

---

# Using the Power of Democracy for Development: The Madhya Pradesh Effort

---

This chapter seeks to give an overview on the effort in Madhya Pradesh towards addressing goals of human development in the period from 1994 when the state went in for large-scale political decentralisation. It presents examples where the spaces created through decentralisation were utilised to advance action on human development goals. It explores the possibility of putting the architecture of decentralisation to work on human development goals to both consolidate grassroots democracy and move towards a rights-based framework for these goals. It underscores institutional reform in governance as the key enabling variable for accelerating achievement of goals. It sees this effort as having to operate within two major constraints. One constraint results from the macro-economic situation of the country which a sub-national entity like a provincial government is unable to influence. The other constraint relates to the continuing centralising tendency in planning for human development at the national level which state governments are continually forced to challenge if they are serious about achieving goals of human development quickly. Uneven development has always characterised the Indian situation. After the results of Census 2001 it is more than evident that problems of human development in India have increasingly become problems of selected Indian states, have characteristics that are not universally shared across Indian states and need responses that account for the specificity of those states. More than ever human development in India has become less of an “Indian” issue and more the issue of selected Indian states further vindicating the need to capture the human development situation of those relatively backward states through sub-national human development reports and document responses.

## **Putting political democracy back into poverty reduction and human development**

Madhya Pradesh has been attempting to address the backlog of its challenges in human development through people seeing people as a strategic resource for action. The enabling framework of political democracy was itself seen as the biggest opportunity for doing this. Political decentralisation through

Panchayat Raj deepened democracy in the state. This was complemented by a widening of democracy through plural spaces for community action groups to work on specific agendas. The coming into being of these institutions was discussed in the Second Madhya Pradesh Human Development Report in 1998 which also discussed how the state was able to convert selected goals into Missions to be implemented through this new institutional arrangement.

A revitalised Panchayat and Urban local body system was brought into place in 1994 in Madhya Pradesh after the 73<sup>rd</sup>/74<sup>th</sup> Constitution Amendment. A second round of general elections was completed in 1999. The Panchayat Raj system was revamped by legally empowering the Gram Sabha through the Panchayat Raj and Gram Swaraj Act. Through Gram Swaraj opportunities for direct action by the community has increased through the Committees under it. Political supremacy of the Gram Sabha was reinforced through creating the provision of the Right to Recall in rural and urban local bodies, for the first time in India. Elections have been held for not only rural and urban local bodies, but also Cooperative Institutions, Agricultural Marketing Societies, Forest Produce Federations, Water Users Associations etc. In addition there are elected people’s representatives in bodies that that guide Watershed Management, Joint Forest Management, Management of Public Hospitals through Rogi Kalyan Samitis, Management of Colleges through College Management Committees etc. (*See Box Reducing the Democracy Deficit*)

A few examples —two from education, three from natural resources management and one from public health are being cited merely to illustrate potential of accelerating on human development goals through a framework of collective action enabled by political democracy.

- Madhya Pradesh was among the educationally backward states in India in the middle-nineties. The Government devised an Education Guarantee Scheme to provide a primary school to every community that demanded such a facility and had at least twenty-five children of the school-going age. If they did not have a school within one

### Reducing the Democracy Deficit

In the last eight years multiple institutional spaces have been created in Madhya Pradesh for channelising action by the community. Elected representatives of Panchayat Raj, Gram Swaraj, Mandi (agricultural marketing societies) Samitis, and Cooperatives together with other user organisations have cumulatively contributed to enlarging democratic action. There has been a view that such plural organisations dissipate the core institution of panchayats but the experience in Madhya Pradesh has been that panchayats also work better in a contested environment and these organisations cumulatively create a democratic surplus.

- 3,44,424 elected representative of Panchayats, of whom 1,16,410 are women, have taken charge of their villages. The current set of representatives were elected in 1999 for a five-year term.
- Gram Swaraj has vested powers with gram sabha which acts through its committees consisting of elected representatives who were elected in 2001.
- 1,48,052 elected cooperative members work through 13,267 primary societies and their apex institutions. The latest round of elections were

in 2000-2001.

- 2280 elected representatives manage agricultural marketing societies and the recent round of elections were held in 2000.
- 50,000 members of watershed samitis, 15 lakh members of Tendupatta plucker societies and more than 48 lakh members of joint forest management committees have taken charge of managing their natural resources.
- 10,280 members of water user associations managing and allocating water in irrigation projects.
- 31,000 Gurujis teaching in community schools under Education Guarantee Scheme and 2,17,000 Guruji Volunteering to teach adult non-literates in Padhna Badhna Andolan.
- Rogi Kalyan Samitis manage 715 public hospitals of the states after mobilising Rs 500 million as community contribution.
- In all 51,086 villages a trained Dai and a Jan Swasthya Rakshak as community health activists by December 2002.

kilometre they could make a demand and the government guaranteed to meet that demand within 90 days. The community could also identify a local qualified resident to be the teacher. The scheme worked through a tripartite partnership between local community, local government and the state government with specific roles. The community raised the demand, identified the teacher and provided the space to run the school. The local body or panchayat supervised the school. The state government supported the local community through a grant to pay the teacher and ensured all academic inputs and quality of teaching and learning. The scheme which started on 1<sup>st</sup> January 1997 was able to provide a school to every habitation in the state by August 1998. 26,000 EGS schools came up in less than 20 months and Madhya Pradesh universalised access to primary education. Over a million children are enrolled in these community schools of which nearly fifty percent are girl children and ninety percent belong to scheduled castes, scheduled tribes and other backward castes. The Scheme went on to four other states and was adopted as a national model in 2000.

