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Change – and the Rural landscape
Random Comments
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1. The Rural Landscape is changing – slowly in some places and not so slowly in others. The diversity is startling . The fall out --- as people cope for their livelihoods in areas, which are not changing adequately to absorb youth or where youth do not have the skills to access new livelihood options which have emerged – has to be addressed. I would not say it is changing rapidly in any area....and that is perhaps why we still have some degree of social stability. This is my position.

2. A visit to central UP for instance, even to some of the most prestigious constituencies – indicates that change has been slow. Interestingly –not for lack of investment. In fact several Public Sector Companies as well as some private players have been persuaded to open industries in these areas. The former still survive but have little impact on the surroundings since they cater to a national sector, (they require skills not available locally, they purchase food and other consumer items from national companies not from local producers). They do not announce their performance, but there is little doubt that they are losing yearly. The latter have mostly wound up. As a result, in every village of the 15 I visited, between 20% to 50% of the youth (males) migrate for jobs to other parts of India. They are engaged in skills ranging from gardening to ship breaking; but, they all migrate without any skills appropriate to their new jobs or resources to start new activities on their own.. As a result they are vulnerable to exploitation. FICCI studies indicate that there are about 33 million entrepreneurs in the country with 45% from the SC/ST/OBC communities. Yet there is a low enrolment in Govt. vocational training institutes and those who graduate from these institutions have to be retrained in most cases. The conclusion is that most of the young people learn the trade on the job. However, the impact in the village is obvious. Most families who have a pucca house, a fan and look well fed, rely on the regular visit of the postman bringing in a money order from migrants.

3. And, what of agriculture on which the majority have relied all these years. In areas where the family cultivates (owns or leases) less than 3 acres of dryland land, it has become an old persons occupation - only old people are left behind on the dryland farm. When they require some heavy labour they hire it or wait till their sons return. Where there is better land and some irrigation, marginal farmers are leasing out land, which results in consolidation of holdings .In such cases the youth stay behind –but usually one son who is barely literate or

who the parents dote on. In the old days, the village cattle were sent out to graze in charge of men or youth who were not capable of any other work. Today, farms under three acres in dryland conditions even in the gangetic belt are increasingly being left to such people. Those who have passed the 10th Standard do not want to work in agriculture and aspire to go to college and finally for a government job or join politics – the latter is the largest private sector “company” in UP and Bihar. The transformation of a party of Dalits to the “sarvajan samaj” may have diluted ideology but it continues to provide opportunities to a more diverse group as it promotes a new business strategy.

4. In terms of social progress (literacy, education-especially girls, health, attitudes to change etc) there are large areas in the country – more in the North, East and Centre than in the south and West – that are way behind other parts of the country. Govt. schemes to promote adult literacy and to enroll and keep all children in school have really made little impact not just in the north but throughout the country. One District Literacy officer, who tried to mobilize adult literacy programmes in a southern state, was asked: “Can literacy give my daughter a job?” “Can literacy drill a borewell in my field?” “Will literacy give me food today?” He replied “yes”...but he also said “I know that they never rely on us”. There are many literate unemployed in the village and people use them as examples. The CAGs report on the Sarva Siksha Abhiyan for 2006, points out to a high average drop out rate at the higher primary school level. In Karnataka for instance the drop out rate at the higher primary school level is 24.68%- which has not declined –it is even higher among SCs and STs. . Fundamentalism, illegal immigration, and lawlessness are also increasingly rapidly and affecting the social fabric. On a recent visit to Jharkhand, we discovered areas where the Government has little control due to Naxalite influence. However, this presentation will not focus on these social indicators and the growing sense of insecurity and trend towards social exclusion and the reverse –which is “ghettoisation”.

5. The rural scenario, therefore, can be summarized briefly: a) Exit of youth –mainly males – this is happening on a large scale in some areas and increasing rapidly b) consolidation of land holdings – this is happening more slowly and largely as a result of youth migrating and families leasing small holdings to earn a secure income. c) educated youth do not want to work in agriculture – for a variety of reasons -they prefer a regular salary even as watchmen and are unwilling to “dirty ones hands” in agriculture d) Backwardness in all the social indicators especially in large parts of the central north and eastern states. e) lack of investment, Government and private in the rural sector in infrastructure and industry f) the weak governance structure in several central and northern states and a defunct delivery system in large parts of these States and even in part of the better governed ones g) heavy influx from a neighbouring country into the Eastern States g) the increasing trend to take the law into ones hand and i) growing religious fundamentalism. The rural scenario, especially in large parts of the country is not a very healthy picture.

6. But let us focus here on economic progress and the livelihood base. Economic progress has not remained in the cities; it has extended to the towns and villages not just in the South and West. It cuts across the country. However, the pattern is diverse. Opportunities are far more in some areas than in others – some existed, others were created and many more were seized – more in some areas than in others. Hence the number of the upward mobile may be less in some areas than in others, but they exist all over and create aspirations –it can be done! Our cricket, hockey and football captains hail from small towns which have entered the middle class, thanks to regional political parties and the local media, to a surge in entrepreneurship largely unlicensed, of the internet and better communication. Real estate

growth is faster in Tier 2 towns than in metros, tourism figures indicate that residents from small towns are increasingly traveling abroad (40%-45% are first time travelers). Organised retailing is growing at 50% annually in small towns. Some sociologists like Yogendra Singh believe that people now believe that liberation lies in achievement, not through identity politics. I do agree that “achievement” has become a greater motivating factor as people see more options opening and increasing space to “just do it”, without bothering about official sanctions; but there is also ample evidence that identity politics is a powerful ladder that many use to rise upwards and enter the “middle class”.

7. The diversity is striking. As a result of this changing scenario, one analyst (S.L. Rao) sees a five tier pyramid emerging: **destitutes, climbers, aspirants, consuming classes and the rich**. More than 60% of the households fall in the three middle categories of climbers, aspirants and the consuming classes., and they live in cities, towns and large villages. This group is concerned about getting jobs (increasingly willing to migrate and opting for more cash in hand than job security) good schools, access to higher education, access to affordable and good health care and water; they are concerned about insecurity and disturbances in their daily lives and the problems and obstacles caused by poor and corrupt governance.¹ **What does this large middle sector indicate to me? That India is no more a pyramid –it is a rather a diamond (may be not shining in all parts but surely similar to of the famous classical shape..... a bulge in the middle but with a top narrower than the broad bottom.** And how did this bulge happen? My friends say, “while the government was asleep”. In other words it happened through the sheer grit and determination and innovation of the Indian people most of whom do not speak the current, globalised language of progress or have any political or government support. These people do not come only from the cities, most in fact come from the villages though they may base their operations in towns and cities due to availability of power, facility to access inputs and markets and better communications etc. Let me give you some examples of this –some of which may surprise you.

