

## **Knowledge based empowerment of local bodies: Generating entrepreneurial approach to development<sup>1</sup>**

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### Abstract

The entire developmental paradigm in the post independence history has been based on the premise that the role of state is to give, what people don't have. The infrastructure, the skills, the resources and the framework in which all of these have to be used have flowed from top to bottom.

The proposal I am making in this note is to rethink the way Panchayati Raj institutions will operate in the coming decade. They would identify the local technologies, skills and resources depending upon the global pool of demand whether existing or potential. They would raise funds, from within or outside, through taxes or fees or royalty and provide public/community goods which markets on their own may not be able to provide in the near term. The role of state would be to bear some risks, provide opportunities for lateral learning, create ICT and other infrastructure for on line learning as well as commerce. The state would provide resources on a graduation basis so that those local bodies, which cannot generate local resources, get more support to begin with. Eventually, the state makes investments in the infrastructure which has long gestation period and where the options value are not always clear given ambiguities in the technology markets.

While the governance functions of local bodies as per the constitutional provisions must be performed, there is no reason why these functions have to be performed in the same manner everywhere. Just as different communities evolve different institutions for dealing with common properties, likewise, the design of institutions must be allowed as much freedom as is possible. And a great deal is possible.

The ultimate touchstone on which the quality of governance must be judged is the entrepreneurial freedom and opportunity that these bodies provide for local talents to blossom and provide sustainable employment and income to the people. Just as all skills, resources or technologies are not available in the country and are allowed to be acquired from wherever they are available in the world, every village or district level institutions will have the freedom to seek similar resources from wherever they want within an overall framework of accountability and transparency.

Given the history of semi feudal relations of production in many parts of the country, the entrepreneurial process should not become an alibi for the loot of public resource. A

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good example is in Karnataka where iron ore which has tremendous value in the near future because of expected growth in India, is being sold at throwaway prices by the local contractors in league with the local bodies. Such examples exist all over the country and should be carefully watched and regulated.

The provision of education, health, environment, care of the elderly, the widows, physically challenged, etc., and other social responsibilities of local bodies should also be amenable to entrepreneurial solutions. Both social and economic enterprises would constitute the heart of the matter while developing the agenda and the strategy for implementation.

### **Context:**

It is well understood that in the federal structure of the country, most states clamoured for greater autonomy and flexibility in getting and using resources, but they did not extend the same flexibility to local level bodies. If anything, the excellent conventions built by local bodies in Maharashtra and Gujarat have been eroded over the years. More and more interventions directly by sectoral departments over space in the country weakened the role of local bodies. Way back in late 70s (1978-81), an action research project was taken up under the leadership of Prof. Kuldeep Mathur at IIPA to experiment with the idea of setting up District Project Planning Cell at district level to support the local administration in generating new ideas and projects in six drought prone districts of the country. The key findings were summarised in a paper in 1984 indicating a great need for learning, discrediting and evolving more participative models of governance. One of the principles learned was that if the objective of the project did not undergo any shift or change during the process of implementation, then the local participation can be assumed to be low. Likewise, it was learned that weak policies may be corrected in the process of implementation if local institutions were strong. On the other hand, if local institutions were weak, no matter how good the policy is, it would lose its effectiveness during the implementation. The implication is clear. If we have limited resources and we can intervene only in few areas, the strengthening of local institutions becomes the top priority. The ideas presented in the background paper on principles and method of devolution therefore deserve full support for an urgent and immediate implementation.

I would like to list down a few general principles, which may guide the process of change:

a. *A change not monitored, is a change not desired*

If we want entrepreneurial model of development to work and we are not monitoring number of new enterprises triggered in different parts of the country outside the schemes conceived in Planning Commission or central government ministry, then we don't want this approach to emerge. If we do not monitor local websites, local content in local language created by the people (as attempted in Kerala), then we don't want them. If we do not track number of villages where employment is provided in knowledge-based enterprises involving development

of herbal colours, medicines, nutraceuticals, growth promoters, pesticides, etc., then it is obvious that we do not want it. If budget exhaustion is more important than budget investment in public-private partnership models, then we will have more concrete based investments rather than knowledge based investments. If number of decisions taken at the local level do not increase and references have to be made to district, state or central government level, we have obviously not devolved the power appropriately. If 60 per cent diseases are water borne in a primary health centre, and the expenditure on water quality improvement is minuscule, the problem is not going to go away. But, are we monitoring the change we want.

