CHAPTER-I
INTRODUCTION

Introduction

The 73rd constitutional amendment bill was introduced in Indian parliament to incorporate Panchayati Raj as part of the constitution under part XL The new scheme of governance gives scope for developing social capital which will bring local, social and economic development in the country to sustain peace and harmony. There are social institutions at the substructure level when constitutionally created institutions for governance are in position. These social institutions are known by varied names in different states. In Tamilnadu, they are known by the local name ‘nattanmai’- traditional informal institutions.

The role of informal institutions varies from place to place depending on the degree of autonomy with which communities function at the local level. Informal institutions are a social reality. They have their own structure, operational framework and resources. After the establishment of panchayats constitutionally panchayats in rural areas, the informal panchayats interact with the formal panchayats. This interaction has brought synergy and energy but not in all the places. In many places conflicts emerges. Conflict is a struggle over scarce resources in which one party seeks to eliminate, defeat, destroy, or neutralize the opposition in order to achieve a desired goal.

At what level it brings harmony between formal local government institutions and informal local governance institutions and at what level it brings conflict is the major question.
In spite of historical changes all over India traditional institutions are functioning to meet the needs of rural community for centuries. These institutions function autonomously but they were governed by certain institutions functioning at the local level. Their conduct is influenced and regulated directly or indirectly by norms, traditions and rules of local institutions. Violation of norms, rules and tradition was not permissible; individuals who violated them were severely punished, and sometimes they were excommunicated from the community. A range of intersecting social institutions exist at the local level; most of them organized around a caste.

Both these institutions have certain characteristics; the formal local government institutions are pro to democracy. Here people have all the rights to participate in the decision making process. The traditional authorities would take the decisions and people would act accordingly. There are no gender disparities in formal local government institutions. One third of the seats are reserved for women; reserved seats include both scheduled caste and scheduled tribe. However, in informal local governance institutions the cases sometimes differ. There are no representations for women in traditional structure; here man muffles the women’s voice.

In 1992, the 73rd constitutional amendment was introduced in India and Panchayati Raj was introduced in Indian constitution. The constitutional amendment has established a three-tier system of Panchayati Raj all over the country including Tamilnadu. This amendment step to the main stage to make social transformation with the objective of gender justice, upliftment of the standard of the people, and equitable distribution of scarce resources.
Traditional structures remain very important in organizing the life of the people at the local level despite modern state structures. Traditional authorities for example, regulate village life, control access to land and settle disputes. Recent experiences have shown that successful decentralisation has to take existing informal local governance institutions into account.

There is interaction as well as conflict between these two institutions. In some places, the informal local governance institutions with the help of formal institutions resolve conflicts and settle disputes. However, in other places the informal local governance institutions give no room for formal local government institutions to work for the people. Traditional leadership is not capable of dealing with the growing economic and social capability of a society nor does it give chances to formal institutions, which pave way for the development among the masses.

Now it is essential to look at whether there is interaction or conflict between formal local government institutions and informal local governance institutions in bringing local development. It is with this aim that a study has been proposed here to examine the role of informal institutions in local government in achieving local development.

**Statement of the Problem**

The New Panchayati Raj System is of very recent origin and is constitutionally established. For the success of Panchayati Raj Institutions, participation of the people is essential. It is a well established fact that the traditional informal local governance
institutions will ensure effective participation as they are the stakeholders. The inclusion of informal local governance institutions in new local governance functions is only possible when informal structures and traditional leaderships are recognized at the level of formal. At the same time mechanisms to guarantee responsiveness and accountability have to be in place.

If strong informal local governance institutions do not exist, establishing or re-establishing traditional authorities is an experiment in social engineering that can hardly be justified from a democratic point of view. If mechanisms of accountability and responsiveness are not introduced, the risk of corruption and abuse of power by traditional authorities will be very high to justify the extensive role of the authorities through state institutions. (George Lutz and Wolf Linder: 2004)

Here in this study one major factor has to be analyzed as to whether conflict or harmony prevails between formal local government institutions and informal local governance institutions while carrying out developmental activities at grass roots. Conflict among these institutions arises due to lack of accountability and responsiveness.

In Tamilnadu in the last decade after the introduction of reservation of seats for women and dalits it was reported that the conflict between these two institutions was severe. One of them dominates and becomes a hurdle to the village people. So it is important to know whether there is any conflict between these institutions in fulfilling their responsibilities and working together to deliver services effectively and if these institutional structures together
provide scope for local development with harmony. If there is interaction between these institutions there arises social capital which brings collective action.

At this juncture, it is essential to analyze whether there is social capital between formal local government institutions (FLGIs) and informal local governance institutions (IFLGIs); whether there is collective action between formal local government institutions and informal local governance institutions. It is with these questions that the present study has been undertaken to examine the role of informal local government institutions in local governance for the achievement of local development.

Review of Related Literature

The available literature on traditional structures and local development provides a conceptual framework for analyzing the collective action and social capital between formal local government institutions and informal local governance institutions in grass root governance for local development. The literature can be classified under three broad groups, viz., conceptual review, theoretical review and empirical review.

Conceptual Review

The conceptual review helps to understand concepts like traditional structures, local governance and local development used in the present context.
Jennie Litvack et.al,¹ in their paper, “Rethinking Decentralization in Developing Countries” they explains the reasons for decentralization and dimensions of decentralization. It also helps us to understand the factors which affect the ideal and actual form of decentralization.

Robert Chamber’s² “Ideas for Development: Reflecting Forwards” aims at drawing an experience with participatory approaches and methods which enable poor and marginalized people to express their realities, responsible well-being is proposed as a central concept for a development agenda.

