



LOCAL GOVERNANCE AND ADMINISTRATIVE CORRUPTION IN RURAL DEVELOPMENT: AN UNFINISHED AGENDA

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This paper ponders upon the dynamics of administrative activity based corruption in the domain of various government bodies at regional and local levels especially in PRIs. It is usually observed that most of the revelations made across various forums do not have a clear picture of the various services offered by government institutions, benefits accrued and current status. This is evident that Corruption and governance lie on a continuum but occupy opposite poles despite of being in office following guidelines as mentioned in constitution. Whereas governance irrespective of the political party, with its end goal of emerging as a good government, aims to serve the interest of the people; corruption, through the use of public office and resources, serves the narrow interest of groups, sub-groups, families and allies. Corruption however, most commonly known as the misuse or the abuse of public office for private gain, still has complex connotation of its genesis and impact. It can come in various forms and a wide array of illicit behaviour such as bribery, extortion, fraud, nepotism, graft, speed money, pilferage, theft, and embezzlement, falsification of records, and kickbacks. Indeed Corruption is prevalent in all spheres across nation and everyone is concerned with rampant corruption, still problem at floor is not solved.

The working of Panchayati Raj Institutions (PRIs) at local governance level is most significant aspect representing the administrative activity based corruption. The operational issues and road map has ensuing factors leading to mingled corrupt practices appearing as *deja*

vu but necessary evil. Sneaking from surrounding ushered practices there are several significant factors leading to corruption in local governance and PRIs. The factors are also coincided with departure from the central benefits of the developmental activities to the marginalized and deprivation. Further the role of community level participation through raising awareness and economic and social empowerment is also looked as counter tool for activity based corruption.

Factors leading to corruption in Local Governance:

- (i) **Society and social psychology:** At one hand India is a land of unity in diversity while on the other hand this is coupled with patriarchy - one of the prominent factors have led to general distrust among social groups and accentuating in-group trust leading to a propensity to share power and authority. This is also evident that caste based politics and practices have often been found to be the root behind rampant corruptions at regional levels. This has become culture across all stakeholders, parties, politicians, professional, artists, bureaucrats and even those who own some skills making them famous and of course civil society leaders of power transfers to their family members and close relatives. Such culture result in huge manipulation of systems, institutional byelaws and democratic practices and so, perpetuate corruptions.
- (ii) **Democratic System of Governance and Federal Republic:** India is a country with mixed economy set up along the largest democratic federal set up where economic and geographic boundaries of states and union territories are overlapped in order to reach up to last strata of society. Though this is to ensure uniform trickle down of welfare measures, however, democratic machinery involving the leaders and officials of union and state governments (unlike the local governments' representatives who are accessible on daily basis) who are not often accessible to ordinary citizens and so, are not socially accountable. As a result, people are not aware about decisions at a local level. So, citizens become victims of manipulative and corrupt practices of centralised delivery agencies, which may not be directly accountable to the citizens.
- (iii) **Colonial Bureaucracy:** India's bureaucratic system is based on implementation and execution mechanism. The Bertelsmann Foundation 2008 report states that India is characterized by a deeply rooted patronage system and pervasive corruption at all levels of the polity and administration. Most of the bureaucratic positions are designed in such a way that the personnel are found in between two parallel forces of politicians and public

resulting in exclusivist processes of decision-making to often twist the laws in favour of their political masters rather than citizens in general.

- (iv) **Burdened Judicial System:** Millions of cases are still pending in the Indian courts. India is known for delayed justice and it is said that justice delayed is justice denied.
- (v) **Outdated Rules of Governance (Police, Private Sector, Religious Institutions and NGOs):** Most fundamental rules in governance of India, Police, Co-operative and other welfare Societies etc. are still based on the 1860 Act with amendments that are not effectively implemented.
- (vi) **Ignorant Citizens:** Widespread illiteracy coupled with a lack of effort on the part of government to educate people about their roles, responsibilities and rights as citizens of India has spurred corruption on. Governments often bring in legislations and order to curb corruption but do not proactively educate ordinary citizens so that they can use these provisions against corruption. In a country like India where more than 25% of its population is illiterate (the proportion of functionally illiterate could be much higher), the indifference of government and lack of information make matters worse for minimizing corruption.
- (vii) **Fourth Pillar of Democracy-Media:** Media's role in India has increased manifolds in recent years. It influences people's perceptions and actions. Media has highlighted many issues of corruption and has also successfully pursued actions against such corruptions. But media's own houses are not in order and their accountability to the systems of governance has not been above board. There are reported incidents of 'paid-news' and false propaganda. Over the years, experiences with Indian media have been somewhat mixed – sometimes it actively exposes corruption and at other times it plays in the hands of corrupt people and protects them.

