**Making Citizens from Below:
The Prospects and Challenges of Decentralization in India**

Patrick Heller
Department of Sociology
Brown University

Abstract:

This paper examines the prospects for democratic deepening in India by focusing on the impact of decentralization (Panchayati Raj reforms). The democratic deficit in India is both associational and institutional. Despite formal democratic rights, ordinary citizens find it difficult to engage the state meaningfully. Pervasive and durable inequalities severely constrain the associational capacities of many social categories. The paper however argues that initiatives from both below and above are addressing this democratic deficit. Decentralization reforms specifically address the institutional and associational problem by creating new points of contact with the state and by encouraging more broad-based participation. A close examination of data on reforms in Kerala and Madhya Pradesh can inform a more dynamic understanding of democratic deepening.

Democratic Deepening and Local Government

In recent years the literature on participatory democracy has grown exponentially. Driven in part by important theoretical developments in normative democratic theory the interest in participatory democracy has grown apace with the increasing recognition of the deficits of representative democracy, especially in the context of low-intensity citizenship (O'Donnell, 1993).

The challenge of democratic deepening has both a vertical and horizontal dimension. The vertical problem is essentially a Weberian problem: many new democracies suffer from poor institutionalization and in particular weak forms of integration between states and citizens. The problem is two fold. On the one hand, there is the problem of how citizens engage the state. State-society relations tend to be dominated by patronage and populism, with citizens having either no effective means of holding government accountable (other than periodic elections) or being reduced to dependent clients. In the absence of clear and rule-bound procedures of engagement, citizens can not engage the local state qua citizens, that is as autonomous bearers of civic and political rights. On the other hand, there is the problem of where citizens engage the state, that is the problem of the relatively narrow institutional surface area of the state. Given that local government is often absent or just extraordinarily weak in much of the developing world, there are in fact very few points of contact with the state for ordinary citizens.

The horizontal problem refers to the Tocquevillian view of democracy which focuses on the quality of associational life. Tocqueveille argued that democracies function well when citizens make use of their associational capacities and recognize each other as rights-bearing citizens. If Indian democracy has endowed citizens with formal rights, pervasive inequalities within society limit the capacity of citizens to act on their rights effectively, in effect distorting the associational playing field and producing a wide range of exclusions (Mahajan, 1999). Taken together, the vertical problem of state-society relations and the horizontal problem of perverse social inequalities undermine the associational autonomy of citizens, the *sine qua non* of any effective democracy (Fox, 1993). Citizens can vote, but can they participate meaningfully?

But why should we accord so much importance to non-electoral participation? This question has received extensive attention in the literature, and I will only summarize it in bullet-point fashion. There are essentially five types of claims that have been made, none of which are mutually exclusive. First, meaningful forms of participation can serve as schools of democracy, allowing citizens to use and develop their civil and political rights. This is the Tocquevillian point, and has informed much of the civic engagement and social capital literature. The general point is that the more often citizens engage each other and state institutions as rights-bearing citizens rather than as clients, supplicants, subjects or dependents, the more likely they are to support and respect democratic rules and norms, including resolving conflicts through rule-bound mechanisms. Varshney's (2002) argument about civic life and ethnic conflict in India is a case in point. This

thickening of civic ties can in turn have very positive spillover effects, such as increased trust and lower transaction costs in economic and social life.[1] Second, participation can help strengthen the accountability of democratic institutions by increasing the intensity and quality of ties between citizens and officials, and exposing state institutions to more continuous and noisier forms of scrutiny. In other words, in can help remedy the principle-agent problem. In turn, state actions that are seen as responsive to broad-based inputs will enjoy much higher legitimacy and stakeholder buy-in. Third, more direct forms of participation can have direct developmental benefits by providing decision-makers with better information about needs and problems (and hence better targeting) and better feedback on the effectiveness of interventions. Fourth, when participation has a pro-poor bias it not only gives the poor or historically marginalized a voice that is otherwise often lost through the aggregative logic of elections, but it can also give state reformers key allies with which they can then circumvent or otherwise neutralize traditional powerbrokers (Tendler 1997). The fifth argument has received much less attention in the literature on participation and decentralization, and yet in some respects may have the most profound implications for the quality of democracy. Theorists of deliberative democracy draw a direct link between the quality of participation and the validity of preferences in democratic societies. No one has made this case more eloquently than Amartya Sen:

> Public debates and discussions, permitted by political freedoms and civil rights, can also play a major part in the formation of values. Indeed, even the identification of needs cannot but be influenced by the nature of public participation and dialogue. Not only is the force of public discussion one of the correlates of democracy … but its cultivation can also make democracy itself function better…Just as it is important to emphasize the need for democracy, it is also crucial to safeguard the conditions and circumstances that ensure the range of and reach of the democratic process. Valuable as democracy is as a major source of social opportunity … there is also the need to examine ways and means of making it function well, to realize its potentials. The achievement of social justice depends not only on institutional forms (including democratic rules and regulations), but also on effective practice. ... This a challenge that is faced both by well-established democracies such as the United States (especially with the differential participation of diverse racial groups) and by new democracies (2000:158-159)

There are two key ideas here that need to be highlighted. The first is that Sen, in keeping with other theorists of participatory democracy, is arguing that we must not just have democracy, but that we must also *practic*e democracy. Second, he moves beyond the traditional political science focus on how preferences are aggregated and represented to argue that democracy is first and foremost about how preferences are *formed*. And they

---

[1] Not all forms of associational life have such positive effects. As Bourdieu (1984) always emphasized, social capital can be the basis of exclusionary practices and Armony, Riley (2006) and Berman (1997) have all shown how under certain political-historical circumstances, associational life can become the basis for very illiberal politics. The RSS in India also comes to mind.

key to how preferences are formed has to do with the quality and inclusiveness of public debate.

