institutions.

The structural changes attempted within the Panchayat Raj by some states may also be considered from this perspective. Mere change of structure from 4 to 3 tiers or vice-versa or from 2 or 3 tiers may not strengthen these institutions. Of special interest in this context is the creation of a new set up in Andhra Pradesh to replace that of the Panchayat Raj. The new set up involving the replacement of "Samiti" by "Mandal" does not at first sight seem to represent any radical departure from that of the old panchayati Raj. This may be an indication of democratic societies to go in for incremental changes rather than complete reorganization. Significantly, the Act passed by the A.P. Legislative Assembly providing for the new set up enumerates a large number of functions but is silent on the question of functions and financial resources. A striking feature of the new set up however, is the creation of 1104 new Mandals in the place of 330 samitis and time alone will show whether the Mandals will succeed where the Samitis have virtually failed. The case of the cooperatives is more or less identical with that of the Panchayat Raj institutions except that their functions are entirely economic unlike the Panchayat bodies. As regards banking institutions the weak links with the regulatory administrative structures in the identification of target groups/beneficiaries etc. have resulted in an uncoordinated effort to tackle rural poverty. The role of the special agencies in rural development is yet to be assessed as they are of recent origin. The voluntary agencies are showing some promise but their number is too small to warrant any serious investigation.

In so far as the urban local bodies are concerned they seem to be facing the same set of problems as those faced by their counterparts in rural areas. With the prospect of increasing migration from rural areas consequent on rapid industrialisation, the urban local institutions are confronted with the problem of depleting financial resources and increasing demands for services from people. In addition to the problems mentioned above, popular local bodies like PRI's

Cooperatives and municipalities have to contend with yet another problem i.e. uncertainty, since the State Governments have the powers to dissolve or supersede them on any ground. Thus, it may seem that the structural and functional constraints might prove inhibiting if not debilitating if they were to assume higher responsibilities in the coming decades. Unless a fair amount of autonomy is assured to the grass root structures their growth will be severely hampered leading to an imbalance in the democratic policy.

Several committees have identified the constraints, especially those related to resource mobilisation, under which the local organizations have been labouring. The question is whether they will be able to or enable to overcome them in the near future. This question is related to that of the role envisaged for them in the time to come. As for the second question, not much thought seems to have been given to, except that they should effectively carry out the responsibilities entrusted to them. Taking it up first you may say that these local bodies ought to be endowed with the requisite powers and financial resources in order that they may be made accountable for the implementation of developmental plans. As things stand there seems to be little possibility for their being able to mobilise adequate resources to match their responsibilities for reasons which are not far to seek. If the experience in the past is any indication these local bodies have come to play a greater role in power politics than developmental activities. Further, their financial requirements have all along received a low priority in respect of development financing. Furthermore the dependence of these local bodies on what may be called the patronage of the state administration has stifled their initiative and even their functioning. In view of these it will be difficult to anticipate how the situation will develop in the time to come since any improvement of it is possible only if they involve the people as the highly successful local government organizations have done in some of the advanced countries of the world. Their identity should be such that they should be regarded as decentralised units of governments in so far as development is concerned.

This would depend on their reversal of such trends or such tendencies as make for centralisation, since they have militated against the governmental attempts to bolster up the tottering organizations at the grassroot level though the creation of special agencies or organizations in addition to Panchayat Raj bodies.

The failure of local organizations to grow into effective instruments of national reconstructions, if not national progress, is largely due to the apathy of the people at large for which they alone are not responsible. Although the importance of people's participation in developmental effort has been recognized no systematised measures have been taken to involve the people in large numbers as possible in the implementation of developmental plans. If this is to be brought about, structural changes in local organizations will not help since they can at best draw a fraction of the rural population in developmental effort. Further, they themselves cannot create opportunities for large scale participation of the people which is possible only if the functions of these local bodies is made dependent on the collective will of the people concerned.

It would mean a democratization of the processes of decision-making and implementation. The need of the hour seems to be a national debate on the role of local organizations in the future national development so as to achieve a national consensus on the need to shape the local organizations as radiating centres of development and progress.

