

# Is the Stage set for Mainstreaming Trade into National Development Strategy of India? *Results of Field Survey in Two States*



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Published by



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With the support of



Royal Norwegian  
Embassy,  
New Delhi

Printed by

**Jaipur Printers P. Ltd.**  
Jaipur 302 001

**ISBN: 978-81-8257-104-4**

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This paper has been produced with the financial assistance of Royal Norwegian Embassy, New Delhi under the project entitled, "Mainstreaming International Trade into National Development Strategy: A Pilot Project in Bangladesh and India". The views expressed herein are those of the authors and can therefore in no way be taken to reflect the positions of CUTS International, the Royal Norwegian Embassy, New Delhi and the institutions with which the authors are affiliated. The authors are grateful to Suprita Jayaram, Programme Coordinator and Shashi Shikha, Assistant Programme Officer of CUTS International for their excellent fieldwork and research assistance. Atanu Chakraborty, Intern at CUTS Delhi Resource Centre is acknowledged for his excellent administrative support.

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## *List of Abbreviations and Acronyms*

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|       |   |
|-------|---|
| ASI   | Annual Survey of Industries                   |
| BPL   | Below Poverty Line                            |
| CBOs  | Community Based Organisations                 |
| HDI   | Human Development Index                       |
| KCC   | <i>Kisan</i> Credit Cards                     |
| NREGS | National Rural Employment Guarantee Scheme    |
| PHCs  | Primary Health Centres                        |
| PRIs  | <i>Panchayat Raj</i> Institutions             |
| SC    | Scheduled Caste                               |
| SHGs  | Self Help Groups                              |
| ST    | Scheduled Tribe                               |
| UNECA | United Nations Economic Commission for Africa |

## *Introduction to the Project*

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In the globalised world of today, trade liberalisation is often promoted for economic growth. *Even though a large number of literature argue that trade can indeed play a major role in poverty reduction, provided right complementary policies and associated institutions are in place, the human development aspects of international trade in the era of globalisation is largely ignored by policymakers.* “Mainstreaming International Trade into National Development Strategy: A Pilot Project in Bangladesh and India” was conceived to address a major problem of trade policymaking and its implementation in developing countries, i.e. the problem of social exclusion (CUTS CITEE, 2007). Through collection of data/information from grassroots and their analysis, the project aimed to address several questions, such as:

- how to embed social and political considerations into trade policymaking?
- how to engage civil society into trade policymaking in a socially inclusive manner?
- what are the conditions necessary for mainstreaming trade into national development strategy?

The overall goal of the project is to establish upward and downward linkages between the grassroots and the policymakers (both at the local and national level) so as to integrate people’s views and concerns on issues of linkages between international trade and human development into not just trade policy but development policy of a country. The project would be implemented with the help of advocacy inputs emanating from two research projects: 1) an economic analysis; and 2) a political economy analysis, carried out in Bangladesh and India. This study pertains to the political economy analysis of mainstreaming trade into national development strategy in the Indian context.

The study was conducted in two states, viz. Rajasthan and West Bengal. The study comprised of a literature survey and information gathering, which led to the formation of the methodology of the survey and choice of research problems that were subsequently explored in the field survey. Agriculture sector was selected for its economic, political and social importance within the country. Moreover, the choice of the sector was influenced by the contention from many quarters that the impact of globalisation and liberalisation are most noticeable in livelihoods and economic security in the agriculture sector. The available body of literature on mainstreaming process hinted at the scope for sector specific analysis, as the needs and demands could vary according to the sector.

## *Concept of Mainstreaming Trade into National Development Strategy*

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The existing literature does not provide a common definition on the concept of mainstreaming trade other than offering hints. In short, it denotes bringing trade matters into the dialogue on the poverty reduction. The integration of trade policy into the national development strategies encompasses a process of bargaining among key stakeholders, and establishing a correct balance between trade liberalisation and companion policies (Taufiqur Rahman, 2004). Role of governments is significant in the process as mainstreaming trade policies in national development strategies involves the systematic promotion of mutually reinforcing policy actions across government departments and agencies with a view to creating synergies in support of agreed development goals.(UNECA, 2004).



## *Major Findings of the Study*

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The primary objective of the study was to go beyond an exploration of the likely impact of globalisation and trade liberalisation on the stakeholders of the agriculture sector, especially the most vulnerable amongst them; and enquire about the prevailing conditions for mainstreaming trade into national development strategy. This endeavour was deemed necessary as many of the available literature had already invested great effort on the impact analysis. Their outcomes have initiated hard fought debates on the merit of the conclusions arrived at. However, the missing link in our opinion was the understanding of the likely causes for the immediate and exhaustive realisation of adverse impact only on certain sections of the population; while some others belonging to the same geographic, cultural, or economic arena apparently benefited from the process of globalisation and trade liberalisation.

This could be termed as benefit deficit in the process. The challenge to governments in future is to contain such benefit deficit to levels that are acceptable to the whole country. An important factor that impacts such efforts will be the swiftness and efficiency with which support could be delivered to those who need it. Therefore, the analysis of demand for and supply of support policies and programmes forms a basic frame work for this study. This study is an attempt to understand the complex interface of the demand for and supply of development policy through the analysis of existing participatory decision making process within the country. Hence the study covers a broad set of actors like political functionaries and interest groups, local governments; government officials apart from the households.

The *Panchayati Raj* system in its current form is intended to give the electorate the right to self-govern by strengthening democracy at the grassroots. Apart from espousing democratic values, the process is expected to reduce the transaction costs and improve efficiency of the government as provider of services. The three-tier system of *Panchayat Raj* Institutions (PRIs) starting from the *Gram Panchayat* at the bottom, *Panchayat Samiti* at the intermediate block level, and *Zilla Parishad* at the district level is to support and at times surpass the roles and functions of other offices of people's representation like state assemblies and national parliament by delivering political and economic power to the people.

The *Gram Panchayat* purportedly forms the first-tier in the signalling process that forms the core of the Indian federal system. By focusing on the *panchayat* system and

evaluating its efficacy in signalling the demands from the bottom to the top ladder of governance and delivering development, this study, essentially tries to assess the prevailing conditions in mainstreaming grassroots needs and demands in national policy making and the responsiveness of the governments to demands from the grassroots.

The data derived from the households survey bring out the disconnect between local demands and government policies. It also highlights the existence of asymmetric information gap on governmental schemes and policies, especially at the grassroots. It sheds light on the causes of lack of effectiveness of government schemes often attributable to management of schemes than the volume of resources allocated under them. For instance, many of the targeted input support schemes for agriculture like the distribution of '*mini kits*' are managed inefficiently resulting in untimely delivery, corruption and resultant failure. The research also points to the prevailing monitoring problem in the implementation of government programmes.

Knowledge on issues related to trade and globalisation is abysmally low in the two states where the study was conducted. For instance, only 75 respondents have even "heard" about imports and exports. In fact, many of these respondents only knew about movement of goods across state borders and mistook it for international trade. The data provide a complex picture on access to development. Contrary to popular perception, participation in democratic process, level of education or mere awareness were not found to be sufficient conditions to ensure access to development. There are multitudes of social, political and economic factors prevailing at the ground level that determine access to development. On the other hand, the findings of the study complement the existing literature on development to note that gender and caste are major determinants of exclusion from development process in the rural areas. There is considerable under development and lack of access to decision making amongst women and people belonging to the backward communities.

The results of the study reinforce the prominent role the PRIs could play in ensuring development in rural areas. The members of local *panchayats* are the primary source of information on government support in the rural areas. However, most often, the opportunities provided by the *panchayat* system is inefficiently utilised, rendering the information dissemination at the local level ineffective. The research has brought out intriguing facets of linkage between awareness and access to government schemes. Though many stakeholders were aware of the existence of at least a few government support programmes related to agriculture, most of them did not request for support and deemed it difficult to avail them despite being in need of it.

It emerges that quality of information on government support programmes is one of the decisive factors in stakeholders availing government support overcoming the entrenched vested interests. Usually, at the local level, there are strong formations of closed information and beneficiary networks that systematically divert and usurp the benefits of government support programmes. High incidence of corruption at the local level in issuing below poverty line (BPL) cards has undermined the process of targeted government support.

The study also enquired the implementation of National Rural Employment Guarantee Scheme (NREGS) to understand its effectiveness as a support measure. The study finds that the scheme has made considerable impact at the ground level, despite its limited scale. Most importantly, the scheme has ushered in unprecedented levels of transparency and accountability in local governance. Misuse of funds and corruption are lower than other government support schemes despite existence of numerous malpractices and non- payment of stipulated minimum wages. The study makes a few pertinent observations on factors that could decide the success of the NREGS in the coming years.

The findings of the survey have brought out the need to undertake specific activities during the advocacy phase of the project. They pertain to strengthening the process of dissemination of accurate information on government support programmes at the ground level and reinforcing the process of signalling demands from the grassroots.

## *Methodology of the Study*

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The research comprised of review of literature and analysis of stakeholder inputs derived from the field survey. While the former provided inputs in the formation the research questions of the survey the latter was focussed on gauging the role of the governed in governance. The field research was conducted in three phases and across three broad stakeholder groups. The stakeholder groups comprised of: a) peoples' representatives and political functionaries at the local, state, and national levels and government officials on the supply side; b) the households; and c) local community based organisations (CBOs) on the demand side. During the course of the enquiry an attempt was made to match the perceptions of stakeholders at the household level on development demands and delivery against that of the decision makers to understand interest articulation, methods of needs assessment and the process of signalling of demands to higher decision making authorities.

Across the two states, 778 agricultural households were interviewed 16 blocks and 28 *Gram Panchayats* of eight districts based on a combination of snowballing and convenience sampling methods. This combination was adopted to reduce the lemons problem that arises from responses influenced by vested interest and good mix of opinion. The districts were chosen on the basis of a detailed matrix including parameters like human development indices, level of agriculture activity, access to development infrastructure and allocation of government funding.<sup>1</sup> For the benefit of comparison four districts each were chosen from the two states. The selection of the districts was done in such a way that two of the most backward districts and one each from the best and average performing districts were chosen. This purposive selection was employed to understand the specific reasons for the existence of varying levels of development, access to government funds, and influence in policy making within each state. Similarly, detailed methodology was also recommended for the choice of blocks, *panchayats* and households.

