Institutions

Institutions are structures and mechanisms of social order and cooperation governing the behaviour of a set of individuals within a given human collectivity. Institutions are identified with a social purpose and permanence, transcending individual human lives and intentions, and with the making and enforcing of rules governing cooperative human behavior. The term "institution" is commonly applied to customs and behavior patterns important to a society, as well as to particular formal organizations of government and public service. As structures and mechanisms of social order among humans, institutions are one of the principal objects of study in the social sciences, including sociology, political science, and economics. Institutions are a central concern for law, the formal mechanism for political rule-making and enforcement. The creation and evolution of institutions is a primary topic for history.

Formal institutions are defined to be directly derived from the modern state, while informal institutions are not based on constitutions but nevertheless determine people’s everyday lives and the social, economic and political interaction between them. Traditional and indigenous structures are usually informal, and have a long history, tradition and culture.
Institutions are generally categorized into formal and informal institutions. Formal institutions are largely governed by the pre-decided legal setup in the form of formal norms. In certain circumstances these norms are flexible and can change over time, whereas, in other circumstances these can be static in nature. Therefore, one gets two kinds of categories one is the dynamic characteristic of the institution whereas the other is a static one and inflexible in nature. The informal institutions, on the other hand, emerge out of the spontaneous requirements based on the needs of the society.

The institutional structure has changed due to various factors, concerning mainly technology, process of commercialization, and organizational structure. The profile of development is influenced and also determined by the institutional set-up. Institutions shape human interaction, define the choices and decisions made by individual, community or society to achieve a satisfactory life style under the given environmental constrains. Thus institutions play a significant role in shaping and regulating human activities to optimize production and to minimize the risks associated with production system.

Any development process presumes three levels in achieving its goal. Of these, the first stage begins at the preparation for the process of development that essentially requires inducing growth in the first place. Availability of investment and resources for achieving such growth is an important component at this stage. The second step is to ensure the quality of growth and its structural placement. In other words, the two stages together involve identifying the weak and strong spots of the economy and ensure that the resources are directed in
proper direction. The third stage is a crucial one, which translates growth into development through the conduct of either existing or newly constituted institutional structures.

This transfer remains only as a component of the growth process but the role of institutions is quite crucial. Thus the failure of translation of growth into development rests on the fulcrum of institutions. These can be formal institutions initiated and directed by the state or informal institutions established by the stakeholders or emerging through cultural dynamics.

**Informal Institutions**

The institutional pluralism of the Indian village is a well documented fact. A rich diversity of local institutions based on the local needs of the community was the great strength of Indian villages. Local institutions were mainly responsible for the management of common property resources, resolution of local conflicts and disputes and attending to the religious and cultural needs of the community. These local institutions were known by different names. The diversity of the names indicates the diverse nature of the institutions. They have the capacity for resilience and adaptability and could adapt to changing historical and social contexts. Their structural arrangement was flexible. This gave them strength to survive for centuries. Inspite of historical changes, all over India such institutions were functioning and attending to the needs of rural communities for centuries. These institutions functioned autonomously but they were governed by certain principles evolved by tradition. These institutions functioned from the street level to regional level, individually and collectively.
Caste system played a significant role in the formation and functioning of these institutions. There were single caste and multi caste institutions. Lower level institutions were sometimes integrated with higher level institutions. Mostly the village level institutions had members from different caste groups living in that village. In single caste villages, the local institutions mostly functioned as caste institutions.

In Indian villages informal local institutions have been functioning over a long period of time. They are diverse in their structure and attend to functions related to religious ceremonies, management of common property resources and settlement of local disputes. Legally established local institutions are not able folly to attend to these functions. These institutions are inter-caste in nature. Representation to various caste groups is given in these institutions. In a few cases scheduled caste are also given representations. These institutions interact with Panchayati Raj institutions and are able to contribute to the development of the village.

The existence of informal institutions can be seen in other states. Informal local governance institutions in Karnataka draw the legitimacy from custom and tradition, and are largely rooted in the systems of caste. Though still very patriarchal as custodians of ‘traditional” norms and rules, they have been able to adapt to changing circumstances, and to perform a wide range of useful, collective activities. These include organizing social activities, dispensing informal justice, providing financial and moral support to those in need, and maintenance of local law and order.
The informal institutions exercise public authority at the local level through mechanisms distinctly different from those employed by “formal” state institutions. Though their decisions are not absolutely enforceable, they manage to enforce most of their decisions through social pressure. They carry with them the social tensions and gender bias inherent in rural societies. Social conflicts and tensions within the villages are constantly negotiated and managed, sometimes in an oppressive manner, by the informal institutions, but they are neither wholly benign nor totally oppressive institutions.

Despite long history and impressive record of democratic decentralization, the local informal institutions are not shrinking or fading as elected local government institutions becomes more institutionalized and influential.