8. Indian tops the list of countries producing what the person in the street calls “duplicate” goods and the elite “counterfeit” .It is estimated that the Indian pharmaceutical market is worth Rs.50,000 crore. The private sector estimates that the “duplicate” segment is about Rs.15,000 crore (Govt. estimates it as Rs 250 crore). So let’s go to some other source. A recent European Union Study based on customs data indicates that 30% of all seized “fake” medicines during 2006 originated from India. Another source estimates that 35% of the world’s supply of “duplicate” pharma products originate in India. Bad for you and me, but livelihoods for millions. And there is more...The Mumbai police raided units manufacturing

¹ There are as expected several studies and reports which do not agree with this five tier assessment, but which in turn seem to have some contradictions: The National Commission for Enterprises in the Unorganised Sector released the Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector on August 9,2007. It says that 77% of the population earn less than Rs 20 per day and are officially the poor and vulnerable. They can barely afford the minimum calorie intake and other requirements. The Report also says that the two groups of middle and high income have expanded rapidly to 223 million, which is about 23% of the population. Now does this mean that there are no categories in between? .Dr Arjun K. Sengupta the Chairman of this Commission, in an interview published in the Asian Age of Sept 23,2007 admits that there are. He says that the extremely poor have dropped from 30.7% in 1993-94 to 21.8 % in 2004-05.However the marginal and vulnerable has risen from 51.2% to 55% in the same period. Who are these marginal and vulnerable? S.L. Rao’s 5 tier pyramid seems to reflect the situation more objectively. These groups are not in water tight categories; there is movement upwards; true, some groups who have had a middle class consumption pattern, have slipped – like many of the cotton farmers in Maharashtra and they make news; but extensive visits to the field indicate that there has been significant progress in incomes both in the urban and rural areas. In fact Myrada asked all its CBOs in a project located in a remote area –near Veerapan’s village - to identify families who went hungry – they could find only two.

toys across the city under the persuasion of Mattel toys (which is very much in the news today). They seized “duplicate” Barbie stickers, T shirts, printing screens and swatches.. Gillette had the same experience earlier. It is well known that about 35% of automotive parts sold in India are “duplicates”. The value of “pirated” (an improvement on duplicate)) software is believed to be over \$1.4 billion. Now I am not justifying this innovative approach...especially not in the pharma industry...but one cannot deny that where there is a market, Indians will respond. Since it is too difficult to cross Government hurdles,...they follow the popular line “Just do it”...and in doing so, they add to the bulge in the diamond and this continues which ever Government is in power. These groups form the so-called “unorganized” sector!! They are far more organized in terms of efficiency and effectiveness than the Government’s Public sector institutions and even some of the private “organized” sector!

9. Many scoff at India’s current growth rate, saying that it is jobless growth. Is it really? A recent OECD report shows that India generated 11.3 million net new jobs annually between 2000 and 2005.(For the China lovers – China created only 6 million new jobs annually). However there is a caveat. Employment generation in India has indeed been rapid, but it starts from a low base. India’s employment to population ratio was 50.5 % in 2005.Further, the data for India and China represent only urban areas However, there is surely evidence that growth has not been jobless..... and this added millions to the bulge in the middle.

10. Further data from the consumption angle confirms this growth pattern – a middle bulge and extending beyond cities. Any economy growing at 8-9% for a few years cannot but be inclusive, particularly if this growth is not driven by a single commodity. It may not be all inclusive, it may be more inclusive in better governed states, but it surely brings in millions into its sphere of impact/influence. The indicators are many. Mobile phones are growing at the rate of 72 million a year and are expected to touch 500 million connections in a year or two. This has “included” millions from the small towns and countryside - even shepherds in the middle of Karnataka – I met one on a remote hill with a small cloth around his waist and a pole in his hand talking over the cell to another shepherd on a far away hill –enquiring about the grass there...and fishermen on the West coast about whom much is written. The communications sector grew 23.9% in 2005-06. TV sets were just 1 million in 1980; today there are 120 million. The Services sector—especially small eating joints - like tea shops, hotels, road side dabhas and hand carts has been growing at 8-10% annually - serving local foods not the hamburgers and the submarines. Our formal institutions collecting statistics miss these units since most of them are unlicensed. And what about transport? The indicator of growth is not cars but motorbikes – one sees every size and shape to suit various income brackets...a veritable explosion that goes right into the heart of the countryside. Thousands of farmers (big, small and marginal) have benefited from rising land prices. We do need greater and more widespread inclusion but to hold that there has not been widespread inclusion is to deny reality

11. Unfortunately, I suspect that as the middle bulge grows bigger, it is going to be even more difficult for those in the bottom of the diamond to enter the bulge. The middle bulge creates the market, is influenced by it; it is also increasingly raising the level of competition and gaining control of the levers of political power and patronage. And this control extends into the villages where the better off farmers who also have political clout dominate every aspect of life. The system that delivers “schemes” for the poor is also controlled by those in the bulge – who have the power to siphon off as much as possible. All Government officials and PRI members belong to the bulge –or enter it

soon after they are elected/appointed. They constitute the creamy layer which, as the fat accumulates, reduces the quantum of benefits “trickling down”.

12. Years ago when I returned to India with a personal mission to support one million poor in their efforts to rise and stay above the poverty line, my analysis of rural society prompted me to say that “it is not enough to teach the poor to fish, when they can not reach the river”. And when they reach the river, the fishing rights are monopolized by the powerful The hurdles - of political, money and bureaucratic power in the hands of a few, caste domination, lack of organisation, need to borrow to survive and then to spend the rest of their lives repaying the loan, depleting natural resources on which many survive - all exist.. The market is pretty good at delivering what consumers want here and now to meet their personal needs; but can the market’s dynamics address major issues such as chronic poverty, resource and environmental degradation and abuses of human rights? Can the market forces which reward the fittest - and which cannot respond to the poor since they have no economic power, help them to reach the river? There are many who hold, and I think rightly, that the markets left to themselves cannot address these issues. As a result Governments need to step in, but given the growing pattern of coalition and unstable governments with increasingly ineffective implementation, the capture of all Co-operative (membership) institutions, and the all pervading power of money, one can reasonably conclude that it will get more and more difficult for the poor to enter the bulge with the help of Governments only. With each group (SCs, STs, Minorities) generating a creamy layer, it is obvious where the benefits of “focused schemes” are largely going. Those clamoring and organized at the top of the poor layer and those who have access to the few ladders like political connections – have found a way; but what of the others?