Following is the methodology developed for the field Research:

***1) The research will be carried out in following three phases (see Table 1:***

| Table 1: Three Phases of Field Research  |  |   |
|--|--|---|
| Phase I  | Phase II   | Phase III   |
| This will form a reconnaissance research and will be very crucial in determining the success of the project. It will cover, relevant civil societies, government officials, peoples' representatives of State Assembly and Parliament, and State and Central Ministries. It was expected to provide the research with deeper understanding of the problems of the survey area. Moreover, this exercise should act as the primary snowballing of stakeholders by gathering information on possible contacts at the field level. | This is the field research and household stakeholder survey. | After analysing the data from the first two phases the results will be taken forward to the Central Government Ministries to corroborate and contrast the out comes of the survey with the existing practices of mainstreaming local development demands in national policy making and understand the responsiveness of Central Governments to such demands. <sup>2</sup> |

**2) Criteria for the selection of districts to:**

- Analyse disaggregated Human Development Index (HDI) data (with bias towards poverty and gender) to chose Best, Moderate and Worst Districts in terms of development;
- Ensure percentage of agricultural population, especially rural, in the total;
- Assess production of agriculture, i.e. considerable contribution to the state's agricultural output and variety of cultivation;
- Gain access to public amenities like Primary Health Centres (PHCs), education institutions, water & sanitation etc; and
- Ensure availability of government funds.

A total of four districts were to be chosen on the basis of performance on HDI: two worst performing districts and one each of moderate and best performing districts have to be chosen to make the study feasible. All these districts have to be major agriculture producing areas. Based on this methodology, the following districts were selected:

**Rajasthan**

- Banswara & Barmer as the worst performing districts
- Bundi as the moderate district; and
- Hanumangarh as the best performing district

**West Bengal**

- Purulia and Malda as the worst performing<sup>3</sup>
- Jalpaiguri as the moderate district; and
- Hoogly as the best performing district

**3) Criteria for the selection of blocks from the districts**

Though there was a tentative list of blocks selected final selection was done by taking into account the inputs from the district level.

The selection of two blocks per district was done on the basis of following selection criteria:

- The best and worst blocks on the basis of development indicators and poverty.
- High percentage of agricultural population (agricultural labourers + cultivators) in each block.
- Ensuring that each block produce different crops where ever possible.
- To theoretically ensuring heterogeneity, and not to select contiguous blocks unless there is stark difference in terms of development or major crops cultivated.
- On the basis of distribution of funds.

**NB:** While interviewing block officials and representatives, respondents from both best and worst performing blocks in terms of development indicators and poverty were chosen. And where supporting data is not available this can be based on the perceptions from district level interviews and inputs of CBOs assisting the surveyors.

#### ***4) Criteria for the selection of panchayats from the blocks<sup>4</sup>***

Two *panchayats* were selected at least from the selected block, which was based on:

- Ratio of agricultural population to total working population in the villages.
- Concentration of agricultural activities.
- Based on the inputs from prior interviews and CBOs on development and agricultural problems, the worst and the best *panchayat* were chosen and where this condition cannot be met, development indicators like roads, schools, PHCs as proxies for the best villages was used.

#### ***5) Criteria for the choice of household from the selected panchayats***

Identifying the area where agriculture has prominence using information from the interviews at the district, block was carried out, including those done at the *panchayat* level. The selection of the respondents was done provided they meet the following criteria based on a short interview of the person or prior consultation with informants to:

- Establish a direct link with agricultural activities by means of being: a) agricultural labourers; b) cultivators; and c) agricultural land owners etc. If the person is earning/earned part/full of his income from agriculture she/he is eligible. This would mean that those currently unemployed can also be interviewed if they were engaged in agriculture earlier.
- To maintain 50:50 sex ratio of the interviewees as far as possible.
- Choose respondents according to the share of each social, religious and occupational group in the total population of the village so that the sample is a good representation of the society and agricultural activity of the *panchayat*.

#### ***6) Interview guidelines***

The survey should be conducted in the following manner:

- At the district headquarters, the researchers would seek information from the district level government officials/peoples' representatives. This would also include interacting with the district collector, the chief executive officer (CEO) of *zila parishad*, and other relevant officials.

- Conducting interviews at the block level, including officials at the Block Development Office, *Block Panchayat (panchayat samiti)* members, MLAs of the area and so on.
- Based on the conditions mentioned above, selecting 4 villages in each district where survey would be carried out and as far as possible talking to the *Sarpanch*, peoples' representatives, the representatives of farmer unions, CBOs, government and *panchayat* officials, local political leaders apart from the household survey.
- In each village, 25 households were to be chosen that would make a total of 100 samples for every district. While interviewing the household respondents, capture separately any anecdotal evidence that substantiate their perceptions.
- The peoples' representatives and political actors at the *Gram Panchayat* were to be interviewed using the questionnaire for household stakeholders.

## *Limitations of the Methodology and Findings of the Study*

---

There are a few shortcomings of the study methodology and its application that could affect its findings. They are listed below for the benefit of academic appraisal.

1. One of the major shortcomings of the survey was that the male-female ratio proposed in the methodology could not be maintained despite conscious effort; due to socio-cultural factors. This could result in lack of visibility of the perceptions of the female stakeholders in the survey. However, this is an accurate reflection of the conditions prevailing in the villages. While conducting the survey the researchers have tried to map the perceptions of the female stakeholders wherever they were willing and available for survey, while effort has been made to highlight the issues faced by the females and their perceptions in the survey report.
2. A single criteria could not be adopted for categorising the households according to the size of their land holdings in the two states; therefore, comparison based on land holdings and output is untenable due to the methodological problem. For instance, in West Bengal a farmer with 20 *bigha* (a measurement of land 1/3 of an acre) land has to be considered a “large farmer”, due to the land ceiling that forbade individual farmers from owning more than 20 *bigha* of land. Researchers, in fact, did not come across many farmers who owned land more than this ceiling except in the case of joint family. On the other hand, in Rajasthan a person owning 20 *bigha* of land would have to be categorised as medium farmer. Researchers have tried to reduce the reporting error embedded in the snowballing methods by verifying the claims on land holdings from multiple informants.
3. Lack of awareness amongst the stakeholders and at times the lack of adaptability of the surveyors to local conditions and *lingua-franca* may have resulted in communication gap and therefore undermined the results in some places. Lack of awareness amongst stakeholders on details of government support could have affected the results under some sections with an adverse selection problem or losing focus from some issues. Nonetheless, such responses have contributed to the findings of the survey in the form of valuable insights on the failure of government schemes based on targeted delivery.



4. The responses from villagers to the survey were mixed. In competitive political environment like in parts of West Bengal, there was an excited participation to the extent of losing objectivity. On the other end of the spectrum, there was a general tendency amongst the respondents to highlight the negatives and downplaying the positives; probably mistaking us for government officials on duty to choose beneficiaries of some forthcoming schemes. These two factors have affected the credibility of the surveys in some cases and the researchers had to drop a few interviews or confront the inherent contradiction in their statements.
5. In three districts – Barmer, Purulia and Hooghly – methodology for selection of *Garm Panchayat* was not followed correctly. In Barmer, *Gram Panchayat* in the Chautan Block was chosen at random than on the basis of the best and the worst performing villages. In Purulia and Hooghly, only one *panchayat* was chosen in each block. This anomaly could imbalance the relative weight of the *panchayats* in total samples and made the intra-block comparison between the best and the worst performing villages difficult.
6. Inherent problem of the snowballing method in adverse selection that may have allowed planted responses to be highlighted. Researchers have tried to overcome this problem by choosing the samples purposively to ensure heterogeneity of respondents on economic, social and occupational aspects.
7. Though findings of the survey are representative of the areas surveyed, all of them cannot form a basis for generalisation at the national level. One of the important outcomes of the study is the revelation of the diverse factors rooted in local conditions that affect development delivery. These are local problems calling attention at the local level through institutions like local *panchayat*. A generalisation that could result in a top- down approach may only result in exacerbating the problem.

## *Process of Policy Making in India*

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The question that beckons an answer is how inclusive policy making in India is. This is more pertinent to explore the complexities *vis-à-vis* the process of trade policy making and agreeing to obligations in international fora that have a bearing on the livelihoods of citizen. The available evidence presents a complex picture, especially with regard to the policies on the agriculture sector, which falls under the State List of the Indian Constitution.<sup>5</sup>

There is limited documented evidence on the actual process of policy making in India, especially commitments at the international fora. Some observations point out that important decisions with major domestic policy implication were largely made by a small group of senior officials without enough political consultation, calling into question their political legitimacy (Julius Sen, 2004, pp.10-11). The trade policy making is said to be marred in secrecy and public consultation is limited to a few supportive quarters resulting in irrelevant negotiation stands and misinformed opposition on policies. There is also a concern about the level of inclusiveness of policy making in India as the process is usually top-down starting from the negotiators and is not in a position to factor in the actual ground realities (Shishir Priyadarshi, 2005).

While the available literature contends that the consultation process on trade policy matter has been initiated in the recent years. However, it is less clear about the involvement of the actual agricultural producers in trade policy. Where rural agricultural worker unions exist, their political priorities seem to limit their capacity to organise themselves at the grassroots level and they also appear reluctant to go beyond their own immediate spheres of interest. Therefore, the ability of agricultural workers' groups to influence the government still remains very limited (Shishir Priyadarshi, 2005).

## Results of Household Survey

The field survey was conducted across the two states during the period October-December, 2007 in two phases. While administering the questionnaires the respondents were given the option not to respond to any question they chose to. Consequently, there could be disparities in the responses to specific questions and the total number of respondents.