Karunakar Patnaik³ in his article “Devolution of Powers to Panchayati Raj Institutions in India An overview” he says that devolution of powers and transfer of subjects to Panchayati Raj Institutions should not be made either a political gimmick or election rhetoric. It shall be prudent for the MPs and MLAs including ministers and the bureaucracy to consider transfer of powers to Panchayati Raj Institutions in India as mandatory and duty bound with grace and humility. A system cannot die of power. It can die of a death in attitude.

The document on Decentralization in India⁴ “Challenges and Opportunities” prepared by the HDRC attempts to articulate the connection between economic dependency of vulnerable groups on the local elite on the one hand and the effectiveness of local governance institutions in delivering basic services to the poor on the other. In brief, in order to transform present realities, it is imperative to strengthen decentralization from below, so that the voices of the poor can carry weight in village assemblies and ward council meetings.
Apart from social mobilization, this can be accomplished by strengthening community networks and institutions.

James Manor in his *Political Economy of Democratic Decentralization* he clearly defines decentralization and explains the diverse causes for the necessity of decentralized democracy in various parts of the world. He also explores the ideas concerning decentralization and relations of politics, state-society with decentralization. To make successful he suggests that sufficient powers, financial resources, adequate administrative capacity and reliable accountable mechanism must vest with decentralized institutions.

D.Bandyopadhyay and Amitava Mukherjee in their book *New Issues in Panchayati Raj* they explains the experiences and thinking on some of the newer issues that confront the Panchayati Raj System in India. It includes assessment of current situation in panchayats, the story of implementation and deviations of 73rd Constitutional Amendment; ways and means to integrate community based organizations with Panchayati Raj System.

V.Venkatesan’s *Institutionalizing Panchayati Raj in India* is an exceptionally insightful account of the nationwide attempt of decentralization in India in the early 1950s, known as CDP. Tracing the growth and decline of this programme and of other decentralization programmes started since then, the author identifies three forces: political factors, bureaucracy, and international organizations and bilateral donors, responsible for blunting the effectiveness of decentralization.
Pranab Bardhan in *Decentralized development* deals with the evaluation of various advantages and disadvantages of decentralization and the condition that predispose towards success or failure in beneficial decentralized development. In particular he focused on the argument that in governance structures control rights should be assigned to people who have the requisite information and incentives and at the same time will bear responsibility for the consequences of their decision.

John Gavaneta and Camilo Valderrama in their paper “Participation Citizenship and Local Governance” they briefly explored the literature related to the dynamics and methods of strengthening community based participation in the contexts of programmes for democratic decentralization.

Jean Dreze in his book *Indian development and participation* he tries to analyze the task of economic development in India in a broad perspective, where apart from economic opportunities, human capabilities and their dependence on basic education, health services, ownership patterns, social stratification and opportunities of social cooperation as well as political protest and opposition have a central role.

Pranab Bardhan in his article “Scarcity, Conflicts and Cooperation” he offers a relatively non-technical discussion of current thinking on these issues from the view point of poor countries, synthesizing research and reflecting on where we stand today. Special issues taken up include the institution for securing property rights and resolving coordination failures; the structural basis of power; commitment devices and political accountability; his complex
relationship between democracy and poverty, decentralization and devolution of power; persistence of corruption; ethnic conflicts; and impediments to collective action.

Wignaraja Ponna et al\textsuperscript{12} in their study “Participatory Development: Learning from South Asia” they focuses on the efforts to understand people-centered development strategy can help reverse many of the imbalances and contradictions created by past development policies, particularly those of the 1990s, which was a ‘lost’ decade for development.

M. S. Gore in his book \textit{Social Development Challenges Faced in an Unequal and Plural Society} he examines the broader philosophy of social development and its linkages with the concept of human rights and the fundamental rights as enshrined in the Indian constitution. It discusses and elaborates the concept of development in a liberal society which recognizes the existence of inequalities and is concerned with how to minimize them and with what role social workers can play in it.

G. Palanithurai\textsuperscript{14} in his book \textit{Grassroot Democracy in Indian Society} he analyses the present scenario of governance in India and its implication in Indian society from the perspective of people’s participation in the process of development. It is a collection of essays touching upon a wide variety of subjects, namely election, governance, people’s participation, development, devolution of powers, reconstruction of the political structure, planning exercise done by the people, food security and building the capacity of the people and their leaders at the grassroots. It focuses mainly on the
positive aspects of devolution of powers and people’s participation in the process of economic development and social justice.

G.Palanithurai\textsuperscript{15} in his book entitled *Perception of Grassroots Democracy and Political Performance* he has made an in-depth study of the insight of the elites and functionaries of the administrative system who handle power. Here he has made an analysis of the factors which are responsible for the proper posting, and the functioning of the institutions at the grassroots.

G.Palanithurai\textsuperscript{16} in his study *New Panchayati Raj System at Work-An Evaluation* he confer the functioning of the new panchayati raj systems in Tamilnadu. The major focus is on the structural and functional aspects as compared with the 73\textsuperscript{rd} Constitutional Amendment Act. In addition the problems that emerged in the background of establishing these institutions are also studied. The perception of elected leaders about this new dispensation, the outlook of the officials on this new system, the participation of the people in the development programmes and process, the relation between the state government and the local institutions, the linkage between the MPs, MLAs and the local body leaders, the linkage between bad functioning of the three tiers and the gram sabha are explained through case analysis.

G.Palanithurai\textsuperscript{17} in his book *New Panchayati Raj System in Tamilnadu* (in tamil) he deals with the basic details of decentralization of powers, the history of local governance, the problems involved in decentralization of power, how women can make use of the reservation of seats for dalits. Subjects like education health and employment have been discussed in the context of devolution of
powers. The changes to be made in the Tamilnadu Panchayati Raj Act 1994, the basic details of the schemes and programmes of rural development and steps taken to devolve the powers to panchayats have been elaborately discussed in the book.