Local government looms large as the key terrain for developing these participatory dimensions of democracy. This is true both at a general level, as well as for the specific circumstances of India. In a general sense, all these participatory dynamics of making citizens, both in terms of enhancing associational capabilities and improving the nature of citizen engagement with state, have their most immediate and palpable expression in local arenas. It is at the local level after all that citizens are most likely to first engage in public deliberation, to see and experience the state, to develop democratic norms and to form associational ties. Political theorists and political sociologists have often lost sight of this simple fact in part because theories of citizenship have all too often simply been equated with histories of the nation-state. Yet, as Margaret Somers has shown in her critique of Marshall's stage theory of the evolution of civic, political, social rights in England, social rights in some regions of England were effectively claimed and secured by workers well before the advent of the labor movement and the modern welfare state. Thus, as early as the 17th century, in those local communities where councils were not dominated by landed interests, subordinate groups were able use local public spheres to claim and secure a range of social rights. She concludes that "Recognizable popular citizenship rights have only emerged historically in the participatory spaces of [local] public spheres in tandem with "relationally-sturdy" civil societies." (1995:589)

The democratic and developmental significance of local government takes on added importance in the Indian context because it has been the weakest link in the chain of state-society relations. Three points need to be underscored. First, at the local level, development has been experienced as a largely top-down, bureaucratic affair, over which ordinary citizens enjoy little if any say. Second, the local incarnation of the state has, with notable exceptions, been dominated by elite interests, and linked to society largely through patronage. Third, the actual presence of local government has been so thin both institutionally and financially, that it has not provided a usable platform for public deliberation or action.[2] In sum, the form of the local state and the mode of its interface has been so circumscribed by social power and extra-legal authority as to vacate the actual practice of citizenship.

The Problem of Civil society in India

Much of the literature on civil society rests on classic liberal assumptions that view associational life as largely spontaneous, constrained only by an overbearing state authority. The recent emphasis on participation in policy and donor circles thus often slips into a form of boosterism that fails to acknowledge the extraordinary challenges that participation faces in any societal context, but particularly in societies marked by poorly formed civil societies and weak public authority. Any serious discussion of democratic deepening must begin with the sociology of actually existing civil society.

---

[2] At Rps. 45 per capita in 1990-95, Chaudhuri describes the resource base of local government before Panchayati Raj as "laughable."

First, recent work in sociology has underscored just how resilient and durable inequality is. The term "durable inequality" comes from Tilly (1999) who has argued that most inequalities are organized around binary or hierarchical categories such as male/female, black, white, or in the case of hierarchical inequalities, class and caste. The point is that distributions of resources and opportunities are often organized around these categories, and the mechanisms of exclusion are mobilized or operationalized through the use of categories. The various forms of capital that groups mobilize to reproduce their positions in society – economic, social and cultural capital – all flow within categorical boundaries. These boundaries are of course not airtight, but groups, and especially privileged groups, expend tremendous energy and capital in patrolling boundaries. Dominant groups have an interest in reproducing their privileges and do so through a whole range of cultural, social and economic practices that enforce the boundaries of the privilege and ensure ongoing exclusion. This includes not only reproducing caste, class and gender differences through daily practices, but also instrumentalizing institutions and governance in general to serve those interests. The weapons of the rich – to inverse Scot's famous line – represent a vast and powerful repertoire of techniques (material and discursive) to reproduce inequality.

The more general point is that inequality is relational – that is it is constituted through struggles between groups and inequality in produced. This point bears emphasis because in much of the literature and especially in the policy world, inequality is usually treated not in relational terms, but in residual terms. That is inequality is seen an unfortunate by produce of imperfect markets, bad policies or historical legacies that can be removed through good policy, more complete markets or changes in attitudes. The problem is that such views fail to recognize that because inequality is produced, better policy or more enlightened attitudes will do little to change inequality until the question of power is addressed.

The more careful analyses of civil society in India have provided very skeptical accounts. At a general theoretical level, Mahajan and Charteree have both questioned the viability of the very concept of civil society in India, and especially its democratizing character. Mahajan argues that because communities and group identities in India remain strong – and even have legal sanction – participation along group lines can often produce demands that are contrary to the principles of legal, individual equality. Chatterjee goes even further, arguing that civil society is a terrain of engagement with the state that has been dominated by elites and goes on to assert that most Indians "are not proper members of civil society and are not regarded as such by the institutions of the state" (2001:8). And some recent empirical work by John Harriss and his collaborators has shown that the space of civil society is primarily populated with middle class groups that have crowded out lower class/caste groups (2006).