### 7.1 Basic Information of the Respondents

The high occurrence of the scheduled caste (SC) and scheduled tribe (ST) population amongst the respondents is due to two factors: a) their sizable numbers in the population of Banswara and a major part of the Barmer; and b) They made up most of the subsistence and small/marginal farmers; a section the methodology of the study emphasised on (see Table 2)

| Table 2: Basic Information on the Survey in Two States |            |             |            |
|--|------------|-------------|------------|
|  | Rajasthan  | West Bengal | Total      |
| <b>Total Respondents</b>                               | <b>366</b> | <b>412</b>  | <b>778</b> |
| Female   | 30         | 65          | 95         |
| Male   | 336        | 347         | 683        |
| SC   | 63         | 135         | 198        |
| ST   | 92         | 74          | 166        |
| Muslim/ OBC  | 177        | 122         | 299        |
| General  | 31         | 78          | 109        |
| No Response  | 3          | 3           | 6          |
| Education: Illiterate                                  | 112        | 109         | 221        |
| Education: 10 <sup>th</sup> or lower                   | 178        | 260         | 438        |
| Education: Above 10 <sup>th</sup>                      | 56         | 38          | 94         |

The participation of the female stakeholders in the survey was limited by prevailing socio-cultural aspects and their lower level of awareness in comparison to the male population. Elected female representatives also operated in constraining environments that favoured the men as the important actors. Awareness amongst female elected representatives and *panchayat* members showed a declining trend from the block level

downwards. Female participation in mainstream politics at the *panchayat* level was low in both states with West Bengal marginally better off. Even in *panchayats* ruled by female *Sarpanch*, men folk were found to hold the *de facto* authority.

It is worth noting that most of the female *Sarpanch* at the *Gram Panchayat* level were close relatives of the erstwhile male *Sarpanch*, who were forced out of election fray due to female reservation for the post. Female *Sarpanch* usually were unaware or unwilling to discuss the problems of their *gram panchayats* in the absence of their husbands. They did not voiced an opinion on fund distribution and advised us to consult their “knowledgeable” husbands. In Rajasthan, this deliberate sidelining of female population has resulted in emergence of a *de facto* authority. *Sarpanch pati*, literally translated as “*husband of Sarpanch*”, who executed all the functions of the *Sarpanch* except signatures or thumb impressions. Even government officials in such *panchayats* consulted only this authority on developmental issues; while the *de jure* authority was left to mend the business at home. In West Bengal, the situation was marginally better. The female *Gram Pradhan* that was interviewed could identify some of the issues faced by the *Panchayat*; however, under the watchful eye and uncalled for intervention by her husband.

The basic data also shows the high levels of illiteracy prevailing amongst the farmers in the two states. Overall, the functional literacy among stakeholders surveyed was poor. Only 94 people out of the total respondents had education above 10<sup>th</sup> standard.

## 7.2 Occupational Details

The small-scale farmers constituted almost 45 percent of the total households surveyed, which is a fair representation of the actual numbers in the ground in these two states. The households that fall under the multiple role category in West Bengal indicate the high incidence of seasonal migration of agricultural population to other parts of the country in search of better opportunities and supplementary income (see Table 3).

| Table 3: Occupational Details of Respondents |           |             |       |
|--|-----------|-------------|-------|
|  | Rajasthan | West Bengal | Total |
| Agricultural Labour                          | 30        | 64          | 94    |
| Small-scale farmer                           | 194       | 163         | 357   |
| Medium scale farmer                          | 53        | 32          | 85    |
| Large scale farmer                           | 56        | 33          | 89    |
| Multiple Role                                | 26        | 118         | 144   |

## 7.3 Dependency on Agriculture for Livelihood

The methodology of the study aimed to select respondents who are largely dependent on agriculture to earn their incomes to gauge the possible impact of international trade and globalisation on them. The results show that above 70 percent of the total respondents depended on agriculture for more than half of their incomes, making them directly susceptible to the changes in the international and domestic arena (see Table 4).

| Table 4: Share of Agriculture in Total Income |           |             |       |
|---|-----------|-------------|-------|
|   | Rajasthan | West Bengal | Total |
| >50%  | 253       | 319         | 572   |
| <50 %   | 113       | 93          | 206   |

#### 7.4 Reasons for Cultivation of Specific Crops

The data shows the primary reason for the cultivation of the specific crops the respondents currently cultivate (see Table 5). Majority of the farmers interviewed did not ascribe any role for their own logic or any external incentives in cultivating the crops they currently farm. These farmers have merely continued with the same crops that their families have been cultivating for years<sup>6</sup>.

| Table 5: Reasons for Cultivation of Current Crops |           |             |       |
|---|-----------|-------------|-------|
|   | Rajasthan | West Bengal | Total |
| Traditional                                       | 254       | 324         | 578   |
| Government subsidies and incentives               | 0         | 2           | 2     |
| Recent Market Demand                              | 16        | 14          | 30    |
| Contract Farming                                  | 1         | 2           | 3     |
| Others  | 18        | 2           | 20    |

Market demand and demonstration effect play an insignificant role even though it does marginally better than direct government incentives and schemes to encourage cultivation of specific crops. The poor response in favour of government subsidies and incentives shows either that the incentives are not sufficiently large for the farmers to take up cultivation of that crop despite incurring losses. This result is significant in explaining the condition of small farmers in the rural areas, who are not in a position or unwilling to experiment with new crops for fear of loss or due to subsistence reasons. There are many examples where the farmers continue to cultivate crops (mainly food crops) that were unsuitable for their farms due to factors linked to culture or subsistence. This may also denote the low inter-changeability of crops even if there are incentives. However, it has been observed that demonstration effect plays an important role in determining the pace of adoption of high yielding varieties of traditional crops. Moreover, in a few cases where the demonstration effect prompted farmers to cultivate new varieties like cash crops and vegetables, government incentives schemes or their absence played a major role in the decision to cultivate such crops denoting either market demand or the present level of government subsidies in isolation can not make a farmer take the risk of switching to new variety of crops. Instead, the timing of government support while there are prospective profits can results farmers taking up cultivation of new crops.

#### 7.5 Primary Selling Point

It was important to understand the selling options available to the farmers and their ability to utilise them (see Table 6). Farmers with fewer options to sell are more vulnerable to price fluctuations and often do not receive fair price for their produce. The government procurement provides support prices where as the prices at the *mandis* (market place in rural areas) are regulated by the government.

| Table 6: Most Important Selling Point |           |             |       |
|---------------------------------------|-----------|-------------|-------|
|                                       | Rajasthan | West Bengal | Total |
| Government procurement                | 1         | 0           | 1     |
| Local Private Agents                  | 136       | 67          | 203   |
| Directly at Mandis                    | 114       | 208         | 322   |
| Multiple points                       | 46        | 28          | 74    |
| Self Consumption                      | 59        | 45          | 104   |

The data shows that *mandis* and local private agents form the important selling point for the farmers in these two states. Peoples' representatives, government officials and civil society in both states have singled out marketing facilities for agricultural goods as the important factor for the underdevelopment of agriculture sector. Access to state regulated *mandis* as in the case of Rajasthan and cold storage facilities in West Bengal have been identified as the important impediments in farmers receiving the right price for their produce.

Most of the small-scale farmers marketed their produce closer to their farm directly to small traders or at a village market at a rate lower than government regulated *mandis* mainly due to high transport costs. A few exceptions in the form of informal neighbourhood group marketing activities have been observed in parts of Rajasthan; where as such concerted activities were absent in West Bengal. Only one farmer could clearly state that he sells to the government procurement, probably due to low awareness about procurement mechanisms, despite selling it indirectly under government procurement. The figures of direct sale at *mandis* for West Bengal also include selling at local market. A number of respondents of the survey were subsistence farmers who did not have any surplus to offer in the market. A striking feature of the responses of farmers was their inability to trace the value chain beyond the point of sale. Many farmers thought that information to be irrelevant, as they could not supply to the far off markets. Ignorance about the value chain was prevailing even areas like Sivana in Barmer that exported agriculture commodities like *zeera* (cumin seeds) and *guar gum*. However, such attitudes have reduced the ability of the stakeholders to look for best prices for their produce.

#### 7.6 Do Farming Activities Provide for the Welfare of the Stakeholders?

According to majority of the stakeholders, income from agriculture is insufficient to meet their needs. Many pointed out that their family members also have to work to supplement the agricultural income. However, there is considerable difference in the response according to the size of their agricultural activities. Large and medium scale farmers, who have access to irrigation facilities hold the opinion that income from agriculture is sufficient to take care of the needs of their families. Support prices or price fluctuations were not held as major cause of concern.<sup>7</sup> In areas where agriculture is rain-fed, the respondents have pointed out that profitability of agriculture depends on the amount of rain. On the other hand, for the small-scale farmers, the sufficiency of agriculture income depended on multiple factors like whether conditions, prices in local market and family needs. They often had to resort to distress selling at the time of

| <b>Table 7: Is Agriculture Income Sufficient for Survival?</b> |                  |                    |              |
|--|------------------|--------------------|--------------|
|  | <b>Rajasthan</b> | <b>West Bengal</b> | <b>Total</b> |
| Yes  | 105              | 113                | 218          |
| No   | 207              | 222                | 429          |
| Family Members Work  | 43               | 53                 | 96           |
| Others   | 2                | 5                  | 7            |

harvest in order to repay the loans. In Dupguri block of Jalpaiguri district, large tracts of ripe vegetable crops were left behind for cattle grazing as the prevailing market prices were insufficient to meet the cost of harvesting the produce.