The Notion of Accountability: Diversion in Local Governance

The notion of accountability essentially represents the extent to which the policies of the government are responsive to the needs of citizens. If all citizens are homogenous with regard to their needs and preferences, this is relatively straight forward to define as to what extent do policies succeed in respecting these common preferences. The notion is violated when huge diversity is found and preferences of the public are heterogeneous, with different groups desiring different policies in a given situation. Here government policy needs to trade off competing claims and views. A minimal criterion of accountability is that the government makes decisions

impartially, based on the merits of the needs or arguments on different sides. It should not exhibit deliberate biases in favor of certain groups (classes, castes, gender) on the basis of their identity alone. Specific notions of justice such as utilitarianism define normative ideals more sharply: under this notion a government that is accountable ought to weigh the interests of different population groups in proportion to their demographic strengths. Conversely, a government that is not accountable is less responsive to the needs of a large fraction of its population, for the sake of advancing the interests of a few.

The Departure Point: the Downsian Model: The main message of the Downsian theory is that competitive politics has an inherent tendency for disparate candidates to pursue centrist platforms, as a result of competition for the ‘middle’. The broader implications are that policy outcomes are explained ultimately by the preferences of the ‘average’ voter. This represents a sense in which electoral competition induces accountability of governments, and articulates the precise conditions under which this happens. The normative result is approximate, as the median voter outcome reflects accountability to ‘popular opinion’, a form of populism which may deviate from optimal policy from a utilitarian point of view, the usual standard used by economists for normative evaluation. The populist bias of the Downsian outcome is represented by the disparity between the median income and per capita income in the population, which in turn depends on the skewness of income distribution. With a heavily skewed distribution reflecting a thick bottom tail and a long upper tail, the ideal point of the median voter lies further to the left of the mean voter ideal point. In such societies, the populist bias of governments induces selection of taxes and regulations that are higher than the levels that would correspond to maximizing per capita income or its growth rate.

Effect of the Downsian Model on development: Despite the significant progress in industry and services, India's economic progress is largely concerned with development of agriculture and related sectors, which contribute nearly two-fifth of Gross Domestic Product (GDP) and employs more than 60 per cent of its population. Indian agriculture has made great progress since Independence, becoming close to a food self-sufficient nation in just about 40 years. There are various factors that have been responsible for this growth. They include greater research in biotechnology; improvements in seed varieties and development of high-yielding seeds; better irrigation and water management; sensible cropping practices and judicious use of fertilizers.

The huge growths in the agricultural sector have not succeeded in better quality of life of rural folks, it often turns out that the rural communities that are behind this success are the most

deprived. Many rural areas in India still lack basic amenities like electricity and roads. Economically, agriculturists, especially marginal farmers, are at the mercy of unscrupulous middlemen, who never hesitate to exploit them. The condition of India's marginal farmers is a very pitiable one indeed. One key factor that could improve the condition for India's rural communities is, simply put, letting them manage their own affairs. Only local, village-level governance that can engage rural communities through participation and contribution can help alleviate much of the misery that the communities have to face.

Financial Empowerment of rural folks:

Banking authorities in India have attempted to limit most forms of informal finance by regulating them, banning them, and allowing certain types of microfinance institutions. The latter policy aims to increase the availability of credit to low-income entrepreneurs and eliminate their reliance on usurious financing. Nonetheless, the intended clients of microfinance continue to draw on informal finance in India. This article argues that the persistence of informal finance may be traced to four complementary reasons—the limited supply of formal credit, limits in state capacity to implement its policies, the political and economic segmentation of local markets, and the institutional weaknesses of many microfinance programs.

Community Level Participation and Rural Empowerment assisting Local Governance:

Seva Mandir is a voluntary organization that assists rural communities in their economic development and self-determination. It believes that development activities are best carried out not by the state alone but by cooperating with and by engaging local communities in a democratic manner. It began in the 1970s as a literacy programme, but soon extended to development programmes and local governance to facilitate economic prosperity and social dignity. Operating in Udaipur and surrounding districts, Seva Mandir assists in the setting up of village-level committees that can then manage their own developmental activities such as in the fields of health, education, women's care, and employment.