13. The changing profile from the pyramid to the diamond, with a bulge in the middle and a broader base than the top, raises several fundamental questions which have a bearing on the strategy adopted to reduce poverty and to enable the bottom of the diamond to enter the bulge in the middle, because the road to the river has (and is becoming) narrower and more crowded. People on the road to the bulge have to rely on private shops- for essentials and credit – coming up alongside the road for their survival. Will the direct attack on poverty adopted by programmes similar to the IRDP which focuses on providing subsidized assets to individuals be effective without accompanying support to enable the poor to push ones way along the road and without the access to affordable and effective private and public services? Do the poor require some other support to enable them to push their way through? The answer, based on Myrada’s experience, is “yes”. The poor require their institutions which are homogeneous and whose members are linked by affinity in order to provide them with a base from which they can influence larger and heterogeneous institutions like PRIs and seize power in these institutions through democratic means. The poor need to be free to form their own institutions appropriate to the resource to be managed, capable to establish the mission, the rules and regulations of these institutions and not have these imposed or standardized by outsiders. These institutions are not based on caste but rather on class (incomes), neighbourhood (live on one village street) or similar livelihood options (like daily workers). In a village with mixed religious affiliations, they are not based only on religion but on affinity arising from class, neighbourhood and livelihood source. In Jharkhand many groups have a mix of SCs and STs when allowed to form their own groups. This irritates many Government officials who find it difficult to include such groups into the SGSY programme since SCs and STs have different subsidy rates. In one case an official told the group to break up into SCs and STs. The members refused.

It is time that NGOs lobby Government, to shelve the subsidy based SGSY programme which is creating dependency/division and to support only the NABARD promoted SHG-Bank Linkage programme where there is no subsidy. The only “subsidy” is that given to build the “institutional capacity” of the group and to train book writers. This however is really “informal education” which enables the poor to gain confidence and skills; this needs to be subsidized; it is a long-term investment.

14. The Self Help Affinity group is one form of a participative institution of people at the base of the diamond that has proved that it can fit the bill. (There are others which have the potential to contribute; these will be described later).. These SAGs are formed on the basis of affinity of their members and homogeneity in terms of incomes (or class). They decide when and where to meet, what functions to take on and how to go about performing these functions. They have the structure to be functionally participative, but require adequate institutional capacity building over a period of time to function in a truly participative manner. If they decide to manage finance, they decide how much to save and the purpose of and size of loans and the timing of repayments. Once their SAG is functioning well, they grow in confidence and establish a certain degree of independence- in terms of setting their own agenda. There is evidence, drawn from properly formed and well functioning groups, that at this stage, they begin to influence change in society and in the family. They have proved, that, if formed on the basis of relations of mutual trust and support (affinity or social capital) and homogeneity (not like the groups in Uttar Pradesh formed by the GP Secretary where the wives of the GP members and the power elite dominate the group) and provided with adequate institutional capacity building/training by experienced and committed NGOs, they can help to carry the poor on the road to the river and provide them with adequate resources and linkages while they are traveling, so that they are not used or exploited.

15. Another institution at the base, which is more representative than participative, is the Gram Panchayat. But there has been little effort to build its institutional capacity. Government is not interested in doing so, although it is vested with financial responsibilities. An effort by Myrada to collect data relating to income and expenditure from 15 GPs showed that a) 11 were reluctant to part with this data b) some- we were informed - maintained two books of accounts c) in no case were the books presented to us, audited or scrutinized by those whose job it is to do so. Only four GPs finally offered to hand over their books to us for scrutiny; none of them had any signature testifying that they had been scrutinized by an official. None of the GPs maintained records of attendance at meetings and decisions taken. NGOs need to invest in building the institutional capacity of the GPs.. This requires that the smaller participative institutions like the SAGs are formed and functioning well so that they lobby for the poor and push for proper accounting and recording of decisions as they are accustomed to do in the SAG., it requires that the Gram Sabha meetings are well organized and finally that the GPs adopt and maintain sound organizational and financial management systems. Just training the GOP members is inadequate it is more of a perk. Proper governance includes the realization that the GP itself should take the initiative to carry out a social audit (with the assistance of outsiders to make it more objective). The present practice of asking NGOs to carry out social audits has little impact on improving governance in the GP.

16. This means that NGOs must go further than just receiving funds from ZPs to implement activities. Though Myrada receives a substantial part of its funds from the ZPs, this is just a first step. What is critical to bring about change is for the CBOs (like SAGs and others) to be able to work with the GPs to ensure that they function in a transparent and professional manner. Myrada is experimenting with this approach in Bonthi. Funds provided by Inter-

Cooperation come through the GP. The biggest hurdle to transparent management is the GP Secretary. However the SAGs are demanding that the management practices that are pervading the Myrada programme should also pervade other programmes managed by the GP like NREGS. The NGO can support this process to bring in accountability and proper management; but the CBOs have to take the lead. Wherever Myrada and the CBOs have worked with the GPs, however, the results have been unexpected. They have begun to meet regularly and to take up several public issues and programmes. Getting the GPs to be financially transparent and accountable, however, has not made much progress except in particular projects which are monitored by National Institutions-like NABARD- or as part of Multilateral/Bilateral programmes. Second tier institutions and linkages with others are also required to complete the framework that can promote good governance in the GP, but we will refer to them later.

Conclusion: The Government- which claims to be democratic – needs to get off the back of people, especially of their institutions (PRIs and CBOs). Government needs to listen to those-the poor- whom they “want” to assist, provide the appropriate framework and good governance at State and District levels, and people will decide what , how and when to proceed. In a pyramid, the direct approach to the poor has a chance of raising individuals upwards if they make use of the ladders provided; in a diamond, the access is more difficult, the road is narrower and the number of people on the road far more compressed to get through the narrower entry. Apart from economic growth which provides the space in the bulge, the poor need “power” to enter the bulge, and the basis of this power is their own institutions. If they cannot build them, they will resort to other avenues and use other means (extortion, violence etc) to gain the benefits of the bulge without entering it through legitimate and democratic means and thus without sharing the responsibilities that those in the bulge are expected to carry. Government employment, affiliation to politicians and parties and reservations are providing and will provide the major ladders for those who cannot cope with the demands of the organized private sector or those who do not have the skills and courage required to be an entrepreneur. But these ladders can cope only with a small percentage of the poor in the bottom of the diamond.