In Rajasthan, the small-scale farmers have resorted to animal husbandry to supplement their agricultural incomes. This practice has a major positive impact in sustaining their incomes and meeting unforeseen expenditures. Sheep and goat have assumed the form of walking cash reserves in Rajasthan, as a stakeholder has pointed out.<sup>8</sup>

### **7.7 Knowledge about Government Support for Agriculture**

An important question the study enquired is the awareness of household stakeholders about the existing government support programmes for agriculture and development (see Table 8). Many of the stakeholders who answered “yes” to the question could not single out agricultural support programmes and clubbed programmes on housing etc., as part of the response. Neither did the respondents have an idea about the size of the government support. The important agricultural support programmes that the farmers knew about were distribution of ‘mini kits’ and subsidy for drip irrigation. On the other hand, awareness on rural housing programme like *Indira Awas Yojana* was almost universal.

| <b>Table 8: Knowledge about Government Support Programme/Subsidy for Agriculture</b> |                  |                    |              |
|--|------------------|--------------------|--------------|
|  | <b>Rajasthan</b> | <b>West Bengal</b> | <b>Total</b> |
| Know about Government programmes   | 227              | 260                | 487          |
| Don't Know   | 133              | 127                | 260          |

### **7.8 Access to Agricultural Credit**

The objective of this question was to understand the access to funds for agriculture in the survey areas. Though a sizeable number of the respondents requested for government funds on agriculture related activities, not many actually received funds and opined that it is difficult to get funds from government, as the responses indicate (see Table 9). Local money lenders and traders form the most important source of funding to the small-scale agriculturists.

| <b>Table 9: Request for Agricultural Credit</b> |                  |                    |              |
|---|------------------|--------------------|--------------|
|   | <b>Rajasthan</b> | <b>West Bengal</b> | <b>Total</b> |
| Requested                                       | 169              | 118                | 287          |
| Not Requested                                   | 182              | 229                | 411          |
| Difficult to get funds                          | 124              | 100                | 224          |
| Not difficult to get funds.                     | 58               | 79                 | 137          |

In some areas the farmers were sceptical about pledging their farm lands to avail funds from banks for fear of losing land in the event of default in repayment. Many stakeholders pointed out that the transaction costs involved, in terms of bribes to the government and bank officials and local vendors, make the bank funds costlier than funds from local money lenders.<sup>9</sup> In districts like Banswara and Barmer, private agencies act as middlemen between the farmers and banks. These middlemen get in touch with the farmers directly and offer to facilitate the credit from the banks and cooperative agencies for a share of the total loan. This practice is so wide spread that the stakeholders believe it is difficult to get direct access to bank credit. The farmers are reluctant to avail such loans as the bribe would be deducted from the loan granted. The awareness and possession of *Kisan* Credit Cards (KCC) was higher in Rajasthan as compared to West Bengal. Mainly large and medium farmers in Rajasthan owned and used KCCs.

### **7.9 Via-media for Availing Government Support**

The aim of this question was to understand the access point for government support and the confidence the stakeholders have on laid out rules and procedures. The survey results show that *Gram Panchayat* members are considered to be the first contact to set the process in motion while the stakeholders' device plans to gain access to government support irrespective of past experience with this method (see Table 10). This is borne out of familiarity and confidence that household stakeholders have in the *panchayat* members and their growing stature in villages.<sup>10</sup> The *Gram Panchayat* members and the *Sarpanch* hold an important role of supplying of useful information on government support to the households in absence of direct out reach of government programmes. It was observed that in *panchayat* or wards that had active members the awareness amongst the stakeholders and access to government support was understandably higher.

Alternatively, when the *panchayat* members screened the information flow the access to government support was lower and led to misuse of funds and losing interest in political participation through activities like *gram sabhas/sansads*. The ability of *Gram*

| <b>Table 10: Primary Contact for Government Support</b> |                  |                    |              |
|---|------------------|--------------------|--------------|
|   | <b>Rajasthan</b> | <b>West Bengal</b> | <b>Total</b> |
| Approach Dept Directly                                  | 124              | 78                 | 202          |
| Go through Political Leader                             | 37               | 40                 | 77           |
| <i>Panchayat</i> Members                                | 155              | 172                | 327          |
| Others  | 36               | 59                 | 95           |



*Panchayat* members to act as the facilitators is often limited by their capacities and awareness about government support programmes. Awareness about issues related to globalisation and international trade was almost non-existent among the *Gram Panchayat* member who were interviewed during the survey.

The results of the survey bring out the geopolitical differences in the two states surveyed. While in Rajasthan, the general perception indicates the higher accessibility to the government departments at the *panchayat* or block level. On the other hand, in the case of highly competitive political environment and associated division of the polity like that exist in some districts of West Bengal, the stakeholders see contact with *panchayat* members as a primary condition for ensuring access to government funds or influencing the bureaucracy, as the case may be. On the other hand, in the opinion of the *gram panchayat* members and functionaries of both states the best method to avail government support was to route the efforts through the *panchayat* members.

### 7.10 Change in Government Support

Majority of the stakeholders who faced this question did not know about the changes in government support over the years. However, almost 2/3 of respondents who could recall the flow of government support in the past few years held the view that it has increased or remained the same (see Table 11). Those who held this view included non-beneficiaries as well, who had the knowledge about others who were benefiting from government support.<sup>11</sup>

This brings to the fore an important aspect about the success of government support schemes. Though there was wide spread awareness about the existence of government support schemes, it did not convert to targeted population benefiting from it. This occurs because of the operation of vested interests at local government level and quality of information available to the target population. These two factors work in tandem to form a vicious circle that results in rendering the programmes ineffective and corruption. It was observed that in many *Gram Panchayats*, there is large scale under utilisation of available government funds for development. This is attributable to low awareness and response at *Gram Panchayat* level and untimely release of government funds or in some cases competitive politics. For instance, in West Bengal, the *Gram Panchayat* functionaries have conceded that they would rather not take up implementation of projects than go through the rigorous scrutiny and allegations of nepotism by political opponents.

| Table 11: Perception on Change in Government Support over the Years |           |             |       |
|---|-----------|-------------|-------|
|   | Rajasthan | West Bengal | Total |
| Reduced   | 30        | 78          | 108   |
| Increased   | 69        | 94          | 163   |
| Remained Same   | 20        | 13          | 33    |
| Don't know  | 88        | 176         | 264   |

| <b>Table 12: Best Agency to Extend Support in the Event of Loss</b> |                  |                    |              |
|---|------------------|--------------------|--------------|
|   | <b>Rajasthan</b> | <b>West Bengal</b> | <b>Total</b> |
| Local <i>Panchayat</i>  | 61               | 33                 | 94           |
| Agricultural Department/State Government                            | 121              | 20                 | 141          |
| Neighbours  | 39               | 136                | 175          |
| None/self   | 27               | 109                | 136          |
| Others  | 14               | 56                 | 70           |

### **7.11 Who Could Deliver Help in the time of Need?**

To quote one respondent from Rajasthan, “Farming has become a speculative activity in the recent years”. According to stakeholder inputs, the number of exogenous factors that affect the success of farming has increase manifold in the past few years reducing the ability of the framers to control the outcomes in the face of raising cost of production. More than the margin of profit, the important factors that determine the vulnerability of farmers in the era of globalisation are the resources and time needed in recovering from losses suffered. These losses could vary between price shocks and crop loss. Therefore, understanding the perception of the stakeholder confidence in the support mechanism is important in devising support strategies (see Table 12).

The responses reflect the perception of stakeholders on their chances of withstanding loss. There are clear variations in the response to this question; which is not adequately explained by the available information. The responses from Rajasthan shows the confidence of stakeholders in government support<sup>12</sup> where as the majority of respondents from West Bengal did not perceive that government support will be forthcoming at the time of a crisis. The responses from West Bengal possibly reflect the existence of stronger social ties as opposed to Rajasthan, where social stratification on caste lines was apparent. However, there is marked variation within the responses from West Bengal as well.

In poorest districts of West Bengal like Purulia and Malda, more respondents expected their neighbours to help them. While, in districts like Hooghly and Jalpaiguri, that are better off in terms of income and human development indices, majority of respondents believed that no outside help will be forthcoming and they will have to help themselves.

### **7.12 The Preferred Form of Support**

There is wide variation in the responses to this question in these two states.<sup>13</sup> On preferred form of support in the event of loss in agriculture activities; the responses from Rajasthan were divided between different options.<sup>14</sup> The stakeholders preferred food grains as the best form of support in Banswara input subsidies in Barmer and work in Bundi (see Table 13). On the other hand, most of the agriculture households that responded to this question in all the four districts of West Bengal expressed their preference for monetary support. Respondents from Purulia held work as the second best option in the event of loss.

| Table 13: The Preferred Form of Support |           |             |       |
|---|-----------|-------------|-------|
|   | Rajasthan | West Bengal | Total |
| Money                                   | 55        | 244         | 299   |
| Food Grains                             | 80        | 30          | 110   |
| Subsidy- Input                          | 58        | 29          | 87    |
| Work                                    | 66        | 39          | 105   |
| Other                                   | 13        | 13          | 26    |

### 7.13 NREGS as Support Measure

The survey results bring out the overwhelming response the National Rural Employment Guarantee Scheme (NREGS) received in the rural areas. This scheme is one of the most visible and arguably the most successful development programmes being implemented at present. There are visible positive impacts of NREGS in the rural areas; more so as a development scheme than as an employment guarantee scheme. There are still teething problems in the form of corruption and misuse of funds during the implementation of the scheme. In few cases, the scheme is becoming incapacitated due to monitoring problem and infusion of vested interest. However, in totality, the benefits outweigh the costs; even though room for improvement is abundant.<sup>15</sup>

Notably, irrespective of the size of their farm, education and political loyalties, the stakeholders could point at least few of the shortcomings or mismanagement of the scheme and were generally more aware of the provision of the scheme.<sup>17</sup> Considering the experience of complete lack of awareness about development schemes prevailing at the *gram panchayat* level, the achievements of the scheme, especially in terms of ushering in transparency unseen in previous schemes, is commendable. One possible reason for its relative success is that the scheme is demand-driven from the users' point-of-view, and not supply-driven as in the case of the most other government support schemes. However, the problems cannot be ignored for long. The most important problems that

| Table 14: Experience with NREGS (Out of 596 respondents) <sup>16</sup> |           |             |       |
|--|-----------|-------------|-------|
|  | Rajasthan | West Bengal | Total |
| Applied/ has Job Card  | 146       | 317         | 463   |
| Did not seek work  | 22        | 22          | 44    |
| Doesn't Know about NREGS   | 4         | 22          | 26    |
| Less Than 100 Days Work Received                                       | 106       | 234         | 340   |
| No Work Received   | 3         | 47          | 50    |
| Less than Stipulated Wage  | 107       | 7           | 114   |
| Satisfied With Work Received   | 67        | 32          | 99    |
| Not Satisfied with Work Received                                       | 44        | 112         | 156   |
| Satisfied With Wage Received   | 61        | 36          | 97    |
| Not Satisfied With Wage Received                                       | 46        | 23          | 69    |

could affect the effectiveness of the NREGS in future are not limited to the near complete failure to provide 100 days of employment or wages paid below the stipulated minimum wage.<sup>18</sup> Rather, the challenges relate to carrying the programme to next level of transparency and breaking the ensuing nexus between local vested interests and officials in its implementation.