- A similar model was tried in adult literacy in the year 2000. People who were non-literate could come together as a Padhna Badhna Samiti and engage any literate person to be their teacher in a year-long campaign. Government provided the teaching-learning material. The Government also set in place an evaluation system. Based on the number of non-literate people who cleared the examination, the voluntary teacher would get a Gurudakshina as an honorarium at the rate of Rs 100 per person made literate. By providing an incentive-spine to the mass

literacy programme, over 2,17,000 Padhna Samitis came up in Madhya Pradesh and within one year these voluntary teachers, made 3 million people literate. This was reflected in the literacy rate in the Census of 2001. The literacy rate of Madhya Pradesh went up by an unprecedented 20% to catch up with the national average. Its male literacy at 76.6% is today above many states including Andhra Pradesh and Karnataka. Its female literacy rate went up by over 20% in the decade of the nineties and exceeded the cumulative growth of the three-preceding decades. These Padhna Badhna Samitis are getting repositioned as Self-Help Groups for economic activities and the Government another campaign for female literacy – a Mahila Padhna Badhna Andolan – has commenced. The volunteer teachers of the campaign are coming together as a network of a Padhna Badhna Sangh, with a local group for social action in each of the 51,086 villages of Madhya Pradesh and will manage a rural library in each village.

- In the area of natural resources management, by organising people through the Watershed Management Mission and a Joint Forest Management Programme, Madhya Pradesh has been able to arrest the degradation of land and provide incomes to the poor. In the Watershed Management Programme people come together as Watershed Management Committees to work on an agenda of creating community-level water security and improvement of land resources. The task was simple: to impound rain water which runs off into a series of water harvesting structures. The problem in our rural areas has been one of unemployment and inadequately developed land and

water resources. What the programme does is to bring them together and invest the surplus labour energy in a task of natural resources upgrading which in turn provides steady employment. The Watershed Management Mission which works in 7600 villages of the state on to improve 35 lakh hectares of land has evolved into a movement for water conservation across the state through a Pani Roko Abhiyan. This Pani Roko Abhiyan for community-led water harvesting has resulted in citizen action in private farms and community lands in an unprecedented manner. Between January 2001 when it started and now, over a million water harvesting structures ranging from tanks and farm ponds to simple Do-It-Yourself methods of channelising rain water to recharge dugwells showing the scale that is possible. Similarly through Joint Forest management, the management of forest is done through People's Committees. After Madhya Pradesh transitioned to such a model, the forest cover in the state as shown by satellite maps of 1999 increased by 635 square kilometres. 10,280 elected representatives of Water Users Associations manage irrigation systems in the state over 1.5 million members are involved through NTFP societies for management of Non Timber Forest Produce who collect the produce and retain the entire value from the operation.

- In the area of management of public hospitals Madhya Pradesh has gone in for Rogi Kalyan Samitis for their management. They are permitted to levy a modest user fee that can be retained at the hospital level to improve delivery of services. Today over 770 public hospitals are managed by such committees who have a saving of Rs 600 million with which they are improving services. Local management and autonomy is leading to improved public services provisioning. Madhya Pradesh is currently engaged in decentralising the management of its health systems to district and local levels and implement a model of community health action. This has several components starting from basics like training two community health activists in each village as a Jan Swasthya Rakshak (a barefoot doctor) and a trained Traditional birth attendant to strengthening rural health care and first-contact hospitals. The effort is to address the determinants of health like safe water supply, sanitation, nutrition and health education along with health action in inter-sectoral institutional arrangements like the Village Health Committees, Panchayats and District Governments brought into existence through political decentralisation. The decentralised framework if effectively utilised offers great opportunity for improving rural health care.

The simple point made by these examples is that when political democracy adopts decentralisation as its strategic architecture, solutions can be devised for seemingly formidable goals in unusual ways. Many of these challenges, if viewed aggregately, have a crisis-like dimension. Decentralisation

helps break them into small, manageable units and gets them done. For a large state like Madhya Pradesh political decentralisation becomes both a political imperative and sound managerial strategy. The challenge for political leadership has been one of sharing leadership. Through Panchayat Raj, Education Guarantee Scheme, Padhna Badhna Andolan, Watershed Management Mission, Joint Forest Management, Rogi Kalyan Samiti and similar such initiatives, an effort has been made to create a platform for several leaders to emerge to address these tasks in their local contexts.

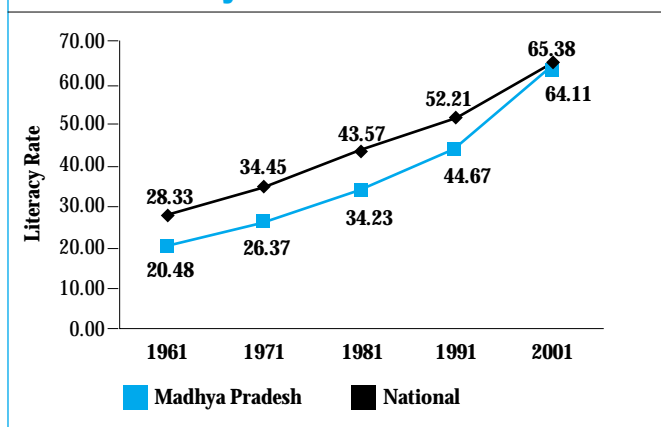
### *Political Decentralisation and Mass Education*

When Madhya Pradesh set about addressing its agenda of political decentralisation through Panchayat Raj and human development through the Rajiv Gandhi Missions in 1994 it was made clear that it sees mass education as the most important objective. Education is both an end in itself to realise the full potential of a human being and has instrumental value in making political democracy full-blooded. Eight years into that effort, by the time we measure its performance, Madhya Pradesh is seen to have moved closer to this goal. It has caught up with the national average in literacy thereby closing the historical gap. The next chapter of this Report discusses the growth in basic education and literacy in the state in detail.