Apart from Seva Mandir initiative, The Department of Rural Development within the Ministry of Rural Development is the nodal organisation committed towards ushering in an all round upliftment of the rural masses. This is being ensured through the introduction of a wide spectrum of programmes/schemes for the rural economy. The schemes aim at bridging the rural-urban divide; poverty alleviation; employment generation; infrastructure development and social security. The department also provides the necessary support services and other quality inputs

such as assistance for strengthening of District Rural Development Agency (DRDA) Administration and Panchayati Raj Institutions (PRIs); training & research; human resource development; development of voluntary action, etc for proper implementation of the schemes and programmes.

Role of Panchayati Raj Institutions (PRIs):

In order to ensure that the implementation of programmes such as National Rural Employment Guarantee Act, 2005 (NREGA), Sampoorna Gramin Rozgar Yojana (SGRY) Pradhan Mantri Gram Sadak Yojana (PMGSY) Indira Awaas Yojana (IAY), Swarnjayanti Gram Swarozgar Yojana (SGSY), Provision of Urban Amenities in Rural Areas (PURA) reflect the needs and aspirations of the local people, the Panchayati Raj Institutions (PRIs) are considered as an important tool. Therefore, under most of the rural development programmes, a crucial role has been assigned to the PRIs. They constitute the bedrock for the implementation of most of rural development programmes. Accordingly, sustained efforts have been made to strengthen local governance, institutionalizing people's participation and empowering women through PRIs. The State governments are being pursued for delegation of adequate administrative and financial powers to panchayati raj.

A three-tier Panchayati Raj System came into existence with the enactment of the new PRI Act in conformity with the provisions of the constitution (73rd amendment Act 1992) which came into force on 23rd April 1994. This act has been enacted to consolidate, amend and replace the law relating to PRIs. With a view to ensuring effective involvement of these bodies in the local administration and development activities simultaneously, the State Election Commission (SEC) and State Finance Commission (SFC) were also constituted.

With a view to make PRIs more effective instruments of the local self government, the State Government has devolved powers, functions and responsibilities relating to 15 departments i.e. Agriculture, Animal Husbandry, Ayurveda, Education, Fisheries, food and supplies, Forest, Health and family welfare, Horticulture, Industries, Irrigation, public health, public works, revenue, rural development and social and women welfare to the PRIs with effect from 31 July 1996. Presently, the PRIs are getting grants as per recommendations of the SFCs besides proposing taxes etc to be levied by the Panchayats and grants provided to other bodies.

For implementation of various rural development programmes the Rural Development Department works in three-tier system keeping adequate coordination among various levels including all the departments mentioned above. The Rural Development Department functions

under the overall control of the commissioner-cum-secretary with logistic support from Deputy Commissioner, Deputy Directors, Engineers, Administrative Officers and Development Officers. Reaching in the last tier i.e. at Block level Development Officers are assisted by Social Education Organizers, Social Education and Block Planning Officers, Gram Panhayat Vikas Adhikari and Women Village Development Coordinator.

Similarly, most of those polled did not have much knowledge of the taxes levied by local self-government institutions, the study found. They also did not have any idea about the rules governing the levy of these taxes.

Respondents also declared that provision of public utilities such as streetlights, water supply and garbage removal, which is the responsibility of local bodies is far from satisfactory. Even if they are available, most of these services are not sufficient to meet the requirements of the local community, the study found.

Limited performance has been exhibited in the developmental programmes in general and JGSY in particular for various reasons such as lack of effective leadership, inadequate knowledge and skills, lack of guidance and insufficient funds. These reasons have to a large extent limited the performance of PRIs. Positively much progress was visible in the selections of works (prioritization), locations and activating the Gram Sabhas by arranging meetings. Moreover, the Gram Panchayats proved to a maximum extent that, they can develop and manage their own affairs by motivating, activating and mobilizing the members as well as the village community in spite of encountering certain hurdles and shortcoming en route. However, certain remedial measures could be adopted such as creating awareness among people, build strong leadership with commitment among the people representatives by not only imparting effective, systematic and timely training to the elected representatives but also entrust adequate powers, functions, authority including sufficient funds.