Also, the scheme has to be reinvented soon, for the number of developmental activities that can be undertaken is coming down with the successful implementation of the scheme. While capitalising on the positives of the scheme by expanding the scope of the scheme; attention should be paid to keep the basics of the scheme right. The scheme should not be allowed to become the most important source of employment in the rural areas in normal circumstances and should only supplement the main income of the rural households. Else it could soon become another developmental scam and discourage rural enterprise. The work should be phased in such a way that it provides support during the time when agriculture activity is low or absent, in regions it is possible to do so. Moreover, there will be a need to bring in elements of labour mobility in the scheme to enable labourers from areas with lower activities under NREGS to move to areas that experience labour shortage.

The responses show that just over five percent of the total willing respondents with Job Cards failed to receive any employment. Majority of the stakeholders did not receive 100 days of work as promised. However, payment of compensation to those who could not be provided employment is found to be absent in most areas. A sizeable number of stakeholders pointed out they did not receive the stipulated wage as well. However, the programme should be evaluated on the basis of the satisfaction of stakeholders. There is general dissatisfaction in both states with the period of work that the stakeholders received. Whereas, the stakeholders were largely satisfied with the wage they received for their efforts. These two responses together show that: i) the NREGS wage rates match or exceed the existing wage rate at the local level, in fact some of the bigger farmers have pointed out that since introduction of the NREGS local agricultural wages have gone up;<sup>19</sup> and ii) strategies aimed at increasing the purchasing power of the stakeholders of the rural areas may yield higher participation and success.

According to some stakeholders of Purulia, the causes of higher participation at the *Gram Panchayat* level in NREGS can also be attributable to some peculiar factors linked to corruption at the grass roots. Allegedly, the functionaries at the *Panchayat Samitis* and *Gram Panchayats* are more interested in schemes which involve cash payment, and reduced transaction costs for siphoning off money through direct negotiation with beneficiaries. Alternatively, activities related to distribution of seeds, organising training workshops are not attractive to the members as those do not involve handling of funds.

The large number of Job Cards issued point to a crowding out effect that may conceal the extent of the usefulness of the scheme. In the rural areas government document like BPL cards, ration cards are seen as a means to avail government support due to their experience over the years. Therefore, the tendency is to procure the document, even if they do not need it in the present, expecting future returns. Also, the participation rate of total Job Cards issued may not reflect the correct picture on the failure of the scheme to meet the demands for employment.

#### 7.14. Role of *Gram Sabha* in Articulation and Signalling of Demand

The survey results show high rate of participation in *Gram Sabha* (village meetings). Though in some areas like Purulia in West Bengal, most of the small farmers and labourers did not know about *Gram Sabha*, in Bundi in Rajasthan many respondents who knew about the *Gram Sabha* stated that they are not interested in attending as they were sceptical about the utility of participation (see Table 15).

|   | Rajasthan | West Bengal | Total |
|---|-----------|-------------|-------|
| Attended <i>Gram sabhas/Sansads</i>                       | 197       | 262         | 459   |
| Not attended  | 142       | 61          | 203   |
| Not Interested  | 22        | 20          | 42    |
| Don't Know about <i>Gram Sabha</i>                        | 30        | 48          | 78    |
| Proposed Activities                                       | 162       | 182         | 344   |
| Recommondations of <i>Gram Sabhas</i> are Implemented     | 85        | 119         | 204   |
| Recommondations of <i>Gram Sabhas</i> are not Implemented | 131       | 116         | 247   |

The high incidence of non-attendance at the *Gram Sabha* in Rajasthan can be attributable to inconvenience, disinterest arising from past experiences and lack of female participation. However, most of the people who attended *Gram Sabhas* made some requests usually relating to personal needs. Requests on housing was the most recurring in both the states. Specific requests relating to agriculture were few. The respondents from Rajasthan did not see much utility of such efforts as majority of them were of the opinion that the recommendations of the *Gram Sabhas* (action plans) are not implemented ultimately, whereas, majority of the respondents from the West Bengal opined that the action plans made at the *Gram Sabha* are implemented. The *Panchayati Raj* System is still in the process of evolution, even in West Bengal where it has been in existence for close to 30 years. There is considerable lack of understanding about the working of *Gram Sabha* or its utility. People often put forward personal demands that may not fall under the scope of the *Gram Sabha*. Apparently, the idea of *Gram Sabha* as a mechanism to achieve the common developmental goals has not become popular in the villages.

Though *Gram Sabha* theoretically plays the important role of articulating the grassroots demands and signalling it to the higher decision making authorities, there are inbuilt bottlenecks that could derail the process. For instance, the *Gram Sabhas* could not be responsive to local needs due to pre-determined budgetary allocation, even though conceptually it is the corner stone of participatory governance and planning. This situation arises due to the prominence of district plans in setting the agenda of plans of lower tiers of government and genuine dearth of availability of funds for development activities.<sup>20</sup> The prominent role that government officials have to play in drawing up the village plans reduces the democratic element in the process. The inadequate capacities of the peoples' representatives in understanding and executing complex government programmes resulted in hold of bureaucracy over developmental issues. It was ironic to

observe that in a democratic system, the peoples' representatives of the grassroots are treated rightly or wrongly as compulsive cheaters. The system has vested high moral authority with the government officials. Many of the *Sarpanchs* and even *Panchayat Samiti* presidents had just a ceremonious role to play, with little financial authority. This monitoring problem, at least in a few cases, has affected the ability of the *panchayat* members use their local knowledge in meeting the developmental needs of the villages.<sup>21</sup> The processes of elimination of demands at the block and district levels often prone to misuse. The decision on allocation of funds is made according to the priorities set by the district plan and *Gram Panchayat* level efforts do not influence them much.

The *Gram Sabhas* are even concocted especially in highly contested political spaces. In Purulia, it was alleged by a section of the stakeholders that the actual participation in *Gram Sabha* was about two percent though it is mandatory that at least 10 percent of the total voters in a booth should be present at the *Gram Sabhas*. Only a few voters who are loyal and active members of the local ruling party attended the *Gram Sabhas*. The information about the meetings is allegedly not circulated or the meetings themselves are conducted in private. Resolutions from such meetings are neither documented nor circulated properly. After the conclusion of the meeting the attendance register is sent to the households belonging to the sympathisers for their signature on the resolution to fill the quorum. In one of the villages, out of 25 households questioned only about three people were aware that such meetings actually took place though on record the *Gram Sabhas* attendance crossed 400.

### 7.15 Peoples' Representative in Poor light

The people representatives, in general, scored poorly in the performance ratings by their electorate (see Table 16). An overwhelming majority of the people in West Bengal were not satisfied with their representatives; while their counterparts in Rajasthan were more circumspect in pointing out the follies of their representatives.<sup>22</sup>

The local representatives were by and large termed as corrupt and inept except in few cases, even though stakeholders themselves could not answer why the same set of people are re-elected. The success of most of the development schemes at the local level hinges on the performance of the people's representatives. However, there was considerable dearth in the capabilities of the elected representatives at the *Gram Panchayat* level to understand the complex structure of governance and execute their duties effectively. With the increasing powers of the *panchayat* the governance structure has also become complex. This combined with the lack of clarity in demarcation of roles between the *panchayat* and the state government departments, the ability of the *panchayat* members to understand the nuances do not enhance correspondingly. This is due to the ineffective training available to the elected representatives at the local level.

| Table 16: Performance of Peoples' Representatives |           |             |       |
|---|-----------|-------------|-------|
|   | Rajasthan | West Bengal | Total |
| They Do   | 138       | 49          | 187   |
| No  | 172       | 226         | 398   |
| No Answer   | 51        | 79          | 130   |

### 7.16 Resources Available to Gram Panchayat

There was considerable lack of awareness on the availability of funds at the local level. Almost half of the total respondents did not know about the available funds at the Gram Panchayat level (see Table 17). Most of those stakeholder who were aware about the funds available to the Gram Panchayat were of the opinion that the fund made available at the Gram Panchayat level are insufficient to meet the growing demands of the people and developmental activities even though they opine that there is high incidence of corruption.

| Table 17: Funds Available to Gram Panchayat |           |             |       |
|---|-----------|-------------|-------|
|   | Rajasthan | West Bengal | Total |
| Sufficient                                  | 80        | 68          | 148   |
| Not Sufficient                              | 116       | 131         | 247   |
| Don't Know                                  | 155       | 168         | 323   |

### 7.17 People as Policy Makers

This question arises from the problem: “are common people capable of governing themselves?” The effort was to gauge the ability of the stakeholders in articulating their demands if they were to be consulted directly during the decision making process. As evidenced by the results shown here most of the respondents had at least one suggestion to the government. Though, these suggestions/demands were mainly about meeting personal needs; some of the responses shed light on the ways service delivery could be improved. The result also points to the need to strengthen existing avenues of consultation with people on their needs and introducing fool-proof methods to ensure effective stakeholder participation in political decision making (see Table 18).

| Table 18: Advice to Government to Improve Performance and Service Delivery |           |             |       |
|--|-----------|-------------|-------|
|  | Rajasthan | West Bengal | Total |
| Have Suggestions   | 201       | 316         | 517   |

### 7.18 Perception on International Trade

The awareness on globalisation and international trade in agriculture commodities was abysmally low amongst the households of the survey areas. This was noticeable even in areas of agricultural exports like Barmer in Rajasthan. The lack of awareness could be attributable to ignorance/disinterest in value chain. Most of those claimed to have knowledge about international trade in fact misunderstood domestic trade for international trade (see Table 19). Similar response was received from both village and block level officials and peoples’ representatives.