But one has to be very careful here. While we should be attentive to the kind of critical perspective Mahajan develops and note that there are indeed historically rooted forms of inequality in India that preclude any spontaneous associational life and make civic engagement a rather exclusive affair, we also have to recognize that there is a tremendous amount of variation in local civil societies. Let me provide two sets of examples: the first

points to historically formed civil societies, the second points to a new churning of associational life.

First, Ashutosh Varshney has shown that there are places in India, specifically cities, where inter communal associational ties have produced civic spaces where 1) a wide range of actors can participate in public life 2) engage in more or less reasoned discussion about highly emotive issues such as communal conflict 3) and can resolve problems through cooperation. Second, as is well known, the history of anti-Brahmin movements in the South has fundamentally transformed caste relations, opening up a range of political spaces and associational practices that simply to not exist in much of the North. Also, as I have argued elsewhere (Heller, 2000), the extensive social rights that have been secured in Kerala can be tied directly to its historical pattern of civil society formation.

Second, there is enormous churning taking place among subordinate groups in India. The most remarkable expression of this has been in electoral patterns, and in particular in what Yadev has dubbed the "second democratic upsurge." But below the surface of electoral politics, many have also noted a new effervescence of associational life. As Corbridge et al. write, "power is leaching steadily, and in some respects ineluctably, to the lower castes, and has been claimed by them in terms which often resist the presumptions of a benign and disinterested state." (83). From fieldwork in Bihar, Jharkhand and West Bengal they conclude that it is "the indirect effects of a discourse of participation that have been most effective in carving out spaces of citizenship for poorer people, however small and disappointing these spaces might seem to be." (122). In his work on urban movements in Mumbai, Arjun Appardurai has pointed to a similar dynamic by showing that new forms of civic agency are fundamentally challenging dominant discourses and practices. One could point to many more examples, but I want to highlight two based on very recent, innovative fieldwork. The first comes from Paromita Sanyal's dissertation work (Harvard, Dept. of Sociology) on micro-credit schemes in West Bengal. Drawing on over 400 interviews with poor women, she finds that making small loans to women is having none of the desired economic effects, since men still, for the most part, end up controlling the capital. But she does find that for many of the women she interviewed, participation in women's groups has very significant effects in terms of expanding their associational capabilities. Women who had very limited if any associational life – that is contacts and social intercourse outside the extended family – found themselves attending village gatherings (and even extra-village meetings) and in the process developing a range of new capabilities, including critiques of patriarchal power, new solidarities and expanding what Appadurai calls the "culture to aspire".

A second notable example of this churning is Rina Agarwala's dissertation work on informal sector women workers in the beedi and construction industries. Across 3 different states, she has documented new forms of organizing in what historically have been extremely difficult arenas for collective action. What is notable about the types of mobilization she documents is that they have taken place outside of traditional union or party dominated structures, and despite not being linked to each other, have all developed

forms of claim-making that revolve around their identities as citizens demanding rights and recognition (see Agarwala 2006).

Yet what makes this churning all the more interesting and possibly transformative is that it is taking place in a rapidly changing political and institutional field.

Panchyati Raj: The Silent Revolution?

The significance of Panchayati Raj is that it represents a potentially very significant expansion of the political opportunity structure. The 73rd Constitutional amendment mandates that states constitute panchayats as self-regulating governments, hold elections every five years and devolve power and resources to panchayats. As is always the case in Federal India, the actual powers and functions devolved are for states to decide. (Among other things this sets up a wonderful natural experiment. A single treatment – creation of democratic institutions where none existed before – but with actual take-up left to states). However, even in its threadbare form, Panchayati Raj is a watershed.

Much as was the case with liberalization, decentralization was initiated by state elites at the Centre. Indeed, even as states elites were working ever more closely with an increasingly narrow dominant class base (Kohli 2007), state elites also led the process of reforming the local state. And the diagnosis that fed into the reforms is itself telling. On the one hand, there was a recognition that the Nehruvian developmental state had failed and that in particular the problem lay with command and control line department modes of delivery which had proven to be heavy-handed (even authoritarian) and inefficient, a point of view famously expressed in Rajiv Gandhi's apparently improvised comment that only 15 paise of every rupee ever reached the intended beneficiary. On the other hand, there was a clear recognition that entrenched rural power structures had thwarted local development. Thus Panchayati Raj was specifically conceived as an instrument for leveling the playing field in favor of lower classes and lower caste actors.[3]

So what do we actually know about the impact of Panchayati Raj, 15 years after the legislation was introduced? First, it quite simply, but dramatically expanded the surface area of the state. To borrow a phrase from Corbridge et al., sightings of the state in rural India can be rather intermittent and when it is sighted, it is experienced more as top-down bureaucracy than as democratically accountable authority. With the exception of West Bengal which has held local elections since 1978, most states have not held elections on a regular basis, and development has been the affair of silo-like departmental bureaucracies. With a firm constitutional mandate to hold elections,[4] the states now at least have a local democratic incarnation. In effect, the reforms have created 232,278 voter-accountable institutions (499 at the district level, 5,905 at the block level and 232,278 at the village level) where none existed before.