b. *Weak policies can get corrected through strong institutions:*

Can a Panchayati Raj institution at local level hire staff to do a survey of dropout problem, identify alternatives and experiment with solutions. The capacity of local level institutions to collect relevant information, analyse it and develop appropriate strategies has to be increased. Why are central and state government agencies afraid of the strength at the local level.

c. *Horizontal accountability between people and the institutions cannot exist unless vertical accountability between top and the bottom level.*

Both Gandhi and Mao Tse Tung stressed the need for local democracy or the concept of massline, where a commune could challenge or modify the directions of brigade and vice versa. It will be worthwhile monitoring how many policies have been questioned at local level and therefore feedback from them has led to greater flexibility for them. If we want local institutions to be accountable to local communities, then central, state and district Panchayati Raj bodies have to be accountable to local village councils. There is absolutely no justification for assuming that one can achieve accountability at local level without bringing it higher level.

d. *Entrepreneurship for the future would require converting endowments into resources:*

During last several Shodh Yatras in Rajasthan, Himachal Pradesh, Orissa, UP, Jharkhand, etc., we have come across abundant endowment of certain plants or other minerals which local communities are not able to see as a resource. Alwar and Aravali range in Rajasthan (followed by Deccan Plateau) have probably the highest distribution of *Adhatoda vasica* (Linn) Nees (*Syn.A.zeylanica*), used for making one of the popular cough syrup. This region also has lot of poverty although Tarun Bharat Sangh has done remarkable work in water conservation. If local institutions have to be entrepreneurial, they will aspire to become the global centre for supplying value added product to the whole world. Why would such aspirations not arise at local level. Why should local institutions not create network model of small enterprises to get all the advantage of scale without losing

the human and ethical values underlying community interactions. Similarly, curry patta, (*Murraya koenigii* (Linn), Spreng) is found abundantly in Himachal and parts of Northeast as a wildy growing bush. The powder of curry patta has a tremendous demand for culinary purposes as well as for medicinal and nutraceutical purposes. Where are the local enterprises based on abundantly available, so-called weed or wild plant. There is no dearth of such ideas all over the country. But, local institutions are fighting for small stakes, gains and benefits. The advantage of market forces coupled with community institutions and individual or collective enterprise can generate new models of social business, which will generate resources for various basic needs. Today all those who use resources contribute practically nothing to the local development and hence so much of opposition to such large scale investments. If state governments can charge royalty over the mineral resources, why cannot local bodies also get a small share of every resource extracted from the region without having to fight for it. The corruption will come down hopefully.

- e. *If real transaction costs are not accounted for in any development process, corruption is inevitable so as to transfer these costs to the more vulnerable partner in the transaction.*

If the search cost of a consumer of public distribution system about exact quantity, quality and timing of availability increases beyond what he can afford, there will invariably be leakages and corruption in the system. Nothing can stop it. The *ex-ante* transaction costs are sometimes inversely proportional to *ex-poste* transaction costs. In other words, if participation of people in planning and designing programme is kept low to save on *ex-ante* transaction costs, then the cost of compliance, monitoring, controlling free riding, etc., will increase adding to the *ex-poste* transaction costs. It is obvious that not everybody has the equal capacity to bear these costs. Exclusion is the result. For making India inclusive, we have to reduce these transaction costs, make them explicit, share the information and provide incentives to people to minimise this and allocate them fairly.

- f. *Creating counters, not corridors for resolving disputes:*

In a study on Designing an Accessible and Accountable Administrative System (Gupta, Patil and Singh, 1992), it was stressed that issue is not responsiveness of the system. No matter what, “there is no system which is not responsive. The question is to whom responsiveness is directed and where these constituents/clients are located” (1992: 97). We have to understand that the capacity of different sections of society to assert their entitlements/rights will remain unequal for quite sometime. There are always some resources and opportunities which are abundantly available and thus do not involve formation of queues. We should leave such resources to be monitored at local level. Only those resources which are scarce require higher level of monitoring. But this higher level need not be district or state level. It could be committees of

representatives of other villages, which can have a watchdog function. We have to generate a culture of peer monitoring. The counters then will be a consequence.