| <b>Table 19: Knowledge on International Trade</b> |                  |                    |              |
|---|------------------|--------------------|--------------|
|   | <b>Rajasthan</b> | <b>West Bengal</b> | <b>Total</b> |
| Have Knowledge                                    | 37               | 38                 | 75           |
| Don't know  | 240              | 316                | 556          |
| Sell to exporters                                 | 6                | 2                  | 8            |
| Don't Know if it goes abroad                      | 8                | 10                 | 18           |
| Know Someone else                                 | 3                | 6                  | 9            |
| Better price for exported items                   | 16               | 4                  | 20           |

| <b>Table 20: Adverse Impact of Import</b> |                  |                    |              |
|---|------------------|--------------------|--------------|
|   | <b>Rajasthan</b> | <b>West Bengal</b> | <b>Total</b> |
| Yes                                       | 19               | 24                 | 43           |
| No  | 3                | 4                  | 7            |
| Don't Know                                | 16               | 8                  | 24           |

Among the few who knew about international trade and globalisation, majority held the view that import of agricultural goods that they produce currently could adversely affect them as illustrated in Table 20. According to the respondents increase in procurement or support price was the preferred form of government action if they were to suffer losses due to cheap imports.

| <b>Table 21: Desired Government Action on Cheaper Imports</b> |                  |                    |              |
|---|------------------|--------------------|--------------|
|   | <b>Rajasthan</b> | <b>West Bengal</b> | <b>Total</b> |
| Stop  | 16               | 10                 | 26           |
| Raise Support/procurement Price                               | 14               | 13                 | 27           |
| Input Support   | 4                | 10                 | 14           |
| Others  | 1                | 1                  | 2            |



## *Observations and Conclusions*

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This section provides the concluding remarks and observations based on the survey, incorporating views of respondents from block, district and state levels.

- **Unholy Nexus:** Government officials and people's representatives at the local government level either act hand in hand or are in confrontational mode. Theoretically, these two components should act in unison to achieve the development goals; however, often such partnership is only noticeable in the case of collusive corruption. The household responses indicate the existence of a tacit nexus between the bureaucracy and the local politicians. However, as the two most important cogs in governance responsible for information dissemination gathering feedback and timely signalling of the ground realities to the higher decision making authorities, their performance is dissatisfactory. Though this is often not due to their own design, the capacities of the officials and people's representatives at the local level are very low. Many government officials pointed out that the people's representatives often do not have the capacities to execute their enhanced duties under the *Panchayati Raj* System, and less so in the case of complex issues like globalisation. This situation has at times entrusted the officials with extraordinary executive powers whereby the powers of the local people's representatives are either transferred or usurped by the bureaucracy.<sup>23</sup> This, coupled with the stakeholder perception about rampant corruption (though misplaced, at times) has hindered the evolution of a culture of political participation at the *Gram Panchayat* level. Activities like those in *Gram Sabha*, whose success is determined by voter participation, are often seen as an eyewash.
- **The Missing Opinion – Women in Decision Making:** Participation of women in decision making has been facilitated by reservation of seats and administrative positions in the *panchayat* system. However, as pointed out earlier these measures appears to have only limited impact on their actual participation in decision making. The women office bearers in the *panchayat* system work in predominantly male dominated environments, where decisions often emanate from the male colleagues or heads of families; as candidly admitted by a *Panchayat Samiti* office bearer in West Bengal. Women participation in *Gram Sabha* is very low. Women peoples' representatives at the *panchayat* level are often relegated to household duties while their spouses take care of the official business. The prevailing customs in the village level also lead to their marginalisation. A woman

*Sarpanch* whom researchers met in Rajasthan refused to sit anywhere else other than on the floor during the interview, as according to the local customs she was forbidden to do so at her in-laws house. During the interviews, the women peoples' representatives had to be 'helped' by the men around, as they had poor understanding of the local problems and official matters related revenue and expenditure of the *panchayats*.

However, a significant impact is taking shape through the work of self-help groups (SHGs), which are giving the women opportunities to come to the fore of the society through collective demands and raising awareness, though this has not readily transformed into increased participation in political decision making. Since the activities of the SHGs provide some economic benefits to the families of the participants there is higher social acceptance of the public role that they play through this medium. Considerable ground has to be covered in empowering the women in the matters related to governance at the village level than mere reservation of electoral seats. Capacity building activities targeted especially at the women elected representatives are needed. Similarly, activities focusing at the male functionaries are also needed to deal with this exclusion problem.

- **Peoples' representatives from weaker sections:** Echoing the story of the women in decision making is the state of the political opinion of the weaker sections. Effective participation of the people of weaker sections, especially the poorer amongst them in political process is hampered in both states that the survey was conducted. Awareness among people belonging to the SC and ST communities about their rights and government support programmes was very low. Ironically, the condition was not any different in Banswara district where the ST population made up almost 90 percent of the total electorate of the *panchayat* and all the posts of the *Sarpanch* were reserved for ST community. Though erroneous to generalise, it was observed in the case of Banswara the existence of considerable gap in terms of knowledge and awareness between the elected representatives belonging to the backward communities and the voters from the same social background. The people's representatives were, some what aware about the government support programmes. Nonetheless, that has not resulted in adequate dissemination of information to their constituencies. A possible explanation for this could be the formation of coalitions of convenience between the local elites and the representatives belonging to the weaker sections.
- **Corruption and inefficiency:** Other than increasing the transaction costs for the stakeholders corruption creates high inefficiency. Incidence of corruption is very high in the rural areas. The asymmetric information problem coupled with multiple layers of leakage of government funds ensure that government support almost certainly fail to reach its target. For instance, in the case of agriculture support and credit, strong collusion between suppliers of agricultural goods, bank officials and local politicians is widely prevalent. At some places, this has taken the form of efficient networks and come to be accepted as one of the conditions to avail support and cheaper credit.

- **Lack of reach to the government support mechanisms:** It was ironic to observe as a corollary to the prevailing notions on insufficient government funds, that the bigger problem could be actual delivery and distribution of the funds. As one *Sarpanch* in Rajasthan succinctly noted, due to the prevailing leakages from the system; additional funds to *panchayat* could translate to more corruption.
- **Irrelevance of land ownership:** Land is becoming less of a constraint in places like Barmer and Bundi in Rajasthan as availability of irrigation facilities (“sweet water”) has come to determine the land use and profitability of agriculture, especially in the case of food crops like wheat. The ground water in areas like Sivana in Barmer is hard and cannot be used for cultivation. In the absence of government water supply canals, farmers have to purchase water to irrigate their crops. Hence, ownership of sweet water wells has become a good source of income for many rich farmers. Such wells supply water in up to a distance of five kilometres through interconnected hoses. Even in Kotda Bada *Gram Panchayat* in Banswara where availability of water is relatively better due to proximity to river and existence of a water supply scheme, the ownership of “lift” (lift irrigation facilities to draw water from neighbouring river, operated by private players) has become a major source of income for some players. The lift operator receives one third of the total produce from each farm for providing water. The small farmers in these areas become completely dependent on such facilities as setting up of a lift irrigation facility requires an investment of about Rs 15 lakh and the canals from the near by dam did not reach this area.
- **Misuse of BPL Cards:** BPL cards are in high demand in the rural areas as they decide access to many government support programmes. It has been observed that both in Rajasthan and West Bengal many well off farmers and *panchayat* ward members were also in possession of BPL cards and availed government support aimed for the poor. Therefore, programmes that have BPL card as one of the eligibility criteria invariably fail to reach the target beneficiaries. The scale of irregularities on BPL cards sometimes reaches incredible levels. For instance, in Meli *Panchayat* in Barmer, out of a total 230 BPL cards, only 25-30 were issued to deserving poor; according to a *Panchayat* functionary; who did not want to be named. In his opinion, interpersonal ties and local power equations often make the fair distribution difficult. In such circumstances information on government support is made available to very few and the limited pie of government support is usually shared by the local elites.

It is noteworthy that large-scale irregularities in issuing BPL cards have prompted the government to devise a new method to find the BPL beneficiaries. In the new method, the selection of beneficiaries is done directly by State Government officials and it has reduced the role of the local *panchayat* in the process. However, according to some stakeholders, the new criteria, which lay emphasis on parameters such as landholding, income from agriculture, among others, are not without drawbacks and are still misappropriated in an organised manner.

- **Ignorance on issues related to globalisation:** There is a near complete ignorance about issues related to globalisation and its impact on agriculture amongst the stakeholders; including government officials was a stark reality that came to the fore during the study. As evident from the household survey results the farmers were almost completely unaware of trade related issues. The awareness on such issues amongst the government officials at *Gram Panchayat*, Block and to a great extent at the District level was abysmally low. At the state level, there was better awareness in terms of familiarity with such issues. However, it was largely based on the rhetoric in popular press and did not amount to informed knowledge on various facets of globalisation and trade liberalisation. This signifies the need for concerted efforts to educate different stakeholder groups to raise awareness about issues relating to trade and globalisation.
- **Lack of marketing and storage facilities:** Knowledge of markets, prices and demand amongst the farmers was found to be low. The average farmers surveyed were affected by isolation paradox and adverse selection of markets and prices. Peculiar practices followed by the farmers also increase their vulnerabilities like selling in small quantities to local traders at lower prices than *mandis*. This usually arises from the farmer's perception of future uncertainties and intrinsically linked to food security. It is observed that farmers prefer to hold the produce in anticipation of better prices and to ward off future difficulties, often ending up engaging in distress sales and loss of produce due to inefficient storage facilities. This also points to the lack access to affordable credit.
- **Asymmetry of awareness on government programmes:** The role of local government officials in passing on the information to the farmers was found to be ineffective in many parts of the survey areas. Effective monitoring of programmes at the *panchayat level* is lacking as a result of predominantly top-down decision making chain.
- **Lack of effective stakeholder participation in political decision making:** In the survey, it was found that a major problem was the sheer lack of effective participation of various stakeholders in political decision making at the grassroots.
- **Lack of stakeholder confidence in people's representatives:** This trend was found in all the blocks surveyed in the two states. Also, no sign of accountability on the part of the people's representatives was witnessed.
- **Complex signalling process to gather information:** Demands from the ground with multiple actor involvement is complex. The information gathering mechanisms at both the administrative as well as political levels could be vastly improved by streamlining of functions of various government departments with better coordination.
- **Multiple layers of decision making:** The multiple layers of decision making between the *panchayat* and government ministries often lead to inefficient implementation of the support schemes. Though in both the states the devolution

of powers and functions to the local *panchayats* has been granted by the law, they have either not carried out in reality or failed to translate into discernible change at the *panchayat level* as many programmes with strong linkages to poverty alleviation are still run by and large by the government departments and *Gram Panchayat* have a only a minimal role to play.