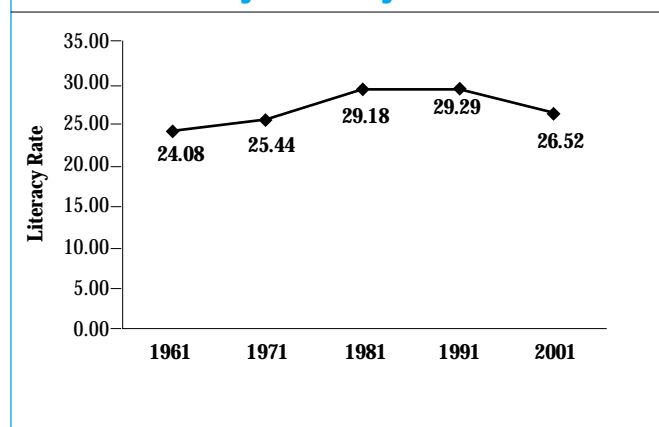
A comparison of states which were similarly placed in the beginning of the decade would serve to illustrate the effort in MP and the so-called Bimaru states (Bihar, Madhya Pradesh, Rajasthan, Uttar Pradesh) would be a good indication of peer states. While all these states registered increase in literacy between the 1991 and 2001 Census Madhya Pradesh today among these states has the highest literacy rate at 64.1 while Rajasthan has 61%, Uttar Pradesh 57.4% and Bihar 47.5%. Given the fact that Chhattisgarh was carved out of Madhya Pradesh only in November 2000, and the work of the decade is being measured when Chhattisgarh was also part of Madhya Pradesh, the literacy rate further goes up marginally. Among the top ten districts of the country where the percentage of illiteracy reduced most in the decade, eight are from the erstwhile Madhya Pradesh (four of them are now in Chhattisgarh). Efforts at mass literacy complemented the effort at providing universal access to elementary education, goals that Madhya Pradesh has been pursuing in the nineties on a Mission-mode. Observers of the Indian economy who have drawn attention to increase in inequality between Indian states in the nineties (mainly between southern and western states on the one hand and the northern and eastern states on the other the latter already burdened with historical inequalities: Deaton and Dreze) cite Madhya Pradesh as a state where public action in the area of elementary education and literacy has resulted in social achievements.

The two graphs shown here show the closing gap between literacy rates of Madhya Pradesh and India over the last many decades. The pace at which this gap has closed has been the

**Closing the Literacy Gap: Madhya Pradesh and India**



**Gap between Male and Female Literacy in Madhya Pradesh**



achievements of the last decade only. The other graph exhibits the closing gap between male and female literacy. From 1961 to 1991, the gap between male and female literacy was continuously on the rise, but in the last decade for the first time, this gap reduced.

The increase in access to primary schooling in Madhya Pradesh leading to increase in enrolment is borne out by a comparison of the data of the two Lok Samark Abhiyan of 1996 and 2001. Lok Sampark Abhiyan or People’s Data Base is an exercise carried out in Madhya Pradesh on a door-to-door basis through elected representatives in villages and teachers working as a team. This leads to the creation of a Village Education Register that becomes the unit for planning for education for all at the village level. It is seen that between 1996 and 2001, Gross Enrolment Ratio in the state went up from 76.5% to 96.2%. The Gross Enrolment Ratio of girls has increased from 70.7% to in 1996 to 94.3% in 2001. The Gross Enrolment Ratio of Scheduled Tribes has risen from 78% in 1996 to 91% in 2001. The percentage of out of school children reduced from 29.3% in 1996 to 11.2% in 2001. In other words while three out of ten children did not attend primary school in 1996 now it is only one out of ten. The gap in Gross Enrolment Ratio of boys and girls has also narrowed from 25% in 1992 to 11% in 1996 to 3.6% in 2001, a very positive sign.

In the area of health, Madhya Pradesh alone among the

“Bimaru” states has shown a declining trend in population growth, much of which can be attributed to the growth in literacy and education given the fact that health indicators per se have not improved dramatically in inter-state comparison. While population growth rate increased in Uttar Pradesh and Bihar and remained static in Rajasthan, Madhya Pradesh for the first time registered a declining trend. There is increasing cross-country evidence that political decentralisation which empowers women to move out from the private domain to the public domain thereby exercising a greater control on their environment can have a positive impact on population reduction.

In human development, the one sector where the state still faces a considerable challenge is health. Most of the major indicators are way below the national averages and stand amongst the lowest in India. On the other hand, there has been a small but significant shift in the progress level in health, and this is seen if we compare the last seven to eight years (1993 to 1999) of MP with the decade preceding that (1980 to 1992) (see Table 1).

**Increased allocation to the Social Sector**

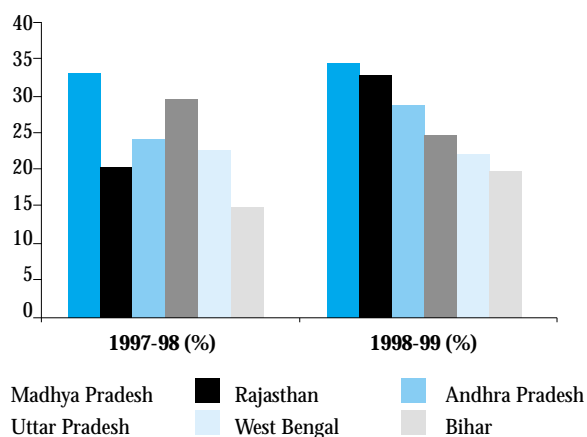
During this period, Madhya Pradesh has sought to steadily increase its expenditure in the social sector. The chart below shows the increase in the social sector spending by Madhya Pradesh.