There are many other ideas, which constitute the basis of knowledge-based approach to empowerment. Some of these ideas are given in the annexure entitled, "Mind! As if it matters", editorial of Honey Bee Vol.17 (1) & (2), Jan-June 2006.

I hope that the effort of Administrative Reforms Commission to empower local bodies will not remain pious intentions this time. If they do, we should be ready for number of districts affected by naxalite or other kind of violence to grow from 150 to 250.

## **Mind! As if it Matters<sup>1</sup>**

When 250 million people being provided employment for at least hundred days are considered to have only mouth, legs and hands, surely the planners do not think that mind matters. This is a tragedy of monumental nature, which deserves wider debate in the country. How could a country aspiring to be a knowledge society aim at providing jobs only of *menial* nature without involving *mental and thinking power and drawing upon people's knowledge*?

Let me state at the outset that I have nothing against menial work, if the planners also include this in their daily routine: they start their day with cleaning the latrines and urinals in planning commission, finance ministry (which any way need some cleaning), PMO and the rest of the similar places where all the wisdom resides. In fact, Gandhiji inducted every new comer to his ashram by asking the person to clean the toilets. He believed that one could not take up bigger responsibilities of freedom struggle without learning a lesson or two about dignity of labour.

But then to engage the poorest people *only* in back breaking work adds no dignity to labour. What could be the assumptions behind such a policy for more than a hundred years, ever since Deccan riots took place more than a century and half ago?

Till recently, the Food for Work programmes used to lead to assets, which did not last even for single rain. Making the same roads over and over again was the destiny of most such programmes. Employment Guarantee Scheme in Maharashtra started after 1971 drought was first attempt to provide guarantee of employment within five kms of the place of residence of workers. When a group of such workers demanded work, the state was obliged to provide the work. After the renewed focus on watershed programme in drought prone areas, the activities dealing with soil and water conservation, afforestation, etc., were incorporated in the public works programme. Since these programmes were not obligatory, government introduced a law through which provision of employment on the pattern of EGS became obligatory with more than rupees six billion expenditure every year. The nature of the work and its measurement continue to be based on physical labour.

The question one has to ask is whether millions of workers could not use their ability to think, analyse and infer while doing work. Should reliance be placed entirely on the physical work? I argue that we can indeed make work much more meaningful, useful and paying if local knowledge around various resources is made the basis of employment programmes. I concede the possibility that some physical labour would be necessary to build the infrastructure in rural areas for better natural resource management. Out of 100 days, perhaps 60 days could be spent for that. Even for that work, much greater input of

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<sup>1</sup> Editorial, Honey Bee Vol 17 (1) & (2) Jan-June 2006

knowledge can be ensured so that the value is added to the quality of the infrastructure. Remaining 40 days can be spent in various kinds of ecological resource and knowledge mapping, value addition through processing, bio waste and other by-product utilisation, non-farm value addition and eventually building up of knowledge and value chain from producer to consumer. The employment programme can also be used to create creative content on the web for promoting village tourism for which enormous potential exists. The specific nation building tasks proposed under knowledge intensive employment can be grouped under three heads; a) Knowledge mapping and gathering, b) knowledge creation and value addition, and c) Knowledge application and dissemination are:

A: Knowledge mapping and gathering

- a. *Building and updating Village Knowledge Registers (VKR):* There is a tremendous amount of knowledge with the elders, men and women of all communities, which is eroding fast. Some of this knowledge can provide very valuable leads for developing contemporary products such as herbal drugs, dyes, food preservatives, weaning foods, metal and wood processing technologies, casting, moulding, mineral processing, etc. Each village needs to map the knowledge as well as resources. All the species of the plants, animals, insects, etc., can be inventorised and the biodiversity maps can also be put on the village website. Annual monitoring of diversity would help people track the environmental disturbances. The concept of people biodiversity registers is already provided in the Biodiversity Act. The VKR will incorporate both biodiversity and non-biodiversity based knowledge and can be integrated with the National Register of Grassroots Innovations and Traditional Knowledge at NIF and also with National Biodiversity Authority.
- b) *Identifying the best practices to develop value added products:* In various fields of knowledge, the elders among the workers would identify the best practices for the given problem and the context either as such or after pooling similar practices from other villages, new products will be developed, packaged and branded to generate income and employment for the local communities. Ideal aim should be that more and more people should get employment in knowledge-based enterprises and deselect themselves from public employment programmes voluntarily. The knowledge of migrating millions also needs to be included in the search for the best practices. Their knowledge is precious and cannot be allowed to be eroded.
- c) *Technology benchmarking in everyday life:* Workers should be trained to do technology audit so that one can see the drudgery and inefficiency in everyday life. Once the efficiency gaps are identified at block, district, state, national and international level, workers can be enabled to think of the solutions that can help close these gaps with the international best practices in those activities. It is only the absence of such an activity, which explains why the efficiency of using fuel wood or cleaning the drinking water in more than 60 per cent houses has not improved much in the last few centuries.