Democratic decentralisation is often presented as the sine qua non of rural poverty reduction. But there is little evidence that either democracy or decentralisation is necessary for poverty reduction in rural or urban areas, and indeed some evidence that they are counter-productive. There are success stories to report, however. They are cases where three conditions have been met: an appropriate balance between autonomy and accountability; constructive support from external actors; and a commitment to democratic deepening. It is worth building on these conditions because democratic activity is not merely an instrumental good; it also has intrinsic benefits for the rural poor.

The provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 (PESA) came into effect from 24th December 1996. The Act extends Panchayats to tribal areas of eight States namely, Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Maharashtra, Madhya Pradesh, Orissa and Rajasthan; it will enable tribal society to assume control of its own destiny to preserve and conserve the traditional rights over natural resources. All States barring Bihar and Rajasthan have enacted State Legislation to give effect to the provisions contained in Act 40, 1996 as mandated under the Central Act. Rajasthan promulgated an ordinance in this regard recently.

PESA provides that the tribal Gram Sabha so defined would be empowered to approve all development plans, control all functionaries of all social sectors as well as control all minor water bodies, minor minerals and non-timber forest resources. It would also have the authority to control land alienation, impose prohibition, manage village markets and resolve internal conflicts by traditional modes. Bureaucratic subversion of the letter and spirit of the law has been most visible in interpretation of that provision of PESA by which Panchayats at appropriate levels and the Gram Sabha have been vested with the ownership of minor forest produce (MFP).

The major functions which are proposed to be devolved on PRIs relate to provisions regarding acquisition of lands in scheduled areas, grant of mining licenses for minerals, grant of concessions for the exploitation of minor minerals and planning and management of minor water bodies. In addition to this certain regulatory, prohibitory and enforcement powers will also be vested within the PRIs relating to sale and consumption of any intoxicant, village markets management, money lending activities, alienation and restoration of ownership rights over scheduled lands, minor forest produce, control over local plan resources (tribal sub-plans), social institutions and functionaries. Despite of such a vast devolution of functions and powers, the discretion of the state governments to assign certain powers at appropriate level is one such lacuna. This has led to an anomaly in the powers of Gram Panchayats and Panchayat Samiti. The decentralization process in scheduled areas is compounded by delay in bringing out necessary amendments in subject laws and deputing appropriate staff for this purpose at Gram Panchayat Level. This is the first step in the proposed scheme of decentralization the Gram Sabha and Gram Panchayat assume crucial roles as institutions of self and local governance. In the nutshell, main problems that devolved in the working Panchayati Raj institutions can be identified as:

- Election not being held on a regular basis.
- Lack of adequate transfer of powers and resources to Panchayati Institutions.

- Lack of Panchayati Raj bodies to generate their own resources such as tax on sale of land and agricultural produce.
- Non-Representation of woman and weaker sections in the elected bodies.

The progress in effective decentralization of governance under the Panchayati Raj Act is not uniform across the states. The Union ministry of Panchayati Raj (PR) has asked the National Council for Applied Economic Research (NCAER) to develop a Working Devolution Index (WDI) to measure how states are performing in devolution of governance. The index will rank the performance of individual states on 150 identified basic action points, which put special productive economic activity and employment generation measures.

NCAER has already submitted an interim report in August 2006 to the ministry and the final report will be ready soon. The Devolution Index essentially captures three dimensions of the basic architecture of institutional development viz Functions (types of work under Schedule XI of the constitution), Finances (funds devolved), and Functionaries (manpower available). Each of the three dimensions is equally important in achieving effective decentralization. The index is a first attempt at quantifying the environment for effective decentralization of governance in rural India. WDI identifies the 'mandatory elements of devolution' and assigns a score of zero when they are not complied with. Based on the values of various indicators for any given state, it is possible to calculate a score for each sub-index as well as for an overall Devolution Index. The value of each state will indicate how far away the state is from an ideal performance. Local Bodies' contribution to revenue is very meager just 0.97 % to central revenue and 16.59 % to the state revenue.

Thus, a strong and stable PRI system will help to improve the credibility of the politico-administrative efforts of rural development and facilitate harmonious development of all concerned. Further, in reinforcing the 'political will' for rural development and speeding it up through decentralized decision making, PRIs will make quite a few tangible contributions to the development of rural areas.

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