G.Palanithurai in his article “Capacity Building Exercise for Elected Representatives in Tamilnadu” he has underlined the need for building the capacity of local body leaders as roles and responsibilities have been fixed for the leaders of the three tiers of the Panchayati Raj system. He also specified the methodological gradation to be adopted to conduct capacity building programmes for panchayat leaders by keeping in mind the leader’s level of understanding as they come from different socio economic backgrounds. He has indicated the necessity for preparing a module and a manual for training, which should be state specific. More particularly, the training institutions have to be identified and they are to be equipped. The training programme should be conducted throughout the state and to all categories of leaders of the panchayati raj system.

C.Gnanprakasam’s Local Government in Tamilnadu (in Tamil) covers both rural and urban local bodies in Tamilnadu prior to the 73rd amendment to the constitution of India. The historical background of these institutions is traced and their actual functioning is examined. They are compared with those of other states. Local body elections, reforms in local body elections, personnel administration in panchayats and state control over panchayats have been extensively analyzed.
G. Palanithurai’s 20 *Dimension of New Panchayati Raj System* (in Tamil) touches upon the conditions under which the new dispensation was thought of, how the promises of decentralization can be realized and what can be done at the state level, at the level of officials, local body leaders and the people. As the New Panchayati Raj system has come up with several promises, it has been perceived differently by different segments of the society with their own perspectives. But the promises will be realized only if the new institution is perceived properly. The major activity areas have been underlined for popular understanding. It will chase away the clouds surrounding the Panchayati Raj system.

G. Palanithurai 21 in his article “Plan Preparation with the Participation of People in Tamilnadu” (in Tamil) he emphasizes the importance of people’s participation in the process of development of rural society. It underlines the efficacy of people’s participation in preparation of perspective plan for the development of rural society. It indicates the methodological nuances to be adopted in the plan preparation. It outlines the steps to be followed in the planning process.

G. Palanithurai 22 in his article “planning in People’s Panchayats” (in Tamil) he explains the significance of empowering people. The panchayats brings power to the people. Now the panchayats are under the clutches of bureaucracy. This position has to be changed. Development activities are being carried out in a supply driven mode, people cannot own the responsibility. To perform this task, planning has to be done at the grassroots.
G.Palanithurai\textsuperscript{23} has edited the first volume of \textit{Dynamics of New Panchayati Raj System in India} it is a compilation of articles written by various scholars on the experience of the devolution of powers in different states. The whole process of the conversion has been captured in this work from the experience of the provinces.

G.Palanithurai\textsuperscript{24} in his article “Needing Social Action for Effective Panchayati Raj Functioning” he has indicated the fact that in this process of democratic decentralization of powers initiatives are from the centre and not from the people. But to ensure success to this dispensation, initiatives have to come from the people. Social action, community participation, owning the institutions and taking responsibilities are the imperatives for the success of Panchayati Raj Institution. In the process of devolution of powers, people have to come to the forefront by pushing the government to the background. He has underlined the importance of conscientisation of the people on the role of the people in governance at the grassroots.

G.Palanithurai’s\textsuperscript{25} “Panchayati Raj in Tamilnadu: Acts Rules and Schemes” (in Tamil) is a manual for panchayat leaders. It includes the basic framework of the decentralization of powers, the features of the 73\textsuperscript{rd} Constitutional Amendment Act, how the spirit of the amendment act can be translated in to action, the updated Tamil Panchayat Act 1994, rules to operationalise the provisions of the acts and updated rural development schemes of both central and state governments. This has been prepared with the idea of catering to the needs of panchayat leaders, more specifically the gram panchayat leaders, in these work suggestions have been given as to how best the panchayats can work within the limited powers devolved to them.
Theoretical Review

Theoretical review helps to spell out the theoretical relationship between traditional structures and local governments.

Woolcock\textsuperscript{26} in his article “Social Capital and Economic Development” he suggests that a virtue of adopting a relatively narrow and agreed upon definition is that it encourages supporters and skeptics to adhere to the same rules. In addition, he considers it important for any definition of social capital to focus on its sources rather than consequences, i.e. On what, social capital is rather than what it does. Putnam started his social capital career analyzing local government in Italy.

Fancies Fakuyama in his paper “Social Capital, Civil Society and Development” he explains about social capital. He says that in the economic sphere it reduces transaction costs and in the political sphere it promotes the kind of associational life which is necessary for the success of limited government and modern democracy. In this study he argues that it is a byproduct of religion, traditional and shared historical experience and other types of cultural norms.

Grootaert Christian and Van Bastelaer Theirry\textsuperscript{28} in their article “Understanding and Measuring Social Capital” they describes the importance of social capital for sustainable development is well understood. However, the impact of social capital is not easily quantified and to overcome this, the social capital initiative at the world bank attempts to contribute to this understanding by concentrating on how to measure social capital and its impact. This book details both the qualitative and quantitative approaches to the
analysis of social capital. Also included is the Social Capital Assessment Tool which combines qualitative and quantitative instruments in order to measure social capital at household, community and organizational levels.

Coleman\textsuperscript{29} in his article “Social Change in the Creation of Human Capital” he defines the structure of social relations which shape social capital. First he distinguishes between open and closed networks of social relations and describes the consequence of the degree to which a network is open or closed. A closed network is one in which social relations exist between and among all parties.

Carlo Trigilia\textsuperscript{30} in the paper “Social Capital and Local Development” he argues that to understand this difference two conditions are crucial. First, social capital has to be considered in terms of social relations and social networks, rather than in terms of culture and civicness. The second condition is that the interaction between social capital and other institutions, especially political institutions, have to be carefully analysed. Therefore, the paper points to the crucial role of political factor-in favoring a positive role of social capital in local economic development.

Serra Renata\textsuperscript{31} in her article “Putnam in India” she points out the specific empirical and conceptual issues one needs to pay attention to, when addressing the important topic of the roots of deferential institutional performance in the Indian context.