---

[3] D'Souza quotes KC Sivaramakrishnan – one of the drafters of the Bill and secretary of Ministry of Urban Development – to this effect.

[4] As of 2002, all states had held two local elections, except Bihar and Punjab which had held only one election (Chaudhuri 2006:171).

Second, a whole new political class of 3,000,000 elected representatives has been created, which in principle includes 1/3 of seats set aside for women and proportional representation for SC/STs. Not surprisingly, many states have fallen short of the mandated representation of minorities, but a majority have achieved 1/3 representation for women, and a majority has close to or higher proportional representation of SC/STs (Chaudhuri 2007: 174).

Third, while the actual amount of power devolved to local governments is hard to assess, and could only be done through very careful state-by-state analyses, there clearly has been some devolution of funds. Average annual funds available to local panchayats between 1990-1995 and 1995-1998 rose by nearly average 60% (Chaudhuri, 2007:182).

But beyond these very broad observations, we actually know surprisingly little about the overall progress that has been made. What evidence we do have is at best fragmentary. Most studies focus on single states and only rarely look at a representative sample of Panchayats. And those that have looked at multiple states (such as the series of papers by Rao and Beasely) do so at such at level of abstraction that it is hard to draw valid lessons. Chaudhuri (2007) has provided one of the few overviews.

Drawing on data from the eleventh finance commission he constructs an admittedly crude index of performance that tracks political, financial and functional devolution. Not surprisingly, Kerala and West Bengal are the highest performers. This underscores the Kohli thesis (1987) that complex reforms that are resisted by elites are most likely to be carried out by programmatic, disciplined, left-of-centre parties such as the CPM. What is more surprising is the second tier of performers. This group includes Maharashtra and Karnataka, which already had solid track records of decentralization before the constitutional amendments. But is also includes Madhya Pradesh and Rajasthan, two states that are usually lumped with the low-performing BIMARU states. The achievements in West Bengal have been well documented by the careful work of Bardhan and Mookerjee. West Bengal however predates Panchayati Raj reforms, and is politically somewhat of an anomaly given the uninterupted rule of the CPM. To try and tease out some of the possibilities and limitations of Panchayati Raj, I want to focus on two very different cases, Kerala and MP.

The People' Campaign for Decentralized Planning

The design and impact of Kerala's decentralization reform – officially the People'Campaign for Decentralized Planning – has been well documented. I present a brief overview here of two research projects that examined data from all 990 Panchayats in Kerala and a survey of 862 key respondents conducted in 72 randomly selected Panchayats.

In terms of its basic design, the Campaign in Kerala represents the most ambitious decentralization initiative in India. The scale of financial devolution has been very significant (30% of plan expenditures) but just as importantly decentralization in Kerala

has been marked by full functional devolution and the creation of a comprehensive, nested, participatory structure of local integrated planning and budgeting.

A number of studies have already established that in institutional terms the Campaign has resulted in a significant reorganization of the state and governance, and that the level and scope of decentralization surpasses what has been achieved in and Indian states since the 1993 constitutional amendments (Thomas Isaac and Franke, 2002; Véron, 2001; World Bank, 2000). The increase in the discretionary portion of village panchayat budgets has been dramatic, jumping from Rs. 1,000 million in 1996-97 (the year before the campaign) to 4,204 million in 1997-98, and over 5,000 million in each of the 3 years following (Government of Kerala, 2001). A World Bank report found that Kerala has the greatest degree of local expenditure autonomy and is the most fiscally decentralized state in India, and second only to Columbia in the developing world (2000: vol. I, 28-29).

The second decisive impact of the Campaign has been on the level and composition of participation. Data collected by the State Planning Board from all 990 panchayats for the first two years of the campaign shows that 10.3% of the electorate participated in the first annual Gram Sabhas in 1996 and 10.6% in 1997. The social composition of the campaign improved drastically in the second year. If in the first year of the campaign SC/ST[5] participation was well below the average rate (relative participation was 0.53 with 1.0 = participation rate of the general population) by the second year it was 1.44, meaning that SC/STs were participating in greater proportions that non-SCs. Similarly, women's relative participation increased from 0.57 to 0.82, with women constituting 40% of all participants in 1997-98. The data from a sample of 72 panchayats shows that while overall participation has declined (falling to 4.7% of total population in 1999 from 7.8% in 1997), its social composition has stabilized (Heller, Harilal and Chaudhuri, 2007). In 1999-2000, women accounted for 41% of participants, and SCs accounted for 14% of participants, well above their proportion of the general population and their 11.5% representation in the sample. It is also important to note that the Task Forces – which were given the responsibility of actually designing and budgeting projects for different sectors – were also relatively inclusive. Women represented 30% of Task force members, and SCs were proportionally represented. Moreover, 75% of all task force members were from civil society.