**Table 1: Changes in Birth Rate, Death rate and IMR in Madhya Pradesh, 1993 to 1999**

	Birth Rate		Death Rate		Infant Mortality Rate	
	MP	India	MP	India	MP	India
Change % age between 1980 and 1992	-6.3%	-14.0%	-17.8%	-22.8%	-36.5%	-44.3%
Change % age between 1993 and 1999	-13.7%	-10.0%	-18.9%	-13.4%	-16.5%	-5.7%

Source: Calculations made on data from Various Volumes of SRS, Registrar General of India.

### State Expenditures on Social Sectors



During the year 1994-1995, the plan expenditure on social services was 23.64 % of the total plan expenditure. The plan expenditure on social services steadily rose in the remaining period of the Eighth Plan and throughout the period of the Ninth Plan (1997-2002). It became 27.15 % in 95-96, 32.34 % in 96-97, 33.14% in 97-98, 35.30 % in 98-99, and 38.77% in 99-2000.

The Table 2 shows increase in provisioning of amenities in terms of institutions in basic education, technical education and basic health in Madhya Pradesh in the period 1994-2001.

#### Acceleration of growth in Madhya Pradesh

Madhya Pradesh has been among the economically backward states of India. However in the decade of the nineties, Madhya Pradesh reversed this position and became one of the faster growing states of India and has sustained a high growth rate if the year of acute drought is excluded. Among the states in the north, Rajasthan and Madhya Pradesh have been seen as faster growing states but while Rajasthan has had this high growth since eighties, it is in the nineties that MP has begun to register this high growth rate. Seven states showed acceleration of growth in the nineties as reported in the Mid-Term Appraisal of Ninth Five Year Plan by the Planning Commission. To quote the Report "seven states showed an acceleration of growth in the 1990s. They are fairly well distributed regionally i.e. Gujarat (9.6%), Maharashtra (8.0%), West Bengal (6.9%),

Tamil Nadu (6.2%), Madhya Pradesh (6.2%), Rajasthan (5.9%) and Kerala (5.8%)". Per Capita income has also grown over the period though at a slower rate on account of slow pace of population reduction. The per capita income of Madhya Pradesh, which was Rs 6577 in 93-94 has gone up to Rs 7088 in 96-97 and Rs 7947 by 1999-2000.

According to the National Human Development Report 2001, Headcount Ratio of rural poverty went down in Madhya Pradesh from 40.6 in 1993-1994 to 37.1 in 1999-2000. Headcount ratio of poverty in Urban areas during the same period went down from 48.4% to 38.4%. According to NHDR 2001 Madhya Pradesh, among the Bimaru states has the second highest HDI, (Rajasthan has the highest) at 0.328 while Uttar Pradesh is at 0.314 and Bihar at 0.308.

#### Moving towards a rights-based framework on human development goals

Madhya Pradesh became the first state in India to conceive a rights-based framework for basic education in India when it introduced the Education Guarantee Scheme in 1997. The understanding of rights in the Education Guarantee Scheme goes beyond seeing it as a civil right, a right of the citizen vis-à-vis the state or society but wraps within it the notion of social, economic and cultural rights. Education of the child is presented as a right that the state has to ensure working together with society and citizens. The debate between procedural rights and substantive rights is sought to be reconciled in a practical manner in the form of a state guarantee, which the state was able to ensure because the participation sought from society was forthcoming. Here again political decentralisation becomes the enabling framework.

In the area of basic education, the rights-based framework has been carried over into the area of ensuring quality for elementary education through the Madhya Pradesh Jan Shiksha Adhiniyam (Madhya Pradesh People's Education Act, 2002). As the first Act of its kind it charts new territory. The Act holds providers in the public schooling system accountable for quality and for this Parent-Teacher Associations have been given legal space. The Act stipulates quarterly submission of academic records of children at the school level at the Parent-Teacher Association meetings and annual Public Education Reports to District Planning Committees (District Government) and the state legislature, which will organise information based on legislative constituencies. It is expected

**Table 2: Institutions in Madhya Pradesh, 1994 to 2001**

Years	Primary Schools	Middle Schools	High Schools	Colleges	Health Centres
1993/94	52786	12745	4303	412	9900
2000-01	82219	21043	7943	675	10390

Source: Various Volumes of State Statistical Abstract, Directorate of Economics and Statistics, Government of Madhya Pradesh

**Table 3: Rates of Growth of Gross State Domestic Product**

States	1980-81 1990-91	1991-92 1997-98
Gujarat	5.08	9.57
Maharashtra	6.02	8.01
West Bengal	4.71	6.91
Rajasthan	6.60	6.54
Tamil Nadu	5.38	6.22
Madhya Pradesh	4.56	6.17
Kerala	3.57	5.83
Karnataka	5.29	5.29
Andhra Pradesh	5.65	5.03
Haryana	6.43	5.02
Punjab	5.32	4.71
Uttar Pradesh	4.95	3.58
Orissa	4.29	3.25
Bihar	4.66	2.69
All 14 States	5.24	5.92
All India	5.55	6.89

Source: Mid Term Appraisal of the Ninth Five Year Plan: Planning Commission

that this Act will create an understanding of quality as much a user issue of learners, parents and local communities as providers of public schooling like the government and its academic agencies. Political decentralisation, which created the enabling framework for universalising access to schooling facility is being leveraged for improving quality.