Deeoshika Mehra\textsuperscript{32} in her article “Social Capital and its Performance in Forest Conservation in Traditional and Non-Traditional Communities” she explores the change in role of social
capital in forest conservation in traditional and non-traditional
communities over a period of time and the factors that cause these
changes. They explain the differences in levels of social capital in
different communities as well.

David Philips in his paper “Community Social Quality and
Social Capital” he explores ways in which communities can enhance
their social quality elements: socio-economic security; social
inclusion; social cohesion; and empowerment. The social cohesion
aspect of social quality incorporates attributes of social capital, and the
relationship between social capital and social cohesion is addressed in
the paper.

Desai in his paper “Social Capital and Community
Development” he says that there is growing recognition of social
capital as a resource which can both facilitate and constrain social
action. Focusing on a North Indian village community in its historical
context, the paper examines the processes of social capital formation,
impact of changes in macro-structure on social capital and its role in
development. The paper finds that processes of change exert opposing
pressures on social capital some strengthening and others eroding it.
An important observation is that, if formal institutions conflict with
informal institutions, would severely constrain collective action. It
seems possible, however, to design a purposive action to make the
relationship between the two types of institutions complementary and
synergetic to harness social energy for development.

Anirudh Krishna in his study “Understanding, Measuring and
Utilizing Social Capital Sharing and Sustainability” he explains that a
locally relevant scale of social capital was developed to assess whether
and how social capital mattered for development performance in 69 north Indian villages. Variables corresponding to other bodies of explanation, including extent of commercialization, relative stratification and relative need were also examined, but a combination of high social capital and capable agency was found to associate most closely with high development performance.

Empirical Review

The empirical review helps in understanding the research gap and field realities.

In Rucha Gate in her article “Traditional and Non-traditional Indigenous Informal Institutions in Forest Management” she argues that indigenous institution is usually associated with traditional communities that have long histories. However, some communities without a long shared past, do lend to craft their own institutions indigenously by consciously evolving their rule structure commonly acceptable norms of benefit.

Christiaan Grootaert et.al, in their study “Social Capital and Development Outcomes in Burkina Faso” they provides detailed information on the extent of social capital in Burkino Faso and its variation across socio-economic categories, asset accumulation and asset to credit, collective action, education and distress sales in local level institutions.

Hans Westland et.al, in their paper “Social Capital and Local Development in Swedish Rural Districts” they studied local social capital in two Swedish rural districts. It concentrates on the relations between local political/public bodies and local development groups.
The political bodies have acted somewhat differently towards local development initiatives in the two districts. This has resulted in differences in the number of development groups and in the social capital of local culture, leisure and service environments. The study supports that private and public actors can change local social capital. Local organizations who act as intermediate nodes between the local groups and the political bodies seem to be of special importance.

Olowu and Erero in their study “Governance of Nigeria’s Villages and Cities through Indigenous Institutions” they made the distinction between formal and informal structures or institutions. Formal structures are defined to be directly derived from the modern state, while informal structures are not based on a constitution but nevertheless determine people’s everyday lives and the social, economic and political interaction between them. Traditional or indigenous structures are usually informal, and have a long history, tradition.

Sharma\textsuperscript{40} in his paper “Balance, Accountability and Responsiveness” he explains that There is a house of chiefs without significant power, but there is recognition of the chieftaincy. The President was given the authority for the recognition, appointment, deposition, and suspension of chiefs. The chief arranges tribal ceremonies, assists in checking crime, promotes the welfare of the tribe, and presides over meetings. The law nevertheless requires that every chief implement the instructions given to him by the minister. The chiefs are paid salaries, and the state has complete supremacy over the traditional leaders.
UN Economic Commission for Africa. The concept paper “Relevance of African Traditional Institutions of Governance” focuses on the traditional system of governance in Africa including their consensual decision making models, as part of a broader effort to better define and advocate their role in achieving good governance. It also develops a theoretical framework for the dynamics that enable traditional governance to play a more development role in modern governance systems. The author argues that the task of reversing Africa’s general crisis requires integration of traditional and modern system of governance so that they can complement each other. Harmonising the two sets of institutions in turn requires reforms of both, in a way that would make them democratic and amenable integration in to an effective and coherent system of governance. Reforms that reconcile the two sets of institutions also reconcile state society relations and thereby promote democratic governance on the continent.

Beall in his study “Exit, Voice and Tradition: Loyalty to Chieftainship and Democracy in Metropolitan Durban” he explains that strains on democratic governance in many parts of Africa have led to a resurgence of the salience of traditional authority. This paper, compiled for the Crisis States Research Centre, examines the challenges posed for democratic consolidation arising from the accommodation of traditional authorities in city government in Durban, South Africa. Is chieftaincy a retrograde step or does institutional pluralism offer greater political flexibility and stability? These questions are explored with reference to Albert Hirschman’s seminal thesis on exit, voice and loyalty.
GSDRC43 “Governance in Tribal Environments” the broader literature on traditional structures of authority and leadership tends to agree that the legitimacy of such structures has endured amongst many communities. In some cases, they have provided superior governance and conflict resolution than the state. Nevertheless, there is a need for greater scholarly attention to various important issues relating to traditional governance, such as people’s perceptions of traditional leadership and their motivations for these views, and the relations between local political systems.