The high levels of participation appear to have ensured that the inputs of the Gram Sabhas and the Task Forces were incorporated into final budgets. Our survey respondents overwhelmingly reported that the "felt needs" expressed in Gram Sabhas and the projects designed by Task Forces were integrated into the final Panchayat budget. Respondents also reported increased accountability of officials. The developmental impact of the Campaign was also marked. Over 80% of respondents reported that across 13 different areas of development, the performance of the Panchayat was an improvement over the past. The performance of Panchayats was however uneven across areas. The campaign's most marked successes were in building roads, housing for the poor and anganawadis (child services) where almost 2/3 felt the difference was "significant". In contrast, less than a fourth of respondents felt that panchayats had made

[5]

a "significant" difference in economic development (employment, agricultural support and irrigation). What makes these survey findings especially robust is that the response rate did not vary significantly across respondent categories (politicians, civil society and government officials).

There have been significant problems with the Campaign. The "big bang" approach that was adopted in Kerala and that consisted of devolving resources and functions before building the necessary local institutional capacity was politically effective, but has left significant problems of system stabilization. Panchayats have found it difficult to mange and spend funds, Panchayat plans are more often lists of demands rather than carefully integrated proposals for promoting development, and local plans were never effectively coordinated with block and district plans. Having said this, the Campaign has irreversibly transformed the political geography of the state by creating substantial, well resourced, and democratically accountable local governments were none existed before. It is notable that this new institutional architecture and distribution of resources has survived two changes of government and now enjoys support from all political formations. Thus, even critics have concluded that the Campaign has not only created a "public platform for a vigilant civil society" but has also ensured an "enabling environment for development" (Kannan and Pillai 2004: 39).

Of course, many will simply argue that these outcomes are just another example of Kerala's unique history and social structure. It is certainly the case that with its high levels of literacy and comparatively lower levels of inequality, Kerala presents a more inviting environment for democratic decentralization than most states. But such a deterministic view – that all these outcomes can be explained by Kerala's fixed attributes – misses two critical points.

First, the Campaign represents a very decisive rupture with the past. Indeed, looking at Kerala in the 1980s one would not have thought in presented a favorable environment for decentralization. In the post impendence period, Kerala has enjoyed some of the most effective top-down governmental institutions in India. Thus traditional line departments have successfully provided universal education and heath care and an effective public food distribution system. The public employee unions in Kerala moreover are extremely strong and have long resisted decentralization. Neither party in Kerala has historically supported decentralization. The Congress because it has a weak local organizational infrastructure compared to the CPM, and the CPM because it has long been wedded to democratic centralism and to exerting direct party control over local units. Indeed, if anything, the strength and partisanship of the political party system has come at the expense of the growth of an autonomous civil society. As such, the Campaign must be explained not assumed.

Second, the explanation for the adoption and success of democratic decentralization lies in politics, and in particular the relationship of the political field to civil society and changing social and economic circumstances. What made decentralization in Kerala possible was a complex set of political interventions, and what made implementation successful were key strategic choices and careful institutional design. To begin with, it

was not the CPM as a whole that championed decentralization, but rather a reformist faction within the party that had the support of EMS Namboodirpad, the party's most respected figure. That faction itself had very close ties to the KSSP (Kerala Sastra Sahitya Parishad), a powerful and autonomous mass-based organization that had a long history of promoting development through grass roots initiatives. In other words, it was the colonization of the party by a civil society organization that pushed a key faction in the party to embrace a new vision of development and to support decentralization. Second, there was a widespread recognition that something had to be done to preserve Kerala's advanced social-welfare state in the face of liberalizing reforms and an endemic fiscal crisis. The traditional line department command and control state that has produced Kerala's universal services was poorly equipped to improve upon those services. Decentralization emerged as an attractive strategy of pushing forward a second generation of public sector interventions to promote economic and social development. Third, decentralization held the possibility of reaching out to new constituencies – women and younger people – to extend support for the party beyond its traditional constituencies of organized labor. Finally, these factors coincided with the passage of the 73rd amendment, giving the CPM both opportunity and political cover to push through reforms.

Madhya Pradesh
That political contingencies can open up significant spaces for reform is underscored by the case of Madhya Pradesh. Madhya Pradesh could not be more different than Kerala. In addition to being poor and having among the highest levels of poverty in India, the state is marked by entrenched structures of dominant caste power at the state and local level, and with the exception of the Narmada dam movements, has not enjoyed a very active civil society.

Despite this, MP is widely viewed as having made significant progress in promoting decentralization and greater participation by traditionally marginalized groups, most notably Dalits and Adivasis. James Manor has provided the most nuanced and detailed account of how the Chief Minister Digvijay Singh who served two terms (1993-2003) was able to push through a number of decentralization reforms. He significantly shifted power and resources downward by empowering local panchayats to spend money; introducing numerous single-sector user-committees in education, forestry, and water management; encouraging the formation of over 250,00 self-help groups encompassing million people, mostly women; formed para-professionals to provide help to councils; and launched mass mobilization campaigns, most notably a literacy campaign (Manor, forthcoming:29).