In the area of health, Madhya Pradesh has initiated a few modest steps towards creating a Health Guarantee Scheme or more appropriately a Health Services Guarantee Scheme (Swasth Jeevan Sewa Guarantee Yojana). Here again political decentralisation provides the institutional arrangements to move from selective health care to comprehensive health care. The problems in the health sector need extra-sector action to be effective. Many key determinants of health like safe water supply, sanitation, nutrition and the like lie outside the sector. It is here that the multi-sector mandate that village, panchayat and district have received through political decentralisation helps the health sector to create collective intersectoral action for health outcomes. The effort is to back this at the district-level through provision of Community Health Action Fund and address gaps in the provision of services including determinant services. Two health activists who are volunteers from the community will animate the Village Health Society which is the nearest unit for such collective action.

*Creating greater transparency and accountability in government*

Promotion of measures that ensure accountability is integral to democracy. Panchayat Raj and decentralisation upset traditionally accepted patterns of bureaucratic governance and the challenge was to reorient accountability-structures from being upward to being outward. Since 1994 powers have been vested with gram sabha for social audit of actions by elected representatives and in 1999 the provision of Right to Recall was introduced for all local bodies. The Panchayat Raj Act was reformulated to give salience to the Gram Sabha through the Panchayat Raj evam Gram Swaraj Ahiniyam whereby elected representatives have been subordinated to the collectivity of the Gram Sabha. Citizen Charters are in place for all departments since 1999 and Public Service Agreements have been initiated for 6 major departments.

A week-long Gram Sampark Abhiyan and Nagar Sampark Abhiyan where every village in the state and every ward in a town is intensely covered for a reality check on development programmes initiated in 1997 has now become institutionalised. Every month in every village a 11-point programme on basic development inputs is monitored. It has been web-enabled and readers of this document can access basic information on every village in the state of Madhya Pradesh on [www.mp.nic.in/gramsampark](http://www.mp.nic.in/gramsampark). A measure for transparency and accountability for community schools of the Education Guarantee Scheme through the internet has been used also as a way of creating a local-global partnership on a C2C model thereby leveraging an information technology tool of the internet to promote equity. Here citizens can choose these community schools for support on an internet site [www.fundaschool.org](http://www.fundaschool.org) which realises the notion of a global partnership for basic education. The Government of Madhya Pradesh sees this less as a fund-raising venture and makes it clear that these resources will not be substitutive but additive but sees it as valuable for creating a community of concern around basic education. An interactive public information website in Hindi and English called [www.kisanwatch.org](http://www.kisanwatch.org) has been set up to educate the Indian farmer on issues of relevance especially in the new context of WTO. Globalisation has engaged with on terms that negotiated through political democracy and information is seen as playing critical role in enhancing political democracy.

Gyandoot ([www.gyandoot.nic](http://www.gyandoot.nic)) has been a major step towards provision of citizen services in an accountable manner through an intranet linked to information and citizen services kiosks operated through entrepreneurs. Initiated in the district of Dhar in Madhya Pradesh it now covers 16 districts of the state. Most of the work relating to computerisation of land records has been completed and by March 2003 all tax systems would also have been completely computerised.

Madhya Pradesh has taken human development reporting to the village level. Village Education Registers and Village

Health Registers map the situation in the sectors of education and health and update them at regular intervals.

### *Supplementing political institutions with social and communitarian institutions*

Madhya Pradesh made a conscious effort to rejuvenate some communitarian institutions and practices which seek to use social energy for development. One significant initiative has been the “grain bank”. Grain banks used to be managed by communities to tide over adverse conditions in years of crop failure. It is a common pool of grain to which all members contribute and draw according to their need and repay. The system operates through peer pressure and community bonding. It becomes an appropriate model in those villages which remain inaccessible during parts of the year and to address seasonal hunger especially during rainy months. This practice was revived in villages identified as prone to hunger and malnutrition and over 2500 villages now have grain banks managed by self help-groups.

The system of Gram Nyayalayas has been revived and also the institution of family courts has been brought into existence in Madhya Pradesh. The Madhya Pradesh *Gram Nyayalaya* Act came into effect from 26<sup>th</sup> of January 2001. It was proposed that 1580 *Gram Nyayalayas* in all the districts barring the four districts of Mandla, Dindori, Jhabua and Badwani would be established. A total of 890 Gram Nyayalayas out of 1580 proposed have been established till September 2002. Family courts have been brought into existence in seven major cities.

Formation of Self-Help Groups where people come together for micro-finance activities has seen a major revival in the state between 1998 and now. These Self-Help Groups begin as Thrift and Credit Groups and later move into activities of micro-credit for economic activity. They are supported through a series of government programmes like the Swarna Jayanti Gramin Swarajgar Yojana, the Swashakti Yojana, the Swayamsidha Yojana, Indira Gandhi Garibi Hatao Yojana (DPIP) etc. These Self-Help Groups are also created in other programmes like the Watershed Management Mission, Joint Forest Management Programme, and the Padhna Badhna Andolan. These Groups also constitute a democratic platform which uses collective resources for development.

Self-Help Groups are being formed in the state also by voluntary organisation on which data is difficult to get. From the information available, as on June 2002, there were at least 2,60,000 self help groups in the state. If we assume that the membership would average a conservative ten, it would mean that 26 lakh families are involved in self help groups in the state. The Table 4 shows the share of groups promoted under different programmes as collated from the Commissioner Panchayats and by a study by MP-LEAP.

The most important initiative made by the state in grass-roots democratisation has been the move towards Gram

**Table 4: Self Help Groups in Madhya Pradesh**

Promoters/Programmes	No. of groups
SGSY	121643
Others 1 (NABARD & DPIP)*	3307
Other 2 (Forest Deptt., Agri. Dept. & DWC&D)**	31370
Swashakti	1487
SJSRY	1698
Watershed Mission	19601
Padhna Badhna Andolan	57204
ICDS	23449
Total	259759

Source: \*\*SHG and MF-A Status Report and A Strategy for CARE in MP" (As on July 2001) \*\*Office of Commissioner Panchayats and Social Welfare (as on July 2002)

Swaraj. Here the process of political decentralisation is at one level deepened up to the village and at another level is transformed to embrace the entire community where powers vest with the Gram Sabha. While the law for the creation of Gram Swaraj was enacted in 2001, the institutions are gradually getting into place. The system works through stakeholder groups for key activities and has an omnibus committee in the form of a Village Development Committee. This has within it a Gram Kosh or a repository of funds. Government is placing funds with this Gram Kosh as well as empowering the Gram Sabha to raise resources to supplement the Gram Kosh. As the institutional arrangement consolidates, the scope for direct community action increases manifold.