There are several types of interactions between the informal and the formal systems. The informal institutions influence formal elections; there is overlap of leadership; they intervene in the selection of beneficiaries for government anti-poverty projects; and they perform supplementary informal resource mobilization. As such, they are complementary to, rather than competing with the formal governance system.²

Krishna’s study of villages in Rajasthan, one of the few contemporary analyses of traditional institutions, reveals certain similarities as well as variations between traditional institutions dealing with dispute resolution in Rajasthan and customary panchayats in Karnataka. The structure and composition of this institution seems to be quite similar in both states but a clear distinction is seen in the interface between the formal and informal governance structures.
Informal institutions are an important local institution in rural areas. Since these institutions provide an element of both social security and local law and order their importance at the village level assumes significance. There has been no unilinear process of displacement of informal institutions by the formal governance structures such as gram panchayats. These two institutions continue to co-exist and influence each other.

The intervention of informal institutions in gram panchayat activities is not always negative. Informal institutions do play a positive role in village governance and research efforts should concentrate on ways in which the negative influence of informal institutions can be neutralized. This is particularly important if gram panchayats are to emerge as effective local political structures.

A deeper understanding of the 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.3

The informal institutions exist in several countries. The institution of chieftainship and its associated traditional structures have existed in many parts of the world from the pre-colonial times. They have survived through the vicissitudes of colonial times and have continued to exist during the post independence period with changed status, powers and functions. The villages were divided to in several wards, each headed by a headman. The chief settled disputes, pronounced on tribal customs and traditions and ruled on matters concerning the tribe in consultation with its members.6 The difference between formal local government institutions and informal local governance institutions is here under;
Comparison of formal and informal institutions

<table>
<thead>
<tr>
<th></th>
<th>Formal</th>
<th>Informal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Types of exchange</td>
<td>impersonal</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>Approach to rules</td>
<td>Rule of law</td>
<td>Rules-in-use</td>
</tr>
<tr>
<td>Character of rules</td>
<td>written</td>
<td>unwritten</td>
</tr>
<tr>
<td>Nature of exchange</td>
<td>contractual</td>
<td>Non-contractual</td>
</tr>
<tr>
<td>Time schedule</td>
<td>specified</td>
<td>non-specified</td>
</tr>
<tr>
<td>Actor premise</td>
<td>Organizational goal</td>
<td>Shared expectations</td>
</tr>
<tr>
<td>Implication of agreement</td>
<td>Precise compliance</td>
<td>Ambiguous execution</td>
</tr>
<tr>
<td>transparency</td>
<td>Potentially open to</td>
<td>Closed and confidential</td>
</tr>
<tr>
<td></td>
<td>scrutiny</td>
<td></td>
</tr>
<tr>
<td>Conflict resolution</td>
<td>Third party body</td>
<td>Self-enforcement</td>
</tr>
</tbody>
</table>

Historical Evidence of Institutional Interventions

There is an overall agreement that institutions strengthen the transformation process towards overall development. It has been an experience since the beginning of this century that institutions have played an important role in enhancing growth, attaining better distribution, and creating an atmosphere towards increased economical welfare.

In the early part of this century the formation of institutions essentially with the state initiative was not as common as it became after the independence. However, during the pre-independence days the informal institutions were quite strong. These included social institutions like caste, family, village religious groups, sect groups and other such institutional bodies. Traditional village institutions also played a very significant role.
Among the village institutions, land ownership rights, village functionaries and their economic rights, social hierarchies depending on economical hierarchy were the prominent ones. Similarly, the traditional institutions governing natural resource were also quite significant. In the post independence period, initially community development institutions at village level were established and the development process towards the village passed through the community development network. This was followed by a strong initiative towards obtaining an egalitarian land distribution through a series of reform measures in the land market. Thus land reform came up as a recognized institutional intervention. All these led to a sea change in the rural institutional structure.

The traditional village institutions managing natural resources including water, land, and village level operations were quite prominent. A wide difference can be noticed between formal and informal institutions, in which in some areas of Tamilnadu the formal is rule-based and the latter is relation based.

**Difference between relation-based and formal rural-based governance**

<table>
<thead>
<tr>
<th>Relation - based governance</th>
<th>Rule- based governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relying on private and local information</td>
<td>Relying on public information</td>
</tr>
<tr>
<td>Complete enforcement possible</td>
<td>Enforcing a subset of observable agreements</td>
</tr>
<tr>
<td>Implicit and non- verifiable agreements</td>
<td>Explicit and third -party verifiable agreements</td>
</tr>
<tr>
<td>Person-specific and non-transferable contacts</td>
<td>Public and transferable contacts</td>
</tr>
<tr>
<td>High entry and exit barriers</td>
<td>Low entry and exit barriers</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Requiring minimum social order</td>
<td>Requiring well-developed legal infrastructure</td>
</tr>
<tr>
<td>Low fixed cost to set up the system</td>
<td>High fixed cost to set up the system</td>
</tr>
<tr>
<td>High and increasing marginal cost to maintain</td>
<td>Low and decreasing marginal costs to maintain</td>
</tr>
<tr>
<td>Effective in small and emerging economies</td>
<td>Effective in large and advance economies</td>
</tr>
</tbody>
</table>

Panchayati Raj System in Independent India

After Independence, Community Development Programme was started in 1952. But because it was not attached with the people, it could not prove to be a success story. People took it as a burden put on them by the government. A team, under the leadership of Balwantrai Mehta tried to find out the cause for the failure of this programme and came up with the inference that there should be an organization at village level, which would select the true beneficiaries and implement various government programmes and schemes.