The data on MP is not as rich as what we have for Kerala or West Bengal, so we must be careful in drawing conclusions. In comparative terms, MP's performance has been solid, if not spectacular. Average per capital expenditures for all local bodies increased 227% between 1990-95 and 1995-1998, second among Indian states only to Kerala (Chaudhuri 2007:186).

Decentralization has by all accounts had its greatest impact in the area of primary education. The Education Guarantee Scheme (EGS) was the first dedicated program to be carried through the new decentralized structures. The goal of EGS was "to provide community-centered and rights-based primary education to all children in a quick and time-bound-manner" (Anderson, 2006). The scheme specifically empowered any Panchayat that does not have a school within 1 kilometer to request a school from the government. The government was mandated to respond within 90 days by providing the necessary funding. The Panchayat was tasked with identifying a teacher from the community and forming a PTA.

Manor describes the Education Guarantee scheme as an example of the government stimulating demand. The response, in Manor's evaluation was "patently massive." By 1998, the scheme had achieved its target of almost complete access to primary education by drawing in 2 million children with over 31,000 villages getting new schools in a two year period (McCarten and Vyasulu, 2004). Drawing on a repeat household survey, McCarten and Vyasulu report that for the poorest 40% the probability rate for completing the 5th grade increased by 21% between 1992-93 and 1998-99, compared to 5% at the national level (2004:736). By 2001, the primary education system in MP was entirely decentralized, with Gram Panchayats charged with recruiting and monitoring teachers. A nation-wide study of teacher absence in India found that MP had the third lowest rate at 17%, well below the national level of 24.8 (Kremer et al. 2004). By one assessment, EGS has led to the "actualization of [individuals'] rights to elementary education from the State government." (Anderson, 2006). The literacy rate in MP jumped 20% overall (including 22% for women) between 1991 and 2001, the second largest decadal growth record in India ever.

What was the political equation that made all this possible? As Manor argues (2007) at the most basic level it was a pragmatic effort to build a new electoral base for the Congress party. Because of increased electoral pressure from the BJP, Digvijay Singh had to break with the party's old reliance on the rural dominance of the Rajput caste and political bosses and to reach out to Dalits and Adivasis. And in response to the rising tide of Hindu chauvinism and caste-based politics, Singh opted to make a drive for development. But he knew he could not work through the traditional bureaucracy since it was corrupt and dominated by dominant caste interests. So instead he opted to stimulate demand from below by devolving resources and authority to the local level, by-passing the traditional patronage channels of local bosses and directing resources to elected councils and user committees. In doing so he worked with a close, hand-picked cadre of young bureaucrats and insulated the new development bureaucracy from patronage politics by creating special purpose delivery vehicles - Rajiv Gandhi Missions - in areas ranging from tackling illiteracy to watershed development and iodine disorders. Thus, even during a period when state-downsizing was the order of the day, Manor points out that during Singh's tenure "major progress [was] made in extending the downward reach of the state" (forthcoming, 26).

There are three dimensions of the Madhya Pradesh story that need to be highlighted. First, the political configuration that made change in Madhya Pradesh possible was not as

idiosyncratic as a focus on Singh's leadership might suggest. What transpired in MP was a classic instance of the pincer strategy in which a determined executive bypasses traditional intermediaries to link directly with grass roots actors. This is for example what happened in Tendler's (1997) influential analysis of successful poverty reduction in the Northeastern Brazilian state of Cerea. Second, Digvijay Singh took advantage of a shifting electoral scene to reach out to historically marginalized groups. Without the loosening effect of the Second Democratic Upsurge, it is unlikely that any Congress leader would have staked her electoral fortunes on the direct mobilization of Dalits and Adivasis. Third, Singh strategically took advantage of opportunities that the Centre had created. Much as in the case of Kerala, opposition to decentralization was somewhat tempered by the fact that the Centre had provided the legal setting, some resources and a lot of symbolic capital for reform.

The limits of a top-down process of reform should be emphasized. Many critics, including Digvijay Singh, have complained that Panchayats in MP have been dominated by Sarpanchs. Gram Sabhas moreover have been found to be ineffective in holding elected officials accountable. This then underscores the limits of institutional intervention. In the absence of a well developed civil society, the danger of elite capture remains acute.

Taking Stock

The jury is still out on Panchayati Raj. From our limited knowledge we can say that most states have done little, some have done a bit, and a few either already had strong track records that they have extended (West Bengal, Karnataka) or broke new ground and made important headway (Madhya Pradesh and Kerala). The reforms have however been significant on three counts. First, the initiative itself points to the existence and activism of a faction of state reformers. Even as the Indian state is being increasingly restructured in a pro-market direction (Kohli 2007), there are also significant pockets of reformers within the state dedicated to improving the accountability and effectiveness of the state in promoting development.[6] Those officials at the national level who support decentralization have significant and often very enterprising allies in the states. Second, new spaces and new rules of engagement have been created. Ordinary citizens have been afforded opportunities to engage public authority in ways that simply did not exist before. Whether such opportunities for engagement translate into the effective making of citizens depends on a host of factors, not least of which are local power configurations and local histories of civil society formation. Third, the participatory thrust of the reforms has lent new legitimacy and credibility to calls for mobilizing citizens. As Corbridge et al. point out, even if the mandated structures of participation never quite function on the ground as prescribed, the very language of participation resonates with popular aspirations and can readily be turned against a non-performing state. Whether or not these patterns will converge into more robust and sustainable arrangements remains to be seen, but there is certainly an urgent need for more detailed and careful tracking of how decentralization is

---

[6] Mani Shankar Aiyar, the Minister of Panchayati Raj, has been a very vocal and articulate advocate of decentralization, and a prominent critic of the distributional consequences of liberalization.

actually been implemented across different states and how it is impacting participation on the ground.