17. What about the Governments initiatives to support those who cannot make it to the road, who cannot progress on it , who are pushed aside who are falling behind, or slipping down from the bulge to the bottom ? Generally, these initiatives have not had the impact intended. They either went to those who were not really in need, or did not fulfill the objective of bringing the family back into the productive stream. Let us give one example - the response of Government to the Vidharba crisis. The Government offered a package for farmers in distress in six Districts to stem the suicides by farmers growing cotton A major component of this package is the Rs1 lakh compensation and the directive to Banks to issue crop loans even to defaulters .As a result the number taking loans went up from 4.48 lakhs to 10 lakhs...but came down in 2007 kharif to 4 lakhs. The package also included a decision to lower interest rates on loans for cotton to farmers from 9% to 6% which is really an ideological/political decision..² It is generally accepted has this package has failed to address the main problem. As one farmer put it: “the solution is simple, all that the Government needs to do is make sure that we get a good price for our produce and write off our existing loans”. The State Govt. admits that the assured support price for most crops does not even cover the cost of inputs. For cotton the cost of producing one quintal is Rs 2,598, while the support price is Rs1,760. “When property prices increase, the state rejoices that the economy is booming. But

² A NABARD report indicates that where the interest rate of the loan is 12%, the cost of credit for cotton growing related to total input costs is only 5.6% in Andhra, 5.3% in Gujarat and 7.2 % in Punjab

if food prices go up, why do they shout inflation? ”asks Vijay Jawandhia of Shetkari Sanghatana. .Sudhir Goel, Divisional Commissioner, Amravati adds: “The main problems are the uncertain monsoon and the markets. There has to be crop insurance, higher support prices, institutional changes and a shift away from the high cost intensive farming”. Devinder Sharma adds that under pressure to bail out the textile industry, the Agricultural Prices Commission reduced cotton prices. For 40 years the cotton farmers have subsidized the textile industry”. Government initiatives, therefore, have to be based on what is workable, rather than to use the same old structures and policies to solve a problem which caused it in the first place.

18. Let us analyse a few trends that led to this scenario. Official statistics indicate that the rate of growth in agriculture is declining. This is causing concern among activist NGOs and Government planners,. On the other hand statistics show that there is a marginal increase in per capita availability of food (from 437 gram per day in 1960 to 480 grams per day in 2005). How does one explain this. The rate of growth is measured in money value while food grain availability is measured in physical terms. The rate of growth in agriculture is declining not because output has fallen, but because prices have fallen. A 3 percent growth in output does not translate into a 3 percent growth in agriculture since the value of the produce has fallen. Is this not the major reason why farmers are committing suicide? Interest rates played a minor role. Inability to repay the capital was a major reason. On the other hand the Government is pursuing an agriculture policy which considers a decline in prices to be good because it makes our goods more competitive in the international market. The policy therefore pushes farmers to increase production so that their profits increase, despite declining prices.

19. Is this a feasible strategy? Given the available technology, high price of inputs, poor infrastructure, inadequate /inappropriate skills and deteriorating soil quality in irrigated and un-irrigated areas, as well as the serious reduction in investment in irrigation over the past 15 years, the continued dependence on irregular rainfall and the winding up or inadequate support system, it is clear that only the larger farmers who have resources will be able to increase output. They have access to irrigation, to the latest technology and markets, are able to diversify their portfolio, year on year, if required, to include a variety of cash crops as well as horticulture and fisheries/livestock. These farmers are able to change their crops depending on the trends in the market, to hold back stocks when prices are low, to have ready and regular access to market information. In many cases they will be assured (increasingly by the private sector) of remunerative prices or the freedom to sell to the highest bidder. This group will be “included” in this strategy. Others, like the small and marginal farmers on drylands, will not be able to survive on dryland agriculture or even on small farms with protective irrigation unless they are able to function in this framework.

How has China managed to increase output year on year by 2.1 % in rice, 3% in rape and mustard, in wheat and groundnut by 2-3%? a) Through investment in research. According to the China Agricultural year Book 2005, Chinese authorities received and assessed 2046 applications for the registration of new plant varieties between 1999 and 2004. India with 30,000 scientists on Government payroll is nowhere near. The number of field crop varieties released by the ICAR fell by 50% between 1997 and 2001 in spite of increased funding. b) Through a change in management policy in Government. Institutions. Most of the funds in India go into salaries. While in China, Govt. supports research while salaries are generated by the Staff and their institutions. c) China has also invested heavily in rural infrastructure constructing 325000 kms of rural roads in 2006 alone.

20. While prices are falling, the aspirations of all –including the dryland farmers are rising; this has already created a crisis which is manifest in suicides. The crisis is more acute if the

support prices in the past provided by Govt. are withdrawn or decreased. However there is a catch here. When farmers depend solely on Government for assured prices, without making any effort to play the market to get better prices when possible, they are lulled into a situation of security. They do not gain any experience of how the market works and how to use it. When the Government reduces or withdraws its support, these farmers are lost. This happened in Vidharba with the cotton farmers. Added to their plight was the failure of rains and the high prices of inputs which were often spurious. Their rising expectations fuelled by assured and good cotton prices in the past require cash to satisfy. They are unwilling to go back to their traditional cereals like sorgum, since even though the potential of their drylands is adequate to grow cereals they have a limited market; besides their consumption pattern has shifted to rice and wheat. The cotton farmers in Gujarat are a different lot. Many have assured irrigation; in the past 10 years, most did not rely only on Government to lift their produce, but worked on the market for the best price. This has give them the experience and confidence to develop a strategy to cope with the situation as it emerges whether to change crops or to wait for better prices. The credit system and network supplying inputs is also better organized and more widespread in Gujarat than in Vidharba.

21. Should Government. continue to subsidise or support these cash crops? The answer is yes...though subsidies must be used when prices do not give the farmer an adequate profit. Unfortunately subsidies have become a political matter and have little relation to market trends. In other words subsidies should not become the norm; if they do become the norm, they will create a dependency syndrome. The Govt. therefore must be intensively lobbied to ensure that prices of agricultural produce, especially of cash crops, which require high inputs, do not decline below a certain level. Cotton, oilseeds and pulses are the first examples that come to mind. Agriculture is subsidized the world over. Why should it not be in India? The American farm Bill now proceeding through Congress in the US does not contain any reduction in subsidies and protectionist measures. However in India there could be a shift in policy especially since subsidies are so poorly managed. While the subsidy on inputs should be rationalized to ensure that balanced fertilizer doses are used, the price of certain crops should also be assured and support systems like roads, veterinary centers, godowns and cold storages should be provided especially in remote areas to encourage diversification. The entire management of the Government Institutions involved in Agricultural research also needs an overhaul. China has gone a long way in achieving this.