## CHECK YOUR PROGRESS - EXERCISE NO. 2

1. What are the limitations of reforms in Panchayat Raj?

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2. How Centralization of policy effects the future of local organizations.?

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## 24.5. SUMMING UP

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The future of local organisations depends on future developments in society; more particularly in a polity. The strengthening of democratic structures in the polity results in increased role to local organisations. The political consciousness of people also enables the effective functioning of local organisations. In this unit we have only broadly indicated some issue in local organisations. The ways of their resolution depends on developments in national and international spheres.

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## 24.6. ANSWERS TO CHECK YOUR PROGRESS

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### Exercise - 1

1. see 24.2
2. See 24.3

### Exercise - 2

1. see 24.4
2. see 24.4

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## 24.7. MODEL EXAMINATION QUESTIONS

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### A. Answer the following in about 30 lines each.

1. Explain the structural constraints the local bodies are likely to face in coming decade.
2. Identify the problems faced by local bodies.

### B. Answer the following in about 15 lines each.

1. Write about the significance of future studies.
2. What are the limitations of reforms in Panchayat Raj

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## 24.8. REFERENCE BOOKS

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1. Thana M & Om Prakash : Integrated Rural Development (State of Art Series) India, CIRDP, Sterling Publisers, New Delhi, 1989.

*Writer: I. Ramabrahmam*

# DR. B. R. AMBEDKAR OPEN UNIVERSITY

## UNDERGRADUATE PROGRAMME

### SYLLABUS FOR THIRD YEAR B.A.

#### PUBLIC ADMINISTRATION

##### Course III - Local Organisations and Development in India

#### **BLOCK-I : INTRODUCTION**

- Unit-1 : Development and Local Organisations
- Unit-2 : Local Organisations : Developing Countries Experience
- Unit-3 : Ecology of Local Organisations

#### **BLOCK-II : LOCAL ORGANISATIONS FOR RURAL DEVELOPMENT**

- Unit-4 : Strategies for Rural Development
- Unit-5 : Panchayati Raj : Importance and Organisation
- Unit-6 : Panchayati Raj : An Assessment
- Unit-7 : Cooperatives : Importance and Organisation
- Unit-8 : Cooperatives : An - Assessment
- Unit-9 : Banking Sector : Importance and Organisation
- Unit-10 : Banking Sector : An Assessment
- Unit-11 : Special Agencies for Rural Development
- Unit -12 : Voluntary Agencies and Rural Development

#### **BLOCK-III : LOCAL ORGANISATIONS FOR URBAN DEVELOPMENT**

- Unit-13 : Peoples Organisations
- Unit-14 : Strategies for Urban Development
- Unit-15 : Municipal Corporation : An Organisational Study
- Unit-16 : Municipalities : An Organisational Study
- Unit-17 : Urban Development Authorities
- unit-18 : People's Participation

#### **BLOCK-IV : ISSUES IN LOCAL DEVELOPMENT**

- Unit-19 : Rural-Urban Continuum
- Unit-20 : Local Organisations : The Question of Linkages
- Unit-21 : Rural Unrest : Challenge and Response
- Unit-22 : Urban Unrest : Challenge and Response
- Unit-23 : Local Organisations : Management Problems
- Unit-24 : Future Trends of Local Organisations

# DR. B. R. AMBEDKAR OPEN UNIVERSITY

## FACULTY OF SOCIAL SCIENCES

B.A. III Year (3 Year Degree Course) Examination, July 1992

### PUBLIC ADMINISTRATION

#### PAPER III

(Local Organisations and Development in India)

#### MODEL EXAMINATION PAPER

Time 3 Hours]

Max. Marks 100

Min. Marks 35

#### SECTION A - (Marks 4x15=60)

Answer any FOUR of the following questions.

Each question carries 15 marks.