From the review of the two cases of Kerala and Madhya Pradesh it is possible to draw out some analytic observations. First, participation is more plastic that we generally assume. The conventional wisdom in political science is that participation is stratified and that stratification is driven by stock variables (literacy, race, income etc …). Much of this literature is based on the US, but maybe the US is the outliner. We already know that in the electoral arena in India this simply does not hold true. The social composition of participation – as Yogendra Yadev has shown – has changed dramatically. Just how plastic participation can be is underscored by the Kerala case. In the first year of the Campaign, participation mirrored social structure. But by the second year of the Campaign, women and Dalits were well represented. And Kerala is not unique in this respect. Alsop et al. (2000) found that in Rajasthan and Madhya Pradesh participation is Gram Sabhas was not stratified by caste, and Krishna (2002) has carefully documented how in the past two decades a new stratum of middle-caste, educated activists have come to play a new role in local politics, displacing the traditional upper-caste powerbrokers. If the extension of the franchise has provided subordinate groups with new avenues of political engagement, albeit with a significant lag, the creation of local participatory spaces is also certain to provide new opportunities for ratcheting up agency.

Second, if the plasticity of participation is in part a function of changing social structures – including various kinds of political empowerment from below – it can also be a result of state intervention. Associational life is artifactual – that is an artifact of how the state structures political and civic life. In Kerala, the increase of women and Dalit participation was a direct result of new incentives and new fora created by the state. In Karnataka, Singh's Education Guarantee Scheme triggered a tremendous response from the rural poor.

Third, institutional design matters. In its rush to celebrate associational life, the literature on participation often fails to recognize the complex ways in which institutions structure incentives for participation and can favor or block pro-reform alliances. Much of MPs success can be attributed to the creation of parallel delivery structures and of the careful manner in which Singh built linkages to new constituencies while isolating or at least neutralizing traditional intermediaries. This has by definition not resolved the problem of entrenched powers, but it did allow for new and more effective forms of state intervention. In Kerala, the challenge was different. The patronage system had less to do with traditional social power than highly competitive electoral politics. The Campaign was designed specifically with the intent of incorporating politicians and officials while at the same time reducing the opportunities for patronage. Delivery was structured through existing institutions, but the complex set of nested participatory structures increased transparency and reduced opportunities for elite deal-making (Heller, Harilal and Chaudhuri, 2006).

Conclusion

Because inequality is produced, it is durable. Because inequality is produced, it is plastic. Institutional reforms can change the transaction costs that the poor and the marginalized face in engaging the state. In this respect, Panchayati Raj represents an important step in the direction of deepening democracy. But those reforms will only be as effective as the type of politics through which they are constructed. What even the very fragmentary evidence I have reviewed here points to is that the politics of reform come in many shapes and configurations. Developing better typologies of these configurations and understanding how and why such favorable opportunity structures emerge calls for much more research. Having said this, there are clear signs of a Great Transformation. Even as rural power structures remain in tact and a new urban dominant class secures its power, what has undeniably changed in post-Independence India has been the slow, but increasing capacity of subordinate groups to voice their grievances, or to borrow a phrase from Habermas, to redeem the unredeemed citizenship claims of a democratic society. This is tangibly and unmistakably evident in the second democratic upsurge. The intriguing possibility that I would like to close with is that when the power shifts associated with the second democratic upsurge are combined with Panchayati Raj and the many stirrings of civil society, this may yet produce an upsurge of even far greater significance for strengthening citizenship.

<div align="center">References</div>

Agarwala, Rina . 2006. "From Work to Welfare." *Critical Asian Studies* 38 (4):419-444.

Alsop, R., A. Krishna, and D. Sjoblom . 2000. "Are Gram Panchayats Inclusive? Report of a Study Conducted in Rajasthan and Madhya Pradesh." *Background Paper no* 3

Appadurai, Arjun . 2002. "Deep Democracy: Urban Governmentality and the Horizon of Politics." *Public Culture* 14 (1):21-47.

Bardhan, Pranab, and Dilip Mookherjee . November 12, 2004. "Decentralization in West Bengal: Origins, Functioning and Impact."

Beasely, Timothy, Rohinia Pande, and Vijayendra Rao . 2004. "Panchayats and Resource Allocation in South India."

Berman, Sheri . 1997. "Civil Society and the Collapse of the Weimar Republic." *World Politics* 49 401-29.

Chatterjee, Partha . 2001. "Democracy and the Violence of the State: APolitical Negotiation of Death." *INter-Asian Cultural Studies* 2 (1):7-21.