Does China subsidise agriculture? It does, but through investment in R&D and infrastructure and increasingly less through subsidies for fertilizer and power. However exact data is not available. As regards dependence on imports, China is moving away from growing food crops that others produce at lower cost. One example is Soya bean. In the early 1990s China imported no soya bean; it produced all by itself even though the climate conditions do not suit soya bean. By 2005 China imported 26 million tones, eleven million tones more than it produced locally. The policy is moving from food security based on internal production to leveraging competitive advantages in food production.

22. The other issue is one of food security. Government has a legitimate role in agriculture to ensure food security. But most of the talk in Delhi is not about food security of the poor; its about the security of the country? The present policy, it is claimed, will make India dependent on imports of agricultural goods; this dependency will make the country vulnerable. Can India afford to take this risk? Does it have the clout required to ensure that this requirement for food imports does not slip into dependence on others matters in the areas

of national security and international policy? National security in China is pursued in a much broader framework of military power, international relations - like regional cooperation, trade and aid and above all by a sustained high growth in the economy.

23. Can we provide the necessary framework –good governance, appropriate policy internally and externally and an effective implementation system – to promote both equity (inclusive growth including decrease in poverty, respect for rights and entitlements of the marginalized etc) and balance it with promotion of efficiency? The answer to this question is hanging in the air. I am not sure whether the present state of governance including development strategy and policy can bring people into the prevailing economic system – whether it can be inclusive. As this paper has pointed out, many of those in the bottom sector of the diamond, cannot meet with the demands of entry-like, marketable skills and resources; they also do not have access to the ladders that enable them to climb; many of the offered solutions are not found appropriate by them. Even where appropriate, the delivery system is leaking so badly that resources are siphoned off by those that make up the “bulge” in the diamond –by the PRI elected members, officials, Cooperative Society Directors, by the creamy layer. Those who need these resources will remain excluded or more correctly “left behind”. How is the Government addressing this problem? We will look at the answers a little later. For the present, in answer to the question: Can we provide the necessary framework? Let me quote from an interview with Karnataka MLAs who had just returned from a visit to China: “It is difficult to follow China –they have a different political system; when it comes to development, caste, religion and god are absent. Here everything is politicized; political will to deliver is absent”.. That must be the most enlightening statement of the year – expensive and thankfully brief. Do they want a “dictatorship of legislators? Or at least two years of emergency and three of democracy? The Indian “shining brigade” wants a system where the private sector can get on with the business of monetizing the economy and penetrating every corner with market forces and consumer goods. Service providers must be made to compete to earn a salary.. This surely will protect the rate of growth. After all the career prospects of local officials in China depend on the size of investments they can attract to their area. The India “suffering brigade” points to the surge in rural violence in China – estimated at around 90,000 occasions during the past 5 years, due to the impact of the present growth model; this has prompted the Chinese authorities to estimate the Green Gross Domestic Product. ³The report released in late 2006 estimates that pollution costs China about \$68 billion or 3% of GDP (\$ 2 trillion).The report of course has not been made public.

24. There is little doubt that Governance has something to do with the answers. **The first learning that Myrada absorbed from its experience is that institutions have something to do with good governance; institutions which are well functioning, which have a vision, a mission, transparency (sound financial and organizational systems) accountability (driven by the realization from within that assessment is the best form of accountability), and the commitment to put the institutions mission above the own individual agenda of the members or as Kennedy put it- to ask what you can do for the country not what the country can do for you. The second learning that Myrada absorbed from its experience - is that good governance requires not just leaders with a vision at the top, but more importantly in the context of India, membership institutions of people at the bottom which are managed by the members and which are participative and transparent in functioning. The third emerging learning is that the**

³ Green GDP is calculated by deducting the cost of natural resources depletion and environmental degradation from traditional GDP.

closer the institutions are to the base and the more participative they are, their potential for influencing and promoting good governance at higher levels is more likely to be realized, provided they are supported with adequate institution capacity building measures which includes at least 23 modules for the whole group⁴, and not just token training programmes for a few leaders as in the SGSY programme.

25. These are not the only modules; others can be added related to the strategy to influence the PRI institutions. But what these modules aim to do, is to build the confidence and skills of people to negotiate, discuss, lobby for their agenda and to introduce organisational and financial systems that are essential for any institution to survive.

26. **Where does the strategy to address poverty fit into this scenario?** It begins by creating a framework of local level institutions. These are far more than resource management instruments; they are the basis of power. If properly nurtured they have the potential to take on the role of transforming our public institutions and of ensuring that they continue to respond to emerging needs.. Inclusiveness, increasingly cannot be achieved only by Government attempting to provide ladders through reservations, subsidies etc. To be sustainable and inclusive, the strategy has to driven largely by aspirations of those at the bottom and their willingness to acquire the skills and to build the institutions and linkages required to meet these aspirations. The poor need to be organized not just for a day, but over the medium to long term through their own institutions which provide them with the power required to push their way to the ladders and on the road. The Inclusive growth model has some of the drawbacks of “participation theory. The latter promotes a strategy to “hand over the stick”... but the stick is never handed over...it has to be taken away. The Government however can provide the space through growth support policies and good governance that would make it easier for the poor to rise and to fill the space created.

27. **People's Institutions:** Many of us believe that if the institutions at the bottom function effectively, they can be instrumental in introducing and sustaining good governance in higher-level bodies. These institutions at the base have proved that they can aggressively promote equity, build management skills and confidence of the members to lobby for their rights. Some of them have been able to respond to the members needs for credit according to the purpose, time, and size as decided by the group; examples of these institutions are:

(a) the self help affinity groups of the poor (or SAGs) These are participative institutions and are adequately explained elsewhere. They are not primarily micro finance institutions; but the management of micro finance (savings and credit) by the members according to their own rules, gives them the space and experience to cultivate skills of management and confidence to introduce change and to set the agenda for their own growth. Well functioning SAGs are emerging as the most appropriate institution at the base to promote equity and to include the poor and marginalized in the road to the bulge. However as will be described