- **Manipulation of local bodies:** *Gram Sabhas* are often manipulated, which renders the process ineffective. Highly competitive associational politics at the *Gram Panchayat* level instils crab-mentality, trumping development like in the case of West Bengal. This is also cited as one of the important reasons for inefficient implementation of development schemes in West Bengal.
- **Myth of people's power:** Government official are still the most important decision makers, facilitators and at times stumbling blocks. Though many functions and powers are transferred to the local institutions most of the effective authority is vested with the government officials.
- **Pros and Cons of NREGS:** Pros has worked in parts, as visible impact in terms of infrastructure creation and ensuring income and employment can be seen. In terms of cons, corruption and inefficiency, especially on payment of salaries and misuse of job cards is major hurdle. The scheme also faces the possibility of exhaustion few years down the line.

## *Advocacy Points*

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The research brings to the fore the need for focussed effort to facilitate the mainstreaming of trade concerns into national development strategy. Stiglitz points out that at the international level, the problems emanating from globalisation "...has much to do with economic globalisation out pacing the political globalisation, and with the economic consequences of globalisation out pacing our ability to understand and shape globalisation and to cope with these consequences through political processes. Reforming globalisation is a matter of politics" (Joseph Stiglitz, 2006, p.269). This is true in the case of domestic scenario as well. The challenge is the expansion of the social opportunities open to people. Achieving greater equity in Indian society depends crucially on political action and practice of democracy to ensure democratic freedom (Jean Dreze and Amartya Sen, 2002)

The primary need, therefore, is to mainstream the issues related to poverty and development in the evolution of national development strategy itself. Democratisation of the process of national development strategy making is needed. In the absence of credible institutional mechanisms that ensure smooth political signalling process, there is very little room available currently to for mainstreaming the trade issues in national development strategy. The activities could range from those aimed at the big challenge of bringing transparency in local governance and reforming the *panchayat* systems. These activities could take place at the following levels to start with:

**a) Focus at Central and State Governments:** At the national level, there is a pressing need to strengthen the capacities of the Central Government in mainstreaming the local inputs on concerns related to livelihood and development in policy making. Bringing accountability to the national development strategy making is the primary requirement in setting the condition for mainstreaming trade. There should be efforts aimed at increasing the stakeholder participation in policy making that will reflect the views from the ground.

There is a greater need to ensure wider stakeholder participation in policy making than the present system of selective sourcing of inputs. The obvious objection against these suggestions will be on the familiar lines of official secrecy and fear of misuse of the information. These are untenable to a great extent as all policy making efforts of the past achieved was to leave the citizen of the *panchayat* at the mercy of vested interests by creating loopholes in the system that leaked information in a selective manner to the vested interests.

During the advocacy phase the activities should aim at bridging the gap in policy making by encouraging the Central Ministries to ensure wider stakeholder consultation, even at the state and district levels. The State Governments currently play a subdued role in the mainstreaming trade issues in national development strategy. The capacity of the state bureaucracy on globalisation issues is limited at present. In states like, West Bengal where exposure to such concepts are higher, issues like globalisation and international trade are used to whip up rhetoric and as a cover against failure to ensure democratic participation and development delivery.

**b) Focus on the Local Tier of Government:** The specific points to be taken up are:

1. Raising awareness at the local level on the rights and privileges under the *Panchayat Raj* System;
2. Aim to increase transparency in local governance by public pronouncements of policies or organising fairs etc;
3. Enhancing the role of political functionaries by making the government officials accountable so that their capacities will be reinforced overtime;
4. Ensuring provision for contingency or floating funds to the *panchayats* to enhance their liquidity and ability to act swiftly in the time of crisis such as major crop loss due to pest infestation or natural calamities; and
5. Displaying activity charts for the whole year in local language that provide information on the available funds, and the number of beneficiaries etc., on the lines of NREGS site information sign boards. .

**c) Role of Media and Civil Society:** have an important role to play in ensuring the mainstreaming process. However, other than oscillating between overt criticism or covert collusion with government and politicians; these two pillars of democracy have failed to act productively.<sup>24</sup> At present, the capacities of media and civil society to understand and encourage informed debates on linkages between globalisation and development are apparently very low, especially at the local level. Moreover, they have only limited experience in terms of participation in national policy making. Therefore, efforts to involve the media and civil society from the village levels (lemons problem, not withstanding) in decision making is also very important.

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## Annexure

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- i. District and *Panchayat*-wise Survey Results
- ii. Questionnaire for Households
- iii. Questionnaire for Peoples' Representatives
- iv. Questionnaire for Government officials
- v. Matrix for selection of districts

### ii. Questionnaire for Households

**Mainstreaming Trade into National Developmental Strategy (MINTDEV) in Agriculture**  
(Provide a short verbal description of objectives of the survey)

#### **QUESTIONNAIRE FOR AGRICULTURAL HOUSEHOLDS**

**Name: (Optional)**

**Village/Block:**

**Male/Female:**

**Education:**

**[Optional] Social background (caste, minority community & religion):**

**Level of income:**

**Date of Interview:**

#### **Agriculture Specific**

1. Agricultural activity you engage in?
  - a) Agricultural Labour
  - b) Small-scale farmer
  - c) Large scale farmer
  - d) Multiple Roles, please explain:

[IF 'd'] What is the rough share of agriculture in the total income?

2. Which crop/s do you grow?
3. What is the important reason for you to cultivate these crops?
  - a) Traditionally we have been cultivating it
  - b) Government provides subsidies and incentives for such crops

- c) Recent demand in the market/ after observing other farmers making profits
- d) Due to requirements under contract farming
- e) Any other; please specify:-

4. Who do you sell your farm produce to?  
 Government procurement  
 Private Agents  
 Directly at *Mandis*  
 We sell portion of what we produce; please explain

[IF RELEVANT] We consume all that we produce.

5. In your opinion, do your agricultural activities sufficiently provide for you and your family?  
 Yes  
 No, I have to do other work to earn enough for my family.  
 My family members also do other work to supplement the agricultural income.  
 Any other; please explain:-

6. Do you know about any Government support programme/subsidy for the farmers; or support by non-government organizations (*the wording in the local language should be very clear*)? Please give specific details.

[IF YES] What was/were the source/s of your information?

7. Have you made any request for funds (including subsidies & credits) from the government to improve the condition of your farm?

[IF YES] When, what was the purpose the funds and what was the out come?

[IF NO] why? (To gauge their awareness and accessibility to funds)

- 7 (a) In your opinion, is it difficult to get funds from the government for agricultural activities? Could you explain?

8. Who do you usually approach when you have to get a work (say subsidy, seeds, credits etc.) done from the government department?  
 Approach the Dept. directly  
 Go through local political leader  
*Panchayat* members  
 Others like?-

9. In your opinion, have the government support and subsidies for agriculture reduced over the years?

### **Support Systems**

- 10) In the event of a loss in your agricultural activities, who do you think is in the best position to help you with resources?  
The local *Panchayat*  
The Agriculture Department/ State Government  
Neighbours  
Any other; Specify
- 11) [IF RELEVANT] If you suffer loss, what do you prefer from the following as Government support?  
Money  
Food grains  
Subsidy for cultivation  
Work  
Any other; please specify:
- 12) Have you applied for job card or registered under the NREGA scheme of the Government of India?
- [IF YES] How long you got work and what was the daily wage received?
- [IF RELEVANT]  
Were you satisfied with the tenure of work and wage; under the NREGA?

### **Level of Participation**

13. Have you attended *gram panchayat* (village parliament) meetings?
- 13(a) What are the main issues discussed; if you can recollect?
- 13(b) Have you put forward any request in those meetings? And what was the outcome?
- 13(c) [IF RELEVANT] Do you think the decisions at *Gram Sabhas* (or as they are called locally) get implemented ultimately?
14. Have you participated in any agitation/petition for improving the condition/availability of public utilities in your village? What was the outcome?
15. Do you think the peoples' representatives of your area are doing a good job of safeguarding your interests? (both as an agriculturist and user of utilities)
16. Do you think the funds that your village *panchayat* receive from the government are sufficient to meet the demands of the *panchayat*? Please explain this with reasoning.

17. Do you have any suggestions on how Government can meet your demands more efficiently? [Take down in points; unless needs explanation]

**Knowledge on Trade and Globalisation**

18) Do you know about export and import of agricultural commodities?  
[IF CONNECTED CONTINUE; ELSE WIND UP]

18(a) Do you sell your produce to exporters? (Why?)

18(b) Do you know someone else who does?

18(c) Do you think they get better price?

18(d) Are you affected by cheaper imports of the crops that you grow?

Yes.....

No.....

Don't Know.....

[IF YES]

What do you want the government to do?

Stop Imports

Raise Support/ procurement Price

Give subsidy on inputs like seeds, fertiliser, electricity etc.