1. Elaborate the concept of rural development.
2. Critically examine the role of local organisations in rural development.
3. Explain the organizational set up of Panchayat Raj.
4. What are the special agencies for development? What is the role played by them in the field of rural development?
5. Critically evaluate the various strategies for urban development in India.
6. Write an essay on Urban Development Authorities.
7. Explain the ecology of local organizations.
8. What are the causes and consequences of rural unrest?

#### SECTION B- (Marks 5x8=40)

Answer any FIVE of the following.

Each question carries 8 marks.

9. Describe the strategy of Integrated Rural Development.
10. List out the achievements and failures of the co-operatives.
11. Examine the role played by voluntary agencies in rural development.
12. Explain the organisational structure of the Municipal Corporation of Hyderabad.
13. Discuss the importance and role of the banking sector in rural development.
14. "Peoples' participation is a necessary pre-condition for development." - Discuss.
15. What are the management problems of the local organizations?
16. Write a note on rural-urban continuum.
17. How do you visualise the future of local organizations?
18. Examine the question of linkages in the context of local organizations.

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(Local Organisations and Development in India)

#### MODEL EXAMINATION PAPER

Time 3 Hours]

Max. Marks 100

Min. Marks 35

#### SECTION A - (Marks 4x15=60)

Answer any FOUR of the following questions.

Each question carries 15 marks.

1. Discuss the concept of development.
2. Critically examine the various strategies of rural development after Independence.
3. What are the recommendations of the Ashok Mehta Committee on Panchayati Raj Institutions? What is their impact on the Panchayati Raj system?
4. Describe the organizational structure of the banking system in India.
5. Write an essay on peoples organizations.
6. Elaborate on the role of Municipal Commissioner.
7. What are the powers and functions of the Urban Development Authorities? How far are the objectives behind their establishment realised?
8. Enumerate the causes and effects of urban unrest and suggest remedies for its mitigation.

#### SECTION B - (Marks 5x8=40)

Answer any FIVE of the following.

Each question carries 8 marks.

9. Discuss the role of local organizations.
10. Describe the importance and organization of co-operatives.
11. Critically examine the functioning of DRDAs.
12. Explain the role of voluntary agencies in rural development.
13. Compare and contrast the status and functions of the Mayor and Municipal Chairman.
14. "Participation is the essence of development."--Discuss.
15. What are the causes of rural unrest?
16. Discuss the future of local organizations.
17. Critically examine the role of banking sector in rural development.
18. Write a note on the ecology of local organizations.

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**FACULTY OF SOCIAL SCIENCES**

**B.A. III Year (3 Year Degree Course) Examination, July 1992**

**PUBLIC ADMINISTRATION**

**PAPER III**

**(Local Organisations and Development in India)**

**MODEL EXAMINATION PAPER**

**Time 3 Hours]**

**Max. Marks 100**

**Min. Marks 35**

**SECTION A - (Marks 4x15=60)**

**Answer any FOUR of the following questions.**

**Each question carries 15 marks.**

1. What do you understand by rural development? Explain briefly the various approaches to rural development.
2. Discuss the achievements and failures of Panchayati Raj.
3. Write an essay on Regional Rural Banks.
4. What are the contributions of voluntary agencies for rural development?
5. What are the impediments for the emergence of peoples' organizations?
6. What are the objectives behind the establishment of Urban Development Authorities?
7. Discuss the methods of securing peoples' participation in development.
8. Write an essay on rural-urban continuum.

**SECTION B- (Marks 5x8=40)**

**Answer any FIVE of the following.**

**Each question carries 8 marks.**

9. Describe the organization and functioning of Mandal Panchayats.
10. Write a note on IRDA.
11. Discuss the advantages of voluntary agencies over governmental agencies.
12. What are the personnel problems of the co-operatives?
13. Comment on the finances of the Panchayati Raj Institutions.
14. Examine the role of Lead Bank in rural development.
15. Briefly explain the managerial problems of local organizations.
16. Elaborate on the linkage question of local organizations.
7. What are the causes for rural unrest?
8. Analyse the causes of urban unrest.



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