W.Kimathi44 in his article “Non-state Institutions as a Basis of State Reconstruction: The case of Justice Systems in Africa” he looks at how the various legal systems in Africa could benefit from the rich experiences of traditional and popular judicial systems which play a central role in large parts of the continent especially in rural Africa, but are ignored by the formal state. The paper argues that at this juncture, the role of traditional justice resolution mechanisms as implemented by elders is especially critical for the state precisely how far governments go in utilizing these non-state mechanisms differs from country to country generally, the extents to which traditional and informal systems are incorporated into formal systems or remain voluntary dispute resolution forums on the historical circumstances prevailing in a particular country. The author concludes that since the simultaneous use of the two systems of justice is a reality for the majority of Africans, a synergy of the two should be more desirable where each system’s comparative advantages are enhanced and disadvantages minimized.
S.E Drime in his paper “Traditional Authorities and Land Tenure System in KwaZulu Natal” he focuses on the issue of governance and democracy in the rural areas of South Africa, particularly the communal areas of KwaZulu Natal, through the lens of land tenure reform, which is argued to be a crucial ingredient of the democratization and development of the most underdeveloped regions of the country. The paper sets out to explore the relationship between local government and traditional authorities by evaluating the context of land rights in rural KwaZulu Natal and by tracing the development of the land rights bill and its perceived impact on rural communities.

H.Nixon in his paper “Some Considerations on Local Democracy and Traditional Societies” he argues that some of the functions of informal or customary structures include security; dispute resolution/justice; regulations of social life and norms; small scale community development projects or maintenance; natural resource management; social protection of the most vulnerable. The paper also argues that local governance arrangements can take a variety of forms: customary, local or traditional structures acting as local government; parallel structures; and formalization of traditional authorities in the state system. The author discusses the case of Afghanistan’s justice system. Rather than existing as two separate systems, there is, in much of Afghanistan, some degree of integration between the courts, district governors, and traditional dispute resolution mechanisms.

Basvihar in his book Inclusion and Exclusion in Local Governance he brings together rich field studies from 42 panchayats in 12 states, to show how decentralization is working in Indian villages. It analyses the social, political and economic forces
influencing variations in the degree of empowerment of scheduled castes, scheduled tribes and women and looks at likely future developments. The research methodology used brings insights from a micro approach instead of macro level generalities.

Ray Donald in his article “Rural Local Governance and Traditional Leadership in Africa and the Afro-Caribbean: Policy and Research Implications from Africa to the Americas and Australasia” he anthropologically describes traditional leadership as those political, socio-political and politico-religious structures that are rooted in the pre-colonial period, rather than in the creations of the colonial and post-colonial states. By these key considerations, traditional leaders can include kings, other aristocrats holding offices, heads of extended families, and office holders in decentralized polities, as long as their offices are rooted in pre-colonial states and other political entities.

K.D kessey in the article “Traditional Leadership Factor in Modern Local Government System in Ghana: Policy Implementation, Role Conflict and Marginalization” he says that the search for appropriate institutional framework for local governance and development task has been a difficult task in Africa. Although traditional authorities are authentic and time-tested institutions of governance, their role has been politically, administratively and financially marginalized since the introduction of modern local government system. The focus of this paper is the discussion on the various local government structures, policies and their marginalisation strategies the discussions include indirect rule, introduction of establishment of town councils, public treasuries, the first and second republic local government models and the decentralized system of
government with creation of district assemblies. Some of the strength and weakness of the system were discussed. The issue of local taxation and the bias of revenue distribution formula against traditional councils are also discussed. The stool land revenue (SLR) shared among traditional authorities (TAS) is only 7 percent of the District authorities Common fund ((Grants) The District Assemblies receive 55 percent of SLR plus DACF the political structures, taxation authority, distribution of SLR are tools to marginalize the traditional authorities. While the performance of some modern local government institutions, as agents of local development, poor the development efforts of some traditional authorities at promoting education, health and environmental management are highly commendable in Ghana. This indicates that traditional councils have potentials that are not fully harnessed due to marginalization. Modern local government stands to gain if traditional authorities become active partners and their potentials harnessed for development.

Kaivan Munshi and Mark Rosenzweig\textsuperscript{50} in their article “Traditional Institutions Meet the Modern World: Caste, Gender and Schooling choice in a Globalizing Economie” they addresses the question of how traditional institutions interact with the forces of globalization to shape economic mobility and welfare of particular groups of individuals in the new economy. They explore the role of one such traditional institution-caste system in shaping career choices by gender.

Martin Adams et.al\textsuperscript{51} in their paper “Land Tenure Reform and Rural Livelihoods in Southafrica” they describe the purpose and scope of the proposed tenure reform in the former homelands of South
Africa as well as the attempts by South Africa’s neighbors to resolve tenure problems in communal areas.

V.Ragupathy\textsuperscript{52} \textit{Participatory Management of Natural Resources: Irrigation Tanks in Panchayats} a study by him in two districts of Tamil nadu, reveals that in most villages have some form of traditional local self governing institutions of traditional panchayats. These traditional panchayat normally has a village assembly (Oorsabhai) and a village executive committee. These institutions mainly attend to the religious needs of the local people, settle local disputes and manage common property resources. The study points out that these institutions are able to adapt to the changing socio-economic scenario. These institutions are able to work with Panchayati Raj Institutions for the collective good of village community. Apart from traditional functions they also attend to contemporary requirements like education health and public distribution system for essential commodities. The participation of the people in these institutions is very high compared to that in Panchayati Raj Institutions. Village assemblies are regularly organized by these institutions and decisions are taken after discussion. Some of the critical issues like management of scarce irrigation water are skillfully handled. The managerial capacity of this institution is very high. They are transparent in their financial transactions and they enjoy a high degree of credibility. They are able to accommodate traditional marginalized groups like scheduled caste within their fold. The study points out that the leadership, level of education; political awareness and the presence of development agencies play a crucial role in modernizing the traditional institutions.
Basanta Kumar Sahu in his paper “Pani Panchayat in Orrisa” he argues that new policy intervention such as Pani Panchayat in Orrisa, India ignores local socio economic set up fails to ensure community participation, Dominance by upper caste and richer members, lack of group dynamics, exclusion of local needs and institutions, ill defined property rights, constraints in input supply such as credit and extension services, etc discourage participation. He suggest what is needed is the strengthening of existing local institutions, augmenting the resource base and ensuring equity in water access would allow for better management and development of water resources.