Any other, please specify:-

**Thank You**

**Address:-**

### iii. Questionnaire for People' Representatives

#### **Mainstreaming Trade into National Developmental Strategy (MINTDEV) in Agriculture** *(Provide a short verbal description of the project and its objectives)*

#### **Questions to Members of Legislative Assembly (MLAs)/ Members of Parliament (MPs), Zilla Parishad Members, Block Level Members and Political leaders (Excluding Members of Gram Panchayat)**

#### **General Information**

**Name:**

**Male/Female:**

**Designation (as in MP/MLA or district leader, party worker):**

**Constituency/Area of work and State:**

**Education:**

**Name of the political party:**

#### **Development & Agriculture Related**

1. Please identify the important developmental needs of your constituency/ or area of work?  
**(Please check about each of the following if they miss out)**  
Check List: Secure Livelihood, education, health, water, affordable credit for farming, housing, Roads, Female education & health)
2. What do you think is/are the reasons for the lack of progress on the developmental aspects of your constituency, if this statement is true?  
( ) Lack of funds ( ) Competition from non- agricultural sector diverting funds  
( ) any other
3. What is the state of agricultural sector in your constituency? Are there any problems in the agricultural sector specific to your constituency?
4. What are the programmes/schemes available currently to address the problems facing agriculture?
5. How are you thinking of addressing those problems? (please give us some idea about what is / was / will be your next step to get rid of these problems)

#### **Understanding and Dealing with Globalisation**

6. Have there been any concerns raised about the impact of globalisation in your constituency? If yes, can you please explain its nature and causes?
7. Was there any organised action on the above? (b) What was the outcome?

8. What in your opinion is the impact of globalisation in your constituency, positive or negative? And Why?
9. Problems that in your opinion that hinder access to benefits or fruits (if any) of globalisation
10. How educated are the farmers and the farm labourers on the impact of globalization on agriculture?

**Articulation of Demands and Relaying (as in the way demands are carried forward to the higher decision making arena)**

11. What has been your specific method of understanding the needs/demands of the people at the grassroots?
12. What is the primary source of your information on the developmental needs of your constituency?  
(Check List)
  - Fellow party workers
  - Voter's petitions/complaints
  - News papers/ media
  - Visits to the constituency
  - Reports of *Gram Sabhas*
  - Any other, please specify
13. How often do you attend the *Grama Sabha* meetings of the Village *Panchayats* in your constituency?  
 All  occasionally  seldom  Never
14. How many *Gram Sabhas* have you attended in the past one year?  
 None     All (Give the number)
15. Do you read reports of the *Gram Sabhas*?  
 Yes  No
16. What was the overlapping theme in those reports across your constituency? Can you elaborate with examples?
17. How often does the village demands find mention or discussed at the party level?
18. How regularly do you raise the village demands at the legislative Assembly Parliament?
19. How do you carry forward the message/demands at the village level to higher policy making bodies?

20. How did you try to address the developmental needs of the people of your constituency?  
 raised the point with concerned dept/ official     raised the point in the legislative assembly     Participated/ led delegation to the higher official/s  
 organised protest/s     Brought the matter to the ministers notice out side the legislative assembly
21. Do you think such intervention bring about some positive changes; Please give examples.
22. [IF AN ELECTED REPRESENTATIVE] Do you think as.....(give the designation) you have enough powers to play an effective role in addressing the developmental needs of the people? Please elucidate your answer.
23. How in your opinion the developmental needs of the people can be better integrated to political decision making? What steps do you think are in place and needed further?

**On Panchayat Raj Institutions**

24. How would you rate the devolution of functions from the State to the Local level in your constituency?
25. In your opinion, are enough powers devolved to the PRIs at present? Please elaborate.
26. What are the major Developmental Schemes implemented by the PRIs in your constituency so far?
27. How efficient are the fund flows from the State mandated by the State finance Commission to the PRIs?
28. What is the quality of participation of the village inhabitants in the activities of PRIs?
29. Are there any other bodies directly or indirectly involved in bringing about these developmental changes?
30. In your opinion, can Panchayat Raj Institutions meet the demands of the citizens more effectively to reduce the adverse impacts of Globalisation, if any? Please elucidate.

**Address of the Respondent with Tel no.:-**



#### iv. Questionnaire for Government officials

##### Mainstreaming Trade into National Developmental Strategy (MINTDEV) in Agriculture (Provide a short verbal description of the project and its objectives)

##### Questions to Government Officials

##### General Information

**Name:**

**Male/Female:**

**Designation:**

**Department:**

**Development Domain: (as in health, education, water, etc...)**

**Date of Interview:**

1. What are the government programmes related to development that are currently implemented by your department?
2. Can you provide a rough estimate of the total funds available and utilised under these programmes? Why under utilisation of funds, if any?
3. [FOR AGRICULTURE DEPT.] What are the agricultural support programme that is implemented by your department and its effectiveness?
4. What criteria, if any, you employ to distribute funds under the various development programmes/projects of your department?
5. What has been your specific method of understanding the needs/demands of the people at the grassroots?
6. What are the methods by which the demands on developmental aspects from the grass roots are addressed by your Department?
7. What are the methods by which you disseminate information on the various development or agriculture support programmes amongst the targeted beneficiaries?
8. Are suggestions made at the *Gram Sabhas* taken up for implementation by your Department?
9. Do you think the PRIs have sufficient powers to address developmental needs of the people?
10. Can the effectiveness of programmes implemented by your departments improve if they are transferred to PRI?
11. In your opinion, how can the developmental needs be better integrated into political decision making?
12. In your opinion, can *Panchayat Raj* Institutions meet the demands of the citizens more effectively to reduce the adverse impacts of Globalisation, if any? Please elucidate.

**Address of the Respondent with Telephone No**

## Endnotes

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- 1 The matrix was made as comprehensive as possible to ensure that each district selected is homogeneous to make further selection of blocks and *panchayats*, accordingly. This is why we have chosen Hoogly and Hanumangarh as arguably the best performing districts in West Bengal and Rajasthan respectively.
- 2 These interviews were not carried out at the time preparation of this draft due to paucity of time; the information was from secondary sources.
- 3 Data shows Mednipur as one of the worst performing districts with high agricultural population; however it had to be left out due to the volatile security situation prevailing there.
- 4 Please see the discussion on the limitations and problems in the survey methodology and results.
- 5 After the Uruguay Round West Bengal has filed a petition in the Supreme Court of India, challenging the authority of the Centre to commit on the Article on Agriculture in WTO without consultation with the State Governments, since the subject of agriculture falls under the State List. Cited in Shishir Priyadarshi (2005)  
Though Agriculture is under the State List; given India's top-down model of governance; the States have limited ability to act independently.
- 6 Availability of water has been cited as the prominent reason by farmers in Rajasthan for continuing with the traditional crops; especially in the case of rain-fed agriculture.
- 7 Many of them had access to transportation and storage facilities that reduced the chances of distress selling. Better access to credit, combined with transportation and storage facilities reduced their vulnerability to price fluctuations in the market.
- 8 Dashrath Singh, a farmers' leader in Rajasthan.
- 9 For instance, respondents in Rajasthan have pointed out that this transaction cost could be above 20 percent of the loan amount depending on the share of subsidy. The past experience with waiver of agriculture debts also encouraged farmers in Rajasthan to avail huge credit, sometimes beyond their means. Corruption and collusion at the local level ensure that most of the small and marginal farmers do not have access to affordable credit. Alternatively, bribes also increase the effective rate of interest to the farmers, as they have to repay the whole amount with interest. This has led to a major adverse selection problem in the rural areas, whereby the chances of borrowing by genuine farmers is limited.
- 10 The households see it as an unwanted yet unavoidable situation as allegedly most of these *gram panchayat* members are corrupt and working in connivance with the government officials. Please refer the discussion on performance of people representatives, below for further details.
- 11 This response has a social bias and observed mostly in Rajasthan. Ironically, the respondents from the general category clearly identified the government support

programmes for the weaker sections like scheduled caste and scheduled tribes, even when the respondents belonging to the SC and ST communities seemed not completely aware about such programmes.

- 12 The respondents in Rajasthan held the view that the neighbours would also be equally affected at the time of crisis and would not be in a position extend help.
- 13 Most of the stakeholders treated this as a wish and did not foresee any such help being extended to them.
- 14 This question was not posed to respondent in Hanumangarh due to an error in questionnaire.
- 15 Curiously, in both states, the progress reports of the scheme painted on the wall of *Gram Panchayat* office was in English instead of the local language. Ostensibly, the motive was to increase transparency, but for whose benefit?
- 16 The NREGS was not implemented in two districts covered under the survey viz. Bundi and Hanumangarh in Rajasthan.
- 17 However, the information about the stipulated wage was low, irrespective of the fact that it was mentioned in the job card.
- 18 Notwithstanding the criticisms leveled against the implementation of the scheme from different quarters, there was credible evidence available at the *panchayat* level in Rajasthan about the positive impact of the scheme on poor stakeholders. The scheme has resulted in general increase in agricultural wage rate; despite underpaying the stakeholders. Similarly, migration from interior areas like Banswara in search of jobs during the implementation of the scheme has reduced. More pertinent is the impact of scheme on the rural female population; who has been provided an opportunity to gain employment within their own *gram panchayat* and earn the same wage as the male population.
- 19 Though, the impact of such upward revision of agriculture wage rate on the profitability of agriculture is yet not certain.
- 20 Though, since the inception of NREGS this situation has changed to a great extent. NREGS funds make up more than half of the available funds in many of the *gram panchayat* surveyed for this study.
- 21 It is difficult to buy the often repeated argument that more financial powers to the elected peoples' representatives would lead to more corruption. On the contrary, corruption at the *gram panchayat* level occurs due to the nexus between government officials and elected representatives.
- 22 In Rajasthan, though people said that politicians were corrupt; they were reserved in pointing out specific individuals or acts.
- 23 The present rules and procedures on funds distribution and use, anyhow, place the officials, ahead of the elected representatives in the pegging order. The system does not trust the people's representatives with the responsibility to utilise the resources judiciously. Similarly, the officials have a major de facto authority in drawing up the recommendations that the *Grama Sabha* send to *Panchayat Samitis*.
- 24 Exceptions are abundant and not over ruled. However, their visibility is very poor at the national media and conversely reporting on issues related to globalisation is mostly, ill informed in the local vernacular media.

On civil society, the situation can be summed up with quote from a civil society activist based in Barmer. 'Barmer had floods, there was water up to 15 feet; once the flood waters receded there was a flood of funding from foreign agencies.' Indecently, Barmer district in Rajasthan has about 300 hundred registered NGOs, for a start.

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ISBN 978-81-8257-104-4

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