⁴ The Capacity Building Modules include: 1. A structural analysis of Society; 2. Analysis of Local Credit Sources; 3. Self Help Affinity Group – A concept; 4. How a meeting of the Community Based Organisation is conducted; 5. Communication; 6. Affinity; 7. Vision Building; 8. Organisational goals; 9. Planning Resource Mobilisation, Implementation, Monitoring & Evaluation (PRIME); 10. Rules and Regulations; 11. Responsibilities of Group Members; 12. Bookkeeping and Auditing; 13. Leadership; 14. Conflict Resolution; 15. Collective Decision Making; 16. Common fund Management; 17. Self-Assessment; 18. Group Graduation; 19. Linkages with other Institutions; 20. Building Credit Linkages; 21. Federations; 22. Credit Plus; and 23. Analysing Gender Relations in the Family and Community.

below, they are being “abused” in some cases and “used” in others; further, resources to build their institutional capacity are declining. In some states like UP they are formed by the GP Secretary; a visit to these groups shows the leaders of the groups are the wives of the powerful who borrow from the banks in the name of the group, lend outside at high rates and return the loan to the Bank which then is all praise for the “good SHGs”. This pattern is seen largely in the SGSY programme. The subsidy of course is captured.

(b) The user groups in the rural areas; user groups like those using natural resources for irrigation, domestic water supply and groups managing micro watersheds or small producer groups (Companies and Cooperatives). These are also small enough to be fully participative institutions. The Vasathi Sabhas or groups formed on the basis of a settlement or ward in the village or groups formed on the basis of the constituency of one Panchayat member also fall in this category; they are more appropriate to introduce governance in public life and to manage public resources. Interestingly though the financial sector agreed in the late 1980s to give loans to unregistered groups (SAGs), the Government till today refuses to give grants to the Area groups or Watershed Committees unless they are registered. As a result they are formed in a day (with people having little say in deciding on the leadership as they do not even know what is required from the leaders), registered in a week and given funds without any institutional capacity building. The producer groups which are being registered under the Companies Act attempt to correct the major abuse of Cooperatives like those involved in Milk collection and processing which are loaded with “non-producers”. But these Producer Companies have still to take off. They are not the favorites of politicians and do not have all the benefits that Cooperatives enjoy. They have to pay higher tax, are not eligible for inputs (like fertiliser) at subsidised rates like PACs and above all go against the interests of those in the middle bulge (politicians and officials) who are entrenched in the Cooperative movement. As a result there is no case of Milk Cooperatives converting to Producer Companies and attempts to form new producer Companies have not taken off.

(c) The next set includes mainly the Gram Panchayats, Cooperative structure at the higher levels and Producer groups (like milk societies, and federations) which largely provide scale, add value and provide linkages. However the major problem here which is a hurdle to good governance is that these institutions do not keep proper accounts and do not have (and respect) a regular requirement for financial audit; further, organizational norms and procedures are not observed. Without a financial audit in particular, all other efforts to promote good governance like social audits etc are of little use. Let us consider the GPs. The State Accounts Department, which is entrusted with the audit of GPs, does not have the staff. The Panchayat Extension officer posted at the Block (Taluq) and whose duty it is to inspect all the GP accounts (about 20 GPs per Block) annually, does not carry out this inspection. The Secretary of the ZP who is expected to inspect about 5% of the GPs does not do so. In any case he/she usually does not have the qualifications to inspect accounts. In Karnataka the Sub Divisional officer and D.C who were entrusted with inspecting a small sample of GPs are no longer responsible for this. Unless a cadre of GP accountants is created, and the books of the GP regularly audited and supervised, all the (political and seminar) talk to make the GPs effective instruments of local governance is only hot air. Social audits are fine, but they need to be based on appropriate accounting systems, transparent financial management and good organizational practices.

(d) There is another institution at the base which is a membership one –the Primary Agricultural Cooperative Society. The present policy to get the States to amend the Cooperative Societies Act according to the recommendations of the Vaidyanathan Committee

will help to make the Cooperatives genuine membership institutions which will be controlled by the members and not by the Departments. However, only a few states so far have taken up the issue seriously.

28. However, it is precisely these institutions at the base which are under attack since they are seen to be threatening by politicians (mainly MLAs) and the bureaucracy. As a result no initiative is taken to build their institutional (financial and organisational) capacity. Efforts to bypass them, to restrict their powers, to encroach on their space, to control them through official dictats, to impose standardized norms and to undermine their relevance by creating other sources that provide funds for development (like the MP and MLA Funds) are increasing daily. The pressure to keep control of the PRIs comes from the bureaucracy. If officials are placed squarely under the Zilla and Gram Panchayats for their CRs, leave, transfers and promotions, there is every chance that schools and clinics will run better and that village water electricity and sanitation will improve. However their promotion prospects will be curtailed and their work will be monitored at the field level which they resent. I asked one PRI activist how long it will take to transfer “funds, functionaries and functions” to the ZPs and GPs. He replied “about 150 years”. The situation is similar in the Cooperatives. Giving power to the Cooperatives which is theirs in the first place is long over due. The space provided to the SAGs in increasingly being encroached upon mainly by politicians who realize their vote potential and attempt to claim ownership. The bureaucracy is not far behind in encroaching on SAG space by using them to implement Government. programmes as the last link in the delivery chain.

29. NGOs have a major role to build the institutional capacity of these Cooperatives, CBOs and PRIs so that they can claim their rightful space as well as function in a participatory manner with transparency and accountability. Many NGOs receive substantial funds from the ZPs for development works, which they implement; but this is the first step. They need to go further. The pilot project in Bonthi, started in 2007, where the GP holds the funds and Myrada works closely with the GP and CBOs to make the GP a participative, transparent and well governed institution and receives payment from the GP for its work, is the next step. This model creates a space for the SAG members (who have been exposed to institutional capacity building) to demand that all the programmes implemented through the GP adopt a similar management pattern.

30. NGOs also have a major role to play is helping Cooperative structures like the Milk Federations to establish and respect sound management systems and practices. If for example the private sector is in full control of all the milk marketing in an area, the price of milk will be kept down and the farmers will suffer. The cooperative structure has to enter in the area and provide competition. At least 20%-25% of the milk produced has to be marketed by the Cooperative structure in order that competition becomes effective and prices rise according to input costs and demand. To leave the milk industry entirely in the hands of the private sector will result in small farmers opting out of milk production. It is not either -or; both private and cooperative structures are required.