Chaudhuri, S., and P. Heller . 2003. "The Plasticity of Participation: Evidence from a Participatory Governance Experiment." *New York: Columbia University ISERP Working Paper*

Chaudhuri, S. . forthcoming."The 1994 Panchayati Raj Act and the Attempt to Revitalize Rural Local Government in India: What Difference does a Constitutional Amendment make?" in *Decentralization to Local Governments in Developing Countries: A Comparative Perspective,* edited by P. Bardhan, and D. Mookherje. Cambridge: MIT Press.

Corbridge, Stuart. 2005. *Seeing the State : Governance and Governmentality in India.* Cambridge ; New York: Cambridge University Press.

Crook, R. C. and J. Manor . 1995. "Democratic Decentralisation and Institutional Performance: Four Asian and African Experiences Compared." *Journal of Commonwealth and Comparative Politics* 33 (3):309-334.

Fox, Jonathan . 1994. "The Difficult Transition from Clientalism to Citizenship." *World Politics* 46 (2):151-184.

Harriss, John . 2006. "Middle-Class Activism and the Politics of the Informal Working Class." *Critical Asian Studies* 38 (4):445-465.

Heller, P. . 2000. "Degrees of Democracy: Some Comparative Lessons from India." *World Politics* 52 (4):484–519.

Heller, P. . 2001. "Moving the State: The Politics of Democratic Decentralization in Kerala, South Africa, and Porto Alegre." *Politics & Society* 29 (1):131-163.

Heller, P. . 2005."Reinventing Public Power in the Age of Globalization: The Transformation of Movement Politics in Kerala." in *Social Movements in India: Poverty, Power and Politics,* edited by R. Ray, and M. Katzenstein. New York: Rowman and Littlefield Publishers Inc.

Heller, Patrick, K. N. Harilal, and Shubham Chaudhuri . 2007. "Building Local Democracy: Evaluating the Impact of Decentralization in Kerala, India." *World Development* 35 (4):626-648.

Kannan, K. P., and V. N. Pillai . 2004. "Development as Freedom: An Interpretation of the 'Kerala Model'." Working Paper 361

Kohli, Atul . 2007. "State and Redistributive Development in India." *Paper Prepared for Project on "Poverty Reduction and Policy Regimes" Sponsored by UN Research Institute for Social Development*

Krishna, Anirudh. 2002. *Active Social Capital : Tracing the Roots of Development and Democracy*. New York: Columbia University Press.

Mahajan, Gurpreet . 1999. "Civil Society and its Avtars: What Happened to Freedom and Democracy." *Economic and Political Weekly* 34 1188-1196.

Manor, J. . forthcoming`."Digvijay Singh in Madhya Pradesh: Supplementing Political Institutions to Promote Inclusion." in *Against the Odds: Politicians and Institutions in the Struggle Against Poverty,* edited by M. Melo, Ng'ethe N., and J. Manor.

Marshall, T. H. 1964. *Class, Citizenship, and Social Development; Essays*. Garden City, N.Y.,: Doubleday.

McCarten, William, and Vinod Vyasulu . 2004. "Democratic Decentralisation and Poverty Reduction in Madhya Pradesh: Searching for and Institutional Equilibrium." *Development and Practice* 14 (6):733-740.

O'Donnell, Guillermo . 1993. "On the State, Democratization and some Conceptual Problems: A Latin American View with Glances at some Postcommunist Countries." *World Development* 21 (8):1355-1359.

Riley, Dylan . 2005. "Civic Associations and Authoritarian Regimes in Interwar Europe." *Amercian Sociological Review* 70 (2):288-310.

Ruth J. Alsop, Anirudh Krishna,Disa Sjoblom . 2000. "Are Gram Panchayats Inclusive? Report of a Study Conducted in Rajasthan and Madhya Pradesh."

Sen, Amartya Kumar. 1999. *Development as Freedom*. New York: Knopf.

Somers, Margaret R. . 1994. "Rights, Relationality, and Membership: Rethinking the Making and Meaning of Citizenship." *Law and Social Inquiry* 19 (1):63-112.

Tendler, Judith. 1997. *Good Government in the Tropics*. Baltimore: Johns Hopkins University Press.

Thomas Isaac, T. M., and Richard W. Franke. 2002. *Local Democracy and Development : The Kerala People's Campaign for Decentralized Planning*. Lanham, Md.: Rowman & Littlefield.

Tilly, Charles. 1998. *Durable Inequality*. Berkeley, Calif.: University of California Press.

Varshney, Ashutosh. 2002. *Ethnic Conflict and Civic Life : Hindus and Muslims in India*. New Haven [Conn.]: Yale University Press.

Veron, Rene . 2001. "The 'New" Kerala Model: Lessons for Sustainable Development." *World Development* 29 (4):601-617.

World Bank . 2000. "Overview of Rural Decentralization in India: Approaches to Rural Decentralization in Seven States. Volume I."

Yadev, Y. . "Understanding the Second Democratic Upsurge." in *Transforming India,* edited by F. Frankel, R. Bhargava, and B. Arora. new Delhi: Oxford.