Kripa Ananth Pur and Mick Moore have written an article on “Ambiguous Institutions: Traditional Governance and Local Democracy in Rural India” and in this article they are dealing with ‘Customary village councils’ (CVCs), which are generally believed to be disappearing vestiges of a pre-democratic, hierarchical socio-political order. In the Indian media, they are represented as instruments for the harsh enforcement of ‘traditional’ norms of caste and gender inequality. However, their research in Karnataka state reveals a very different picture. CVCs are found in almost every village. While continuing to resolve local disputes and exercise limited judicial authority, is actively taking on new roles, especially developmental and electoral roles; becoming more pluralist and democratic; providing a wide range of services that are positively valued by villagers, especially by women. They are saying that CVCs often interact closely and synergistically with the formal, elected local councils. The paper concludes with some speculations about why CVCs are so buoyant and active in this context, while elsewhere
similar’ traditional institutions, has been viewed as bulwarks of inequality and hierarchy, and has generated considerable political opposition. One major reason may be that CVCs operate in a relatively democratic and pluralist environment in which the formal state provides many services quite effectively. CVCs have no monopoly, and have continually to earn the authority that they exercise.

Kripa AnanthPur\textsuperscript{55} in her article “Rivalry or synergy? Formal and Informal Local Governance in Rural India” she states that Informal local governance institutions (IFLGIs) are complex organizations, which continue to be prevalent at village level in rural India. She says that perceived by educated Indians to be “oppressive”, IFLGIs also have progressive features and often perform a range of useful, collective functions at the village level. Rather than shrinking in the face of modernity, IFLGIs have found ways to interact, often in a positive manner, with the newer formal, elected local government institutions - Gram Panchayats. Based on her field research in Karnataka state, this paper tries to present a more holistic picture of IFLGIs, including their role in village governance and service delivery; the ways in which they interact with Gram Panchayats, and the implications of their existence and role for local democracy. Finally, she presents a tentative theoretical framework that might help explain why in Karnataka - and in India generally - IFLGIs seem to be less repressive, more functional, and more likely to survive than in some other countries of the South.

Venugopal and V.Annamalai\textsuperscript{56} in their study titled “Relationship between Panchayati Raj Institutions and Community Based Organizations: Issues of Convergence” they finds that in three
states, namely, Andhra Pradesh, Madhya Pradesh and Kerala, there are a number of traditional local institutions functioning. The study suggests that there is no significant degree of conflict between these two types of organizations. The study maintains that the local institutions have reasonable potential to work along with Panchayati Raj Institutions for development.

Kripa AnanthPur in her article “Interfaces in “Local Governance -A Study in Karnataka” she states that with the introduction of Panchayati Raj Institutions in India, new spaces and initiatives have been designed to deepen democracy at the local level and make it more inclusive. She says that these strengthened Gram Panchayats often, co-exist with a range of intersecting local institutions particularly, those that are apparently rooted in traditions and customs -Customary Panchayats. Her research in Karnataka indicates that rather than shrinking enface of modernity, these institutions have found ways to interact, often positively, with Gram Panchayats. The author finds evidence and suggests that Customary Panchayats themselves both influence and adapt to the existence of Gram Panchayats.

Kripa Ananthpur in her article “Selection by Custom and Election by Statute-Interfaces in Local Governance in Karnataka” she suggests that customary panchayats themselves both influence and adapt to the existence of gram panchayats deeper understanding of the facts and dynamics of this interaction would greatly increase the capacity of government agencies and social movements to intervene effectively to help promote the interests of the poor and disadvantaged.
G. Palanithurai in his monograph "Synergisation of Traditional Panchayat with Formal Panchayati Raj system in Managing the Community Affairs" he states that Linkages with traditional panchayat helped the panchayat to strengthen its power and so delivery was qualitatively good. The common property resources could be improved, income to panchayat would be augmented in which the traditional panchayats plays an important role. Special funds are needed to improve common property resources. Expenditure on establishment, electricity bill and maintenance is always high. Prudent counsel provided by the traditional panchayat helped the panchayat to manage its finances. Mobilisation of the community is the prerequisite for any development activities and it is not easy for the government machinery to mobilize the people. The village panchayat, under the new Panchayati Raj system of governance has ample opportunities to interact with the people for a better orientation of the community to plan and work for the better utilization of common property resources. In circumstances wherein the traditional panchayats understands the power and responsibility of New Panchayati Raj Institutions the panchayati Raj leadership should be proactive, the leadership of the traditional panchayat and its strength has to be understood by the president and ward members of panchayati Raj institutions.

Marten Bavinck in his study titled “Caste Panchayats and Regulation of Fisheries along Tamil Nadu’s Coromandel Coast” he found that traditional panchayats still play a role in the governance of local affairs in spite of the presence of legally established Panchayati Raj Institutions. The entire socio-political activity of the village of the local community is centered round the village assembly of the traditional local institutions. The traditional panchayat is the main
representative of the village to the outside, particularly when it involves any interface with government agencies. In spite of modernization and constant interaction with the outside world, there is hardly any role for outside agencies in the organization, discipline and governance of the village. All development activities have to be approved and implemented with their cooperation. They are able to mobilize resources for development purposes. The candidates who stand for election to the formal legally established panchayats require the approval of the traditional panchayats. Although the elected panchayat representatives are respected by the fisherman, the village panchayats do not hold any influence within the traditional panchayats. The traditional panchayats is able to work with the constitutionally established ones for undertaking development projects like supply of drinking water, development of road facilities, construction of community halls and construction of group houses.