Madhya Pradesh has also seen a rapid growth in the number of voluntary action groups, professional Non Government Organisations, and other civil society-based community organisations all of which cumulatively add to the democratic platform. The challenge before them is to position themselves in a way that political and social democracy is enhanced through collaborative action and not subverted or subordinated through claims of expertise. Intermediation by expert groups have to acknowledge the superiority and legitimacy of political democracy which provides for *inclusion* and as a normative ideal with even efficiency coming only next after the cardinal norm of inclusion which encompasses the right to define expertise. Capacity building for democratic decentralisation emerges as a natural challenge to give the critical edge to the entire process of democratic decentralisation.

### *Constraints of macro-economic factors*

In the current macro-economic context there are increasing limitations on sub-national entities like state governments to effectively intervene for human development. This needs to be

articulated, as there is an increasing tendency to pass on responsibilities to states on a “states-better-get-smart” argument ignoring historical factors that limit capabilities and state action. Direct public action to improve social indicators is definitely important as it could be used to improve upon or neutralise the minimally positive or even negative fall-outs of the larger process of economic growth. However it has to be seen whether the process of growth is leading to increasing unemployment, increases in income inequality, loss of social security, and such other factors vital for human development. In the Indian context there are many ways in which monetary and fiscal reform have eroded the ability of the state to implement appropriate social policies. Principally, the scope has been limited for government spending on the social sector by reducing the government’s revenue base as well as forcing cuts in deficit-financed spending.

It is abundantly clear that there are initial winners and initial losers among Indian states on the rocky road to economic reform. However as yet there have not been any significant compensatory mechanisms in public policy at the national level to narrow this widening gap which could have a negative impact on human development, especially since the initial loser states are also the same states with historical burdens of low human development. The Mid-Term Appraisal of the Ninth Plan has highlighted this as a serious issue. The Eleventh Finance Commission has noted that states with good infrastructure are attracting private investment in much larger measure than states where infrastructure is weak, and suggested that Central investment should be directed taking this into view. Clearly it follows that in years to come, larger proportion of Central assistance to states would have to be devoted to attainment of basic human development objectives, and the closing of the infrastructure gaps in poorly endowed states. Allocations of Central assistance to states would have to follow a more direct approach in terms of the existing gaps in the provision of basic minimum services and infrastructure. The larger the gap between the level of facilities available in a state and the national average, the greater would have to be the allocation to ensure that no state lags behind.

The Table on Capital flows in the Annexure 1 shows Capital Flows to States substantiating the inherent inequity in the situation that is getting accentuated. Just looking at the figure of the per capita plan outlay and the per capita institutional investments, states like Madhya Pradesh fall well below developed states.

The fact that our central planning system has not been able to address this increasing gap can be seen from the data on agreed outlays of the Tenth Plan and its comparison with Ninth Plan. States like Madhya Pradesh, Bihar, Uttar Pradesh, and Rajasthan fair poorly in terms of Tenth Plan outlays (they show negative growth compared to Ninth Plan agreed outlays) while many other states, including states with better economic and infrastructure indicators such as Andhra

Pradesh, Tamil Nadu, Maharashtra, fare much better. Increasingly a case of winner takes all seems to prevail as the sharpest increases are in those states which have much higher levels of private investment, developed infrastructure and better human development indicators.

External assistance, which in over all terms may constitute only 0.4% of India’s GNP, is also skewed in favour of a few states. The Mid Term Appraisal of the Ninth Plan by the Planning Commission admits that seven states namely, Andhra Pradesh, Maharashtra, Uttar Pradesh, Tamil Nadu, Gujarat, Karnataka and West Bengal received more than eighty percent of the entire external assistance. Data on state wise external assistance is presented in Annexure 2.

A sensitive reform-based funding would actually focus on softening the immediate adverse impact of reform on these states and instead the current thinking seems to be to reward those with initial advantages on the grounds of moving faster on the reform track. While Madhya Pradesh is seen as a reforming state for such assistance, its larger case rests on the backlog in infrastructure and human development which requires additional resource support. It will also not be correct to highlight inadequacies in human development without reference to the possible relation this has with the strategy of growth being pursued and its impact on the resources available for social policies. In recent years states have been deprived of their expected share in central taxes. The decline in central tax-GDP ratio implies that the volume of tax revenues transferred to the states is being squeezed. This is of far greater consequences to states since their ability to borrow is not as flexible as that of the Centre. States are increasingly facing a major resource crunch to sustain a reasonable social policy agenda.

### *Constraints of Centralised Planning*

While the above sections tried to give an overview of how Madhya Pradesh has attempted to put democracy to use in improving its human development indicators, this effort has been stymied by the dominance and proliferation of Centrally Sponsored Schemes. Centrally Sponsored Schemes limit efforts by state governments to empower local bodies and have been vitiating the principle of federalism. Chief Ministers of States had raised this issue and in the National Development Council there was a consensus on transfer of CSS to states with resources. This however, has not been implemented. The legal validity of the Centrally Sponsored Schemes is weak because many areas where these proliferate are areas belonging either to the State-List of the Constitution (Rural Development, Health, Agriculture) or to the Concurrent List (Education). It is also to be pointed out that after Seventy-third and Seventy-fourth Constitution Amendment, functions in these areas have been demarcated for local bodies. Post Census 2001, it is very clear that India is more than ever characterised by uneven development. Problems, especially in the human development area, are no more “Indian” problems but

problems of select Indian states. These therefore call for state-specific responses and strategies built on specificity of state-situations. CSS fails the human development agenda by not allowing such differential responses to emerge.