## B) Knowledge creation and value addition,

- d) *Creating content for cultural, ecological and village tourism and lateral learning:* Despite all the claims made about ICT revolution, there is very little local language content available on the web developed by people themselves. National Rural Employment Programme can contribute a great deal in creating content for the village websites all over the country. Not only it will promote people to people learning but also encourage more knowledge based village/farm tourism. The cultural traditions, folk songs, sayings, fables, historical anecdotes, heritage, etc., can be put up at these sites. Local artists would get visibility and some of them may even get invitation for performances in rural as well as urban areas. *More people engage in self-employment activities, less pressure there would be on government to provide the employment opportunities.*
- e) *Large number of tribal people know how to make liquor, hence herbal extracts:* The technological journey towards making herbal extracts from making wine or liquor is a short one. Tremendous value can be added if local communities can not only make herbal extracts, but also high value herbal drugs properly tested and certified with the help of small processing units set up by the employment programme. Various activities under tribal development, rural employment, watershed development, social welfare, women and child development, health and agro industries, etc., can be pooled to create small processing units in villages based on the raw materials available in plenty. Herbal pesticides (do not vidharba farmers on the verge of suicides need these low cost alternatives, rather than subsidy on unviable chemical pesticides?), veterinary medicine, herbal food preserver, etc., are some of the innovative products that can be easily developed at local level.
- f) *Redefining the Khadi and Village Industries Programme for generating employment:* As mentioned in the report of the 17<sup>th</sup> Shodh Yatra, even the ordinary soap was brought from Raipur, 400 kms away to the local market in Koraput. There is no reason why large amount of non-edible oil seeds in the region could not be valorised for soap production. In fact, every worker in the country should be provided soap along with the wages because large number of human diseases can be traced to the lack of proper hygiene.

## C) Knowledge application and dissemination

- g) *Food processing and online cafeteria:* Apart from documenting various recipes, the employment programme can also support preparation of processed foods for which local and distant markets can be identified. Once the demand



is generated, production can be supported till market can bear the cost of entire activity. Once the markets are created, more activities can be taken out of the purview of state supported employment.

- h) Artisanal, handicraft and handloom activities:* Given the potential of employment in craft, handloom and khadi activities, the past practices of spending much more resources at the sale point of the products rather than in improving the quality and technology at the production point, will have to change. If one compares a khadi cloth shop with a private shop, one finds more people engaged in selling much fewer products. The burden of this inefficient delivery chain is borne by the khadi loom workers whose wages have not improved much. The proposed model intends to blend the public employment with private markets so that there is a competitive spirit in making products with proper inputs of design and technology.

The knowledge intensive approach to employment suggested here combines the menial and the mental faculties in a proportion that would be dignified and would empower the local communities. *Knowledge network of small, scattered and sustainable enterprises could generate similar advantage, which large firms might have in many cases.* Yet the policy is heavily biased in favour of large firms and not networks of small firms or enterprises. It is natural that the administration of a heterogeneous programme is not very easy where a bureaucratic structure is designed to deal with uniformity. But for how long can bureaucratic constraints override the developmental aspirations of the society. Cannot the best of the management talent of the country be harnessed to run such massive programmes? The goal of India becoming a knowledge society cannot be met by keeping 200 million people engaged in only menial task. Knowledge intensity has to increase. Unless, of course, we want the problems of rural unrest evident in 150 districts already, to extend to other regions of the country!