C. Logan\(^6\) in his article “Traditional Leaders in Modern Africa: Can Democracy and the Chief Co-exist”, surveyed data to explore popular perceptions of elected and traditional leaders. Positive attitude towards chiefs are not incompatible with democracy and vice versa. Furthermore, positive perceptions of chiefs and of elected leaders are strongly linked. African societies are adept at integrating seemingly incompatible institutional structures, such as traditional institutions.

Anirudh Krishna\(^6\) in his study *Active Social Capital* he explains that every one of the 69 villages in Rajasthan and Madhya Pradesh has some type of traditional local self governing institutions. Village assemblies and village executive committees are part of traditional local institutions. The study shows that, in spite of the
presence of Panchayati Raj Institutions, people depend on these institutions for their varied requirements. Particularly with regard to natural resource management, these institutions play a crucial role. Krishna points too many democratic elements in these institutions are dominated by locally dominant caste groups. But all caste groups have a roughly proportionate representation in these institutions.

Research Gap

There is no comprehensive study available which deals with the collective action among formal local government institutions and informal local governance institutions and social capital achieved by them for local development in Tamilnadu. At this background it is felt that informal local governance institutions in Tamil villages influence local governance in the process of local development. It is important to examine the level of collective action between formal local government institutions and informal local governance institutions in the social, economic, political and cultural aspects and to evaluate the level of social capital for local development

Issues Raised from the Review

1. To what extent formal local government institutions cope with informal local governance institutions?
2. What are the tangible indicators available to measure the collective action and social capital between formal local government institutions and informal local governance institutions?

It is with these assumptions that a study has been proposed to examine the role of informal local governance institutions in local governance for achieving local development.
Theoretical Framework

There are theories on local governance, local development and local democracy and for all the above institution functions social capital is essential. Among all the theories, social capital theory helps to understand the functioning of local institutions and their implications in the society in all its dimensions.

Some experts have argued that it was the social interaction that led to connectedness or engagement from where social capital emerged. If a group's social capital produces positive externalities, the radius of the trust can be larger than the group itself. The value of social capital was identified by Bourdieu (1986) and given a clear framework by Coleman (1988, 1990) who was the first to subject the concept to empirical scrutiny and develop ways of operationalising it for research purposes. However, it is now most commonly associated with Putnam (1993, 1995, 2000) who successfully exported the concept out of academia and into a wider media. The study reveals that social capital makes a significant contribution towards collective action between these two institutions.

The development programmes will reach the people only when formal local government institutions and informal local governance institutions collectively work together. Informal local governance institutions are a social reality, and development efforts at the local level have to recognize this existing structure. These interactions bring social capital. Social capital between these institutions increases collective action. Social capital is defined by Putnam (1995:67) as “features of social organization such as networks, and social trust that facilitates coordination and cooperation for mutual benefit”. Social
capital theory suggests that relatively stable patterns of social interaction existing within some communities are useful for sustaining mutually beneficial collective action. All the above indicators are needed to bring social capital between formal and informal institutions. Here the features of social capital are undertaken as the indicators of the variable accountability and responsiveness.

The areas with low social capital were ruled by the most unsuccessful governments and demonstrated greater inefficiency and corruption. However, successful regional governments ruled areas with high levels of social trust. The present study tries to find out the relationship between two institutions which could bring positive interaction. This depends on the features of social capital. The researcher finds social capital theory the most pertinent to explore the possibilities.

Analytical Framework

For the proposed study, the researcher has adopted an analytical framework based on social capital theory, in which the informal institutions perform their functions with the help of formal local government institutions. The inclusion of the informal institutions in the formal institutions might bring positive as well as negative effects. Here in this study it is proved if the informal structures work with formal local government institutions they produce positive relation and there arises social capital (social capital is an instantiated informal norm that promotes cooperation between two or more individuals.) The social capital in this study consists of two variables namely accountability and responsiveness.
Accountability is the idea that poor performance of decision makers can be sanctioned against. This requires that there be a mechanism in place to penalize poor performance. A necessary condition to keep authorities accountable requires sufficient transparency. People must be enabled to have access to information because if there is no transparency, there will also be no accountability. Responsiveness means all forms of the authority should act in the interest of the people considering their priorities and needs. Individuals will have different preferences regarding different policies if authorities make these decisions on behalf of the people, the decision should respect the will of the people. Indicators are assigned for each variable. The existences of social capital bring collective action (collective action is the pursuit of a goal or set of goals by more than one person. It is a term which has formulations and theories in many areas of social sciences.)

The collective action consists of three variables such as social collective action, economic collective action and political collective action. Social collective action means that the formal local government institutions and informal local governance institutions work collectively for providing social services like education, health and recreation and also provide justice for the socially deprived groups such as scheduled caste, backward classes and women. Economic collective action means that the formal local government institutions and informal local governance institutions work together to increase more output and to make changes in the technical and institutional arrangements thereby increasing income and reducing poverty. Political collective action means the capacity of formal local government institutions and informal local governance institutions to
deal with their own fundamental problems more effectively while responding to the changing political demands of the people. Indicators are assigned for each variable.

The indicators are undertaken from the 11th schedule of the constitution. The endurance of collective action leads to local development. If not, there are contradictions, which will be a threat to attaining development. The following diagram capsulises the concept.

**Diagram 1.1**

**Objectives of the study**

The study has the following objectives derived from the theory;

1. to study the interaction between formal local government institutions and informal local governance institutions; and
2. to analyze the relationship between social capital and collective action.
Hypothesis

1. Higher the possibility of synergy between the formal institutions and informal institutions, higher will be the level of social capital.
2. Higher the level of social capital higher the level of collective action.

Methodology;

Participants

For this study, two sections of relevant population were chosen as samples. 1) panchayat officials in the selected area ii) people of various strata in the village. They were recruited based on the research problem, to find out the upshot of correlation between formal local government institutions and informal local governance institutions.