It is abundantly clear after years of planning that Central Planners have ignored strategic planning. People should be seen as a strategic resource to be deployed on finding solutions to India's development challenges. There are several examples of state governments managing to achieve results by adopting such a methodology and some instances of these in Madhya Pradesh is listed in this early part of this Chapter. However the critical issue in addressing human development is the assertion of intersectoral institutional frames. This is precisely the opportunity provided by the architecture of political decentralisation and its sub-optimal use wastes the sectoral resources deployed on the agenda. It is unfortunate to watch the multiple exercises of "sectoral reforms" being unfolded in each sector ranging from health to water supply to forestry ignoring the fundamental matrix of political decentralisation. It is also a weakness of Human Development Reports that while they have been strong on sector analysis, when it comes to solution, nothing better is offered except to increase investment in the particular sector. The equally important issue is to invest those resources through appropriate multi-sectoral institutional arrangements that create a cumulative impact across sectors and maximise returns even at the same time strengthening political democracy.

States that take the human development agenda seriously like Madhya Pradesh work under the constraints of centralised planning that prevails in spite of the consensus in sub-national political levels and academic circles against CSS. Centrally Sponsored Schemes should largely be only in the areas of "capacity building, inter-sectoral coordination, outlay

monitoring, and impact studies of state-sector projects" as rightly mentioned by the Planning Commission itself in its Approach Paper to the Tenth Five Year Plan. The full potential of democratic decentralisation in furthering the human development agenda gets limited in the current context.

### *Refining HDI: Including a Scheduled Tribe-Scheduled Caste Development Index*

Now that sub-national Human Development Reports have become an accepted practice in India to measure attainments it is perhaps time to revisit some of the indices. There is a need to look inward, within the country to identify groups that fare poorly in human development as against spatially in terms of how districts fare or how sectors fare. Deprivation in India has an obvious face of exclusion, the scheduled tribes due to social exclusion and the scheduled tribes due to geographical and cultural exclusion. Scheduled Castes suffer social deprivation on account of the residual power of a discriminatory caste system which though made illegal continues sway as a social force whereas scheduled tribes see their predicament as victims of the state which denies them property rights to their habitat. A Scheduled Tribe-Scheduled Caste Development Index needs to be developed by professionals to capture their deprivations so as to goad state policy to address them. A broad attainment index does not effectively address the roots of these very important deprivations in the Indian context. The process of democracy is at work drawing these people into the mainstream and seeking to address their specific concerns. How well this is being done needs to be assessed through the development of a Scheduled Tribe-Scheduled Caste Development Index. This is a task we are identifying for our next Human Development Report by which time relevant census information will be available.

## ANNEXURE 1: CAPITAL FLOWS TO STATES

States	Population 2001	Per Capita NSDP (Rs.) 99-00	Credit Deposit Ratio 2001	Public & Pvt. Invest. (Rs. Cr) Oct 2001	Public & Pvt. Invest. per Capita (Rs.)
<b>Non Spl. Category States</b>					
Andhra Pradesh	75,727,541	14715	64.9	162416	21447.42
Bihar	82,878,796	6328	20.7	23634	2851.63
Chhattisgarh	20,795,956	@	49.9	25389	12208.62
Goa	1,343,998	NA	27.3	7534	56056.63
Gujarat	50,596,992	18685	53.6	171399	33875.33
Haryana	21,082,989	21551	54.0	19399	9201.26
Jharkhand	26,909,428	@	30.6	24503	9105.73
Karnataka	52,733,958	16343	61.8	130651	24775.50
Kerala	31,838,619	18262	42.3	38955	12235.14
Madhya Pradesh	60,385,118	10907	52.5	44001	7286.73
Maharashtra	96,752,247	23398	83.5	169855	17555.66
Orissa	36,706,920	9162	41.6	93694	25524.89
Punjab	24,289,296	23040	42.3	30818	12687.89
Rajasthan	56,473,122	12533	49.6	38194	6763.22
Tamil Nadu	62,110,839	19141	90.6	163303	26292.19
Uttar Pradesh	166,052,859	9765	31.9	54859	3303.71
West Bengal	80,221,171	15569	43.4	57058	7112.59
<b>Spl. Category States</b>					
Arun. Pradesh	1,091,117	14338	22.1	4134	37887.78
Assam	26,638,407	9720	38.1	112303	42158.30
Manipur	2,388,634	11370	40.7	1207	5053.10
Meghalaya	2,306,069	11678	17.3	697	3022.46
Mizoram	891,058	NA	29.0	1196	13422.25
Nagaland	1,988,636	NA	13.6	273	1372.80
Sikkim	540,493	13356	14.5	6628	122628.79
Tripura	3,191,168	10213	21.7	5609	17576.64
Himachal Pradesh	6,077,248	15012	25.7	31664	52102.53
Jammu & Kashmir	10,069,917	12338	33.5	17034	16915.73
Uttaranchal	8,479,562	@	23.9	16911	19943.25
<b>Union Territories</b>					
A & N Islands	356,265	NA	27.5	77	2161.31
Chandigarh	900,914	46347	99.3	1170	12986.81
Dad.&Nag Haveli	220,451		135.2	584	26491.15
Daman & Diu	158,059		75.3	12	759.21
Delhi	13,782,976	35705	57.6	16246	11787.00
Lakshadweep	60,595		11.8	24	3960.72
Pondicherry	973,829	30768	35.8	2072	21276.84