31. The PRIs especially the GPs, Wards, etc and the CBOs especially the SAGs and user and Producer Companies and Cooperatives have the potential to promote equity, manage local institutions-like schools, clinics etc - and promote sustainable development at the local level, but they need support to build their institutional capacity in order to establish networks, improve their all round skills and increase and manage their financial resources. This is where the NGOs have a major role to play – not to do the job of these institutions, but to

support them to take the lead and set the agenda. It is once again a matter of power –of taking it away from the higher-level institutions and functionaries. This power can be taken away in a sustainable manner only by the peoples institutions at the base and not by the NGOs and it is naïve to expect this power to be “given away”...the stick is never handed over . Many NGOs are satisfied with providing training to PRI members and functionaries. To expect them to change their way of doing things which will affect their entrenched interests just by providing training is to fail to understand that training will remain only a “perk” with little impact on the management of these institutions.

32. **Agriculture:** The strategy to address poverty then moves on to address sectors where poverty is significant like agriculture⁵. Official statements identify agriculture as the major sector where poverty is endemic. They also seem to indicate that a 4% growth in agriculture (which is targeted) is essential to make growth inclusive - and hence reduce poverty in the agricultural sector which is suffering from the highest stress⁶. How far will this growth alleviate poverty?

33. The inclusive approach proposed by Government in agriculture promotes strategies which will help the larger farmer who has resources, skills and market linkages and not the marginal farmer and landless who do not have the skills to cope with the new demands required to make agriculture a viable livelihood source. Let us look at the strategies proposed for inclusive growth in agriculture :

(a) Various versions of contract and contact farming - this will benefit only those with assured irrigation and access to technology and located in an area with adequate connectivity and other facilities so that the private sector can enter, establish the support systems and function to provide timely technical support and lift produce.

(b) Increasing subsidies for inputs which the poor and landless do not benefit from, but caters to the demand of the vocal and resource rich farmer; insurance- as it is now practised - falls in this category.

(c) Credit packages which benefit the better off farmers -the assumption that credit is a silver bullet, is perhaps the most fatal assumption in agricultural policy - credit is only one of the critical inputs and that too not the “command factor” in most cases. Further it is not inconceivable that the expansion of output will trigger a decline in prices, as has been the trend in the past.

(d) Diversification into other on farm activities or into high value crops; this requires cold storage, connectivity and stable marketing tie-ups.

(e) Food processing : out of the reach of the marginal farmer.

⁵ The poverty line has become a political Maginot Line. Every state tries to push it further... with the result that in one state the data showed over 75% under the line in every District and in one District there were 106% under the line. The poverty line itself is a shaky one. The NSSO surveys between 1972-73 and 2004-5 show that per capital calorie consumption is falling steadily. Does this fall in calorie intake indicate increasing poverty? The latest NSSO survey shows that the three states with lowest calorie consumption are Tamil Nadu, Karnataka and Gujarat. Their calorie intake is lower than UP in 1972-73. It also shows that the lowest urban consumption is in Maharashtra. This does not fit the picture of the BIMARU states. On the other hand, The number of people saying that they are hungry or do not get enough to eat fell from 15% in 1983 to 5.5% in 1993-94 in rural areas to 1.9% in urban, and declined further to 2.6 in rural and 0.6 in urban areas in 2004-05 . Based on this data, Swaminathan S Anklesaria Aiyar points out that our nutritional norms (2400 calories/day in rural areas and 2100 cal in urban) are probably wrong. A subway ham/cheese sandwich, a Bigmac and a Whopper together have 1480 calories, which means one would be on a starvation diet with these three. Maybe the NSSO is depending too much on a 30 day recall Ashok Rudra found out that labourers in West Bengal consumed 1500 calories yet managed to do their work. There is ample evidence that people are shifting from basic foods like cereals to foods like eggs, meats; besides liquor needs to be factored in

⁶ The assumption is that 10% growth in GDP is possible if there is a 4% growth in agriculture. Now it is generally accepted that Agriculture contributes less than 20% to GDP. Therefore even a 4% growth will contribute hardly .25 points to GDP growth.

NGOs need to bring in a Producer Company like SAFAL-an initiative of NDDDB-which has established a state of the art Auction/storage complex near Bangalore. Myrada's Centres in the Villages compare the daily prices offered by SAFAL and the nearest APMC yards. We find that the three top quality vegetables and fruits command a much better price in SAFAL. Many more SAFALs are need across the country.

34. One does not find a comprehensive and sustained strategy - driven by the farmers' agenda and not by politics - to arrest decline of prices below a specified level through minimum support prices and adequate protection of domestic farmers. One does not find a strategy driven by a sense of urgency and adequate support to promote the livelihoods of small and marginal farmers especially on drylands? What has happened to the National Authority for Sustainable development of Rainfed Areas? Lost in a turf war at the Centre.

35. The major approach of Government to the rural poor is now the model of NREGS – a 100-day employment guarantee scheme which will keep people alive at the best, but not lift them up to the middle bulge. Besides, why 100 days? Can any of us live on 100 days salary? It is ironic that there are hunger deaths in several States in areas where the delivery system is defunct while the Ministry of Consumer Affairs, Food and Public Distribution estimates that 53 % of wheat and 39% of rice worth Rs 31,500 crore that was meant for distribution to the poor has been siphoned off (by the middle bulge) during the last three years. There is now talk of extending the NREGS to all or most States. In several of these States the daily wage in the private sector is Rs 100-150,much more than the NREGS minimum wage. As a result the youth will migrate for the high paying jobs and the old will be left to implement NREGA. As they are unable to work, they will have to engage contractors who will build the road with machinery, which is cheaper than manual work. The old will end up with Rs 25-Rs 30 per day which they will be happy with.

36. The safety net such programmes provide is better implemented by just passing on a cheque directly to the poor person rather than spending so much time and energy on implementing a programme that a delivery mechanism - whose staff belong to the bulge - does not have any interest in. The other major sector is the Government – which is increasingly becoming a “safety net” for those, who having passed through the government school system , are not employable by the private sector. Those who are entrepreneurial start their own businesses – “un-organised”, “duplicate” “fake” etc., the others –those left behind - look for a Government job – which is increasingly turning into a “safety net” especially at the middle and lower levels.