Variables;

Independent variable-social capital
Dependent variable-collective action

Study Design

Since the study is empirical it mainly relies on primary data. Data were collected from the village panchayat representatives and the local people. Among the three tiers the village panchayat occupies a prominent position, where rural people have direct access to the process of governance. These relevant populations know very well about the operation of activities in the villages.

To know about the role and activities of informal local governance institutions the village panchayat representatives have been chosen for the study. Similarly the local development depending
on it can be easily identified by assessing the condition of local people. The local people could very well examine the interaction between formal local government institutions and informal local governance institutions. The study area is illustrated as follows;

For the selection of respondents a sample survey was made. Three districts were chosen for the study namely Dindigul, Madurai and Sivagangai. From these districts the researcher selected one block from each district and from each block 15 villages were chosen for case study, (i.e. 5 villages from each block. Total 300 respondents were interviewed).

Area of Study
Diagram 1.2
Measuring Indicators

Collective action and social capital between formal local government institutions and informal local governance institutions were examined and evaluated by adopting the following indicators.

Social Capital! (Independent Variable)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Accountability</td>
<td>1. Trust</td>
</tr>
<tr>
<td></td>
<td>2. Commitment</td>
</tr>
<tr>
<td></td>
<td>3. Reciprocity</td>
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<td></td>
<td>4. Participation</td>
</tr>
<tr>
<td>2. Responsiveness</td>
<td>1. Social interaction</td>
</tr>
<tr>
<td></td>
<td>2. Cohesion</td>
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<tr>
<td></td>
<td>3. Communication</td>
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<td></td>
<td>4. Social support</td>
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<td></td>
<td>5. Cooperation</td>
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<td></td>
<td>6. Integrity</td>
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<tr>
<td></td>
<td>7. Social networking</td>
</tr>
<tr>
<td></td>
<td>8. Norms</td>
</tr>
</tbody>
</table>
Collective action (dependent variable)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicators</th>
</tr>
</thead>
</table>
| Social collective action - | 1. Social welfare  
                          | 2. Chastisement process  
                          | 3. Health and sanitation  
                          | 5. Mobility  
                          | 6. Morality  
                          | 7. Curbing discrimination practices |
| Economic collective action - | 1. Involvement in development activities  
                             | 2. Basic amenities  
                             | 3. Selection of beneficiaries  
                             | 4. Equitable distribution of wealth and income  
                             | 5. Common property resource management |
| Political collective action - | 1. Election process  
                             | 2. Reservation |

Techniques **Adopted**

Data were collected from the local people. Interview schedule was prepared to collect data from the respondents. Quantitative analysis such as correlation was employed. Interviews were held with leaders, members, and non-members to understand the role of institutions in the village, the development over time, their main
activities, leadership and membership, relation with other institutions and government and their main strength and weakness. The critical part of data collection is case study. Informal discussions were also held to prepare case studies. A check list was prepared to have discussions with village presidents. PLA techniques such as transcend and timeline were followed to have a watch over the villages.

**Sources of Data**

The data required for this study were drawn from both secondary and primary sources. Secondary data were obtained from government publications, academic publications, reports etc. Primary data were collected from the local people and village panchayat presidents.

**Procedure**

The researcher collected the data based on the indicators and assessed the level of social capital to test the hypothesis using correlation measure and percentage. Interviews were held with the leaders, members and non-members to understand the role of the institutions in the village, their development over time, their main activities, leadership and membership, relations with other institutions and government and their main strength and weakness. Statistical package for social sciences has been applied to analyze the data. Cross tab is made among the result of association and basic amenities and the result of association and development indicators, coming under 11th schedule.
Scoring and Analysis

The answers to the schedule were scored on a two point scale as given hereunder

Yes=one (1)
No=zero (0)

Correlation measures were used to explore the relationship between social capital (independent variable) and collective action (dependent variable) for local development. Since this study dealt with grassroots institution, it was difficult to arrange the indicators in the right order and assigning weights following this order. It was therefore decided to use a two point scale to derive an individual score rather than compute some weight.

Stages of the Study

In order to collect the required data from the sample selected for the study, field work was conducted in three districts of Tamilnadu namely Dindigul, Maduri and Sivagangai. Field work was carried out in three stages: pilot study, pre-test and the main study.

A pilot study was considered necessary to understand the nature of the sample and to verify the appropriateness of the tools and to get an initial feedback on the problems set for the study. Based on the pilot study necessary changes were made and tools were finalized.

A pre-test was done and significant changes in the questionnaire. The main study was carried out during the year 2008.
Field Work

To carry out field work, initial contacts were made with grass root institutions and authorities. These contacts were made through non-governmental organizations that had already worked for several years in the area of local development.

Operational definition

1. Social capital: Social capital is an instantiated informal norm that promotes cooperation between two or more individuals.
2. Traditional authorities: Traditional authorities are the protectors of the village. They attend to the matters related to the collective good of the village.
3. Collective action: It is the pursuit of a goal or set of goals by more than one person. It is a term which has formulations and theories in many areas of social sciences.
4. Local governance: The formal and informal institution through which authority and power are conceived and exercised.

Chapterisation

The thesis is presented in seven chapters. The first chapter introduces the study and presents the problem and its rationale, the review of literature, the analytical framework, states the objectives of the study and the methodology adopted. The second chapter presents a background of informal local governance institutions and an overview of decentralized governance with special reference to Tamilnadu. The third chapter deals with the level of social capital formation in the process of interaction between formal local government institutions and informal local governance institutions. The fourth chapter details
the level of collective action taken place between formal local
government institutions and informal local governance institutions in
bringing local development. The fifth chapter is on the relationship
between the level of collective action and the level of social capital
while interaction between formal local government institutions and
informal local governance institutions in bringing local development.
The sixth chapter presents the integrated analysis. The seventh chapter
gives the summary and findings.

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