Source: Various Publications of Planning Commission, Government of India

## ANNEXURE 1: CAPITAL FLOWS TO STATES

Plan Outlays (Rs. Cr) 2001-02	Per Capita Plan Outlay (Rs.)	Instl. Investment (Rs Cr.) 2001	Per Capita Inst. Investment (Rs.)	Total Credit Utilized in States (Cr.) Mar. 2001	Per Capita Total Credit Utilised in States (Rs.)
7816.48	1032.18	6887.36	909.49	35348.76	4667.89
2644.00	319.02	4524.49	545.92	5547.18	669.31
1312.00	630.89	66.66	32.05	3748.97	1802.74
460.00	3422.62	244.72	1820.84	1947.27	14488.64
6500.00	1284.66	3641.14	719.64	29482.99	5827.02
1814.17	860.49	1743.57	827.00	10747.41	5097.67
2250.00	836.14	98.43	36.58	4733.35	1758.99
7903.79	1498.80	3628.24	688.03	33856.03	6420.16
2260.00	709.83	3733.05	1172.49	18697.06	5872.45
3937.76	652.11	4380.59	725.44	15264.19	2527.81
10834.00	1119.77	6383.38	659.77	144064.2	14890.01
2300.00	626.58	3851.48	1049.25	6262.34	1706.04
3021.00	1243.76	2618.59	1078.08	18718.77	7706.59
4642.35	822.05	5161.87	914.04	13662.06	2419.21
5200.00	837.21	4405.87	709.36	57106.8	9194.34
4872.77	293.45	10274.34	618.74	27192.58	1637.59
5693.31	709.70	5308.71	661.76	29475.59	3674.29
660.91	6057.19	59.8	548.06	135.51	1241.94
1710.00	641.93	1663.25	624.38	3759.79	1411.42
352.65	1476.37	138.76	580.92	175.76	735.82
472.82	2050.33	262.91	1140.08	285.35	1237.39
441.51	4954.90	78.07	876.15	114.74	1287.68
411.47	2069.11	266	1337.60	122.45	615.75
300.00	5550.49	105.32	1948.59	88.1	1629.99
560.00	1754.84	196.15	614.67	339.08	1062.56
1744.51	2870.56	107.49	176.87	1903.38	3131.98
2050.00	2035.77	817.46	811.78	3313.21	3290.21
1050.00	1238.27	13.26	15.64	2233.33	2633.78
370.00	10385.53	-	-	106.26	2982.61
154.11	1710.60	-	-	7509.27	83351.69
51.48	2335.21	-	-	299.41	13581.70
42.19	2669.26	-	-	304.24	19248.51
3800.00	2757.02	195.8	142.06	61306.79	44480.08
104.98	17324.86	-	-	6.49	1071.05
355.00	3645.40	0.24	2.46	575.03	5904.84

## ANNEXURE 2: FLOW OF EXTERNAL ASSISTANCE TO STATES

States	1997-98	1998-99	1999-00	2000-01	2001-02	Total	Average
Andhra Pradesh	1117.94	624.72	1440.51	1442.34	3755.84	8381.36	1676.27
Arun Pradesh	0.00	0.00	0.00	0.00	0.32	0.32	0.06
Assam	0.22	33.16	41.19	78.26	93.25	246.08	49.22
Bihar	132.26	112.78	130.41	63.67	16.83	455.96	91.19
Goa	10.82	5.73	0.45	0.00	0.00	16.99	3.40
Gujarat	219.27	267.65	512.33	891.24	1604.96	3495.45	699.09
Haryana	221.25	165.01	280.85	296.66	151.93	1115.70	223.14
Himachal Pradesh	0.00	0.00	15.56	56.40	38.16	110.12	22.02
Jammu & Kashmir	10.51	8.42	24.84	15.71	38.05	97.53	19.51
Karnataka	264.48	316.49	456.70	579.50	1691.74	3308.91	661.78
Kerala	38.73	40.85	41.55	77.16	96.99	295.28	59.06
Madhya Pradesh	117.32	163.26	598.67	172.68	819.60	1871.53	374.31
Maharashtra	1073.68	597.13	245.36	318.70	289.23	2524.11	504.82
Manipur	0.00	8.96	18.43	19.57	16.27	63.23	12.65
Meghalaya	0.00	0.00	0.62	8.15	43.12	51.89	10.38
Mizoram	0.00	0.49	3.19	1.89	3.49	9.06	1.81
Nagaland	0.00	0.00	0.00	0.00	1.06	1.06	0.21
Orissa	535.54	415.83	391.56	516.34	310.50	2169.76	433.95
Punjab	149.91	171.11	106.35	187.15	209.58	824.11	164.82
Rajasthan	230.11	225.17	188.09	248.42	99.12	990.91	198.18
Sikkim	0.00	11.69	2.09	0.50	1.92	16.20	3.24
Tamilnadu	568.52	305.16	591.41	775.14	340.19	2580.42	516.08
Tripura	0.00	0.00	0.00	0.03	3.67	3.69	0.74
Uttar Pradesh	721.39	465.05	431.22	1697.90	606.37	3921.92	784.38
West Bengal	542.31	886.21	819.67	636.09	688.45	3572.74	714.55
Chhattisgarh	0.00	0.00	0.00	0.00	7.17	7.17	1.43
Jharkhand	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Uttaranchal	0.00	0.00	0.00	9.73	17.41	27.14	5.43
<b>Total</b>	<b>5954.25</b>	<b>4824.89</b>	<b>6341.06</b>	<b>8093.24</b>	<b>10945.23</b>		<b>7231.73</b>

Source: Various publications of Planning Commission, Government of India