37. **Training in off farm skills:** One of the major assumptions on which the national approach to agriculture is based is that a farming family depends only on agriculture. They do not- in the vast majority of cases - especially not the dryland farmers. The criterion to identify a agriculturalist – that he/she spends over 50% of time in agriculture – should be reviewed. Myrada's studies show that SAG members owning dryland take 7-8 loans over a period of 5 – 6 years for a variety of purposes both for on and off far income generating activities. Many work as labourers for certain periods in the year. Further as pointed out earlier, a large number of young people have moved away from the farm. There is already a steady outflow. A visit to UP showed that 20% to 50% of youth (Male) migrate for work; but they have no skills and are therefore easily exploited. The wages of skilled carpenters, and plumbers- largely from Bihar, UP and Orissa who are working in Bangalore is around Rs500 per day whereas the unskilled are lucky to earn Rs100-150. Interestingly of the 23, I spoke to; only two have passed their 10th Std. NGOs have a major role to play here. Technical schools for

dropouts are a major need. The assumption that all want to go back to school is not justified on the ground. Besides those who pass the 10th std (which is required to gain admission to Govt. ITIs) are reluctant to work in agriculture or even in skills likes welding, metal work, plumbing etc...they want a desk job or to go to college.

38. Myrada established a Non Formal technical trainings School in Thally, Krishnagairi District in 1997. . It was called Informal because a)it admitted any boy or girl who had passed the 7th Std b) it was not affiliated to any recognised technical institution –infact it could not be as it had relaxed the entry criteria. Yet, all its alumni are working –either in private companies or in their own businesses Incidentally, this Informal institute is the first to have “campus recruitment”... Another NGO managed technical training school in Bangalore has been occupied retraining ITI graduates who have not acquired any skills that are marketable. NGOs have a major role to play in this sector a) to set up institutes where possible in backward areas, b) to lobby that Government to provide adequate infrastructure and finally c) to find some way to ensure that these institutes are properly managed. The Government needs to a) rethink its admission criteria for all trades –not just a few b) ensure that the Instructors do their job c) provide and update equipment and infrastructure

39. **Education:** Gurcharan Das in one of his articles cries: “It’s time to free our schools”! To being with, if we want to eradicate illiteracy, is the right and appropriate instrument a Govt. teacher who is payed over Rs.8000/- a month and a school building? He/she is more interested in lending money and in conducting the mid-day meal scheme which is better monitored than the functioning of the school and the performance (and attendance) of the teachers. To eradicate illiteracy one needs to engage youth in the village who are literate and who are trained in a month or so (with periodic refresher courses) to impart basic literacy and numeracy. Myrada finds that people are willing to pay for their services. Once illiteracy is eradicated we can move on to formal schooling. Here again there are obstacles. Unfortunately though the license raj has declined in industry, it still thrives in education. I believe one needs 11 licenses to run a school and every one comes with a bribe. Let Govt. stop controlling education and try to provide a framework to govern it. NGOs are running village schools, this is a good initiative but difficult to maintain. Let us adopt a system that builds in sustainability, even if it requires privatization of primary and secondary education. Some have proposed a “voucher” system which allows the poor to select any school of their choice. The statistics from the Education Dept in Karnataka covering children from Class 1 to 7, shows that the percentage of children enrolling in unaided English medium schools has increased to 25% from 10% between 2003-04 and 2006-07, while the number of students in Government as well as in aided schools has fallen. There is ample evidence that the quality of teaching and other facilities in unaided schools has resulted in an increase in admissions into private schools even from below middle class families. If such schools are allowed and even supported to increase in number by Government, the admission and other fees will surely come down. Increasing competition will ensure that this happens. Incidentally, Myrada’s experience in credit shows that wherever the SAGs have been able to meet with about 25% of credit requirement in remote villages, the interest rates of private moneylenders has fallen drastically. This is the strategy to adopt and not the current one which tries to outlaw or control money lenders or the growth of unaided schools. The larger the number of un-aided schools, the more the fees will drop. But will Government ever learn? The current thinking that mid day meals in schools increases retention and the acquisition of skills in education is a myth, which needs to be challenged.

40. **Management of water and sanitation:** The focus should be not only equitable distribution of water, but efficient use and sustainable management- in terms of quantum and quality - of water resources.. I should not be talking about this in the presence of those who have far more experience than I will ever have. In the scenario of increasing competition for water between agriculture, industry and for domestic purposes, NGOs have a major role to play. They are well placed to introduce efficiency in water use and management through people's organizations –which the Aga Khan Rural Support Programme has done on a wide scale. They are also well suited to organize the GPs to implement and manage sanitation systems as they have been doing for many years; their experience in villages is over two decades old and has many lessons for upscaling. Several Ngos have recently taken up the challenge of promoting management systems for domestic water supply in urban areas and small towns. As for “power”, it is not a luxury, which several officials seem to think. Next to roads, electricity is the more effective instrument in alleviating poverty at this stage of our development. Sometime ago, two women from an SAG borrowed Rs 50,000/- to start a small grinding mill; after a month they returned the money since they had to pay Rs.5,000 as a bribe for an electric connection. The ready availability of power will provide thousands if not millions of youth who have basic technical skills to start their own tiny/small industries.

41. Unfortunately those who can afford - when faced with a breakdown in management of water, power and sanitation or with scarcity of these resources - are able to opt for alternative systems in ensuring water (wells), power (generators) and sanitation (private collectors). The poor have to rely on the over-burdened and deteriorating public sector for these services and are deprived of the power for change, which those in the bulge have and which they can exert on the Government to improve the quality of these basic service if they do not choose alternate options.

42. A related issue here is that of basic health. There is no doubt that health services have deteriorated in the rural areas. But this is a major sector, in which NGOs have played a major role for over a century and will have to play in the future; it will not be dealt with here. I will also not touch on the topic of Micro Finance – which may surprise you!

43. **Building peoples institutions- PRIs, Cooperatives and CBOs.** This to my mind is the major and perhaps the most difficult function that NGOs will have to take a lead in playing. Politicians are interested in using institutions in their climb up the political ladder. The Cooperative Societies-the PACs especially - are a good example of this and the result is evident. They try their best to capture a place on the Boards of Govt. sponsored organizations. Building institutions is not their priority, using them is. The Media focuses on individuals who have dedicated themselves to a particular cause; they make news. The Chief Minister stays in homes in villages –the Media has footage. He does not find time to meet the Gram Panchayat –the institutions which matter. Why? Largely because the Media has no time for GPs. . Even the Government’s delivery system only wants to use the GPs and CBOs – to implement its programmes –the last link in the delivery chain. It is these local, level institutions SAGs, User groups, farmers’ societies, producers associations, cooperatives and micro finance institutions, Gram Panchayats /Gram Sabhas which have the potential to take the lead in providing good governance, equity, sustainability and to lobby Govt. to provide and maintain essential services and to introduce measures for maintain water and other natural resources. Who then is left to build the institutional capacity of the institutions? It is only the NGOs –and among them only those who have the courage to move into an area which does not attract funds and only those who themselves have strived to provide good governance within.