This organization would act as the representative of all the villagers and ensure the development of the village as well as participation of villagers. In this way Balwantrai Mehta tried to achieve local self-government through panchayats (the organization). This concept of local self-government was the right step towards decentralized democracy. In this process, the State of Rajasthan for the first time adopted the three leveled structure of Panchayati Raj - Village Level, Intermediate Level and District Level.
In 1977, Ashok Mehta Committee was set up to review the working of Panchayats. The committee found that Panchayati Raj was the soul of democracy and therefore it should be empowered with more authority. Those panchayats which formed after 1977 are known as Second Generation Panchayats. In West Bengal, the panchayats became more effective after accepting the suggestions made in this report.

During the decade of 1990, it was realized that without constitutional power, self-government cannot be fruitful; therefore the Central Government passed the 73rd Constitutional Amendment Act in 1992, which became effective from 20th April 1993 (from the date of publication in the Gazette of India).

Basic Concepts of Panchayati Raj

The basic concept of Panchayati Raj is that the villagers should think, decide and act for their own socio-economic interests. Thus Panchayati Raj Act is related to village self-governance, where the people in the form of an organization will think, decide and act for their collective interest. Self-government allows us to decide about ourselves without hampering others interest. Whenever we talk about collective benefit one point is clear that there is no conflict between the villagers’ collective interest on one side and societal and national interest on the other, rather they are complementary. Where the panchayats end their activities the state government takes them up.
The state government plays three major roles:

- To support the village Panchayats
- To co-ordinate the village Panchayats
- To ensure the implementation of this system.

Besides these, once the democratic institution in the villages and towns becomes strong, people’s representatives can express the problems of their constituency in a better way. This will help in policy determination in national interest. This plan for ‘Swaraj’ (Self-government) cannot be fulfilled only by making a new law. For the success of self-government self-reliance is a must. Self-reliance means: every village must produce according to its capacity and try to increase its capacity, which can be achieved in the following ways:

- By identifying economic and human resources of the Panchayat area,
- By estimating the capacity of these resources,
- By making decision for utilizing these resources,
- By formulating plans,
- By implementing plans,
- By evaluating plans.

Thus we find that self-governance is a concept which is the base for the success of democracy. And for self-governance Panchayati Raj System is a must.
Constitutional Status:

The 73rd Constitutional Amendment Act was passed in 1992 but became effective from 20th April, 1993 after being published in the Gazette of India. This was included as Part XI of the Constitution of India. The rights and duties of the Panchayats have been included in schedule XI of the Constitution. The Legislature of a state may, by law, make provisions for the three leveled system-village level, intermediate level and district level. The representatives are elected for 5 years by the electorate of a panchayat area.

Some seats in the panchayat shall be reserved for the Scheduled Castes, Scheduled Tribes and Women. The number of reserved seats for Schedules Castes and Scheduled Tribes will be proportionate to the ratio of population of SCs and STs to total population of the panchayat area. One third of the total seat will be reserved for women. It will include the reserved seats for SCs and STs.

Panchayats have two main responsibilities

■ To plan for economic development and social justice.
■ To implement these plans.

The legislature of the State may authorize a panchayat to levy, collect and appropriate taxes, tolls and fees. It may also provide the panchayat for making grants-in-aid to form the consolidated fund of the State. These funds can be used for implementing the plans.

During the decade of 1990, it was realized that without constitutional power, the self-government or Panchayati Raj could not be fruitful; therefore the Central Government passed the 73rd constitutional Amendment Acts of 1992, which became effective from
20th April 1993. The 73rd Amendment Act in the Schedule XI consists of 29 duties. The indicators which are taken from this schedule are

1. Agriculture, including agricultural extension.
2. Land improvement, implementation of land reforms, lands consolidation and soil conservation.
3. Minor irrigation, water management and watershed development.
4. Social forestry and farm forestry.
5. Minor forest produce.
6. Small scale industries including food-processing industries.
7. Khadi, village and cottage industries.
8. Rural housing.
10. Fuel and fodder.
11. Non-conventional energy sources.
12. Education including primary and secondary schools.
13. Health and sanitation, including hospitals, primary health centers and dispensaries.
14. Maintenance of community assets.

The basic concept of Panchayati Raj is that the villagers should think, decide and act for their own socio-economic interests. Thus, it is related to village self-governance, where the people in the form of an organization will think, decide and act for their collective interests. It has been also realized that panchayat can play effective role through drawing local people’s participation in sustainable harvesting and management of local resources. If financial and technical assistance is provided to them, they will certainly take positive initiatives in solving
local environmental problems. Agriculture, land improvement, forestry, tree planting, animal husbandry, village and cottage industries, drinking water, poverty alleviation programmes, health, sanitation, family welfare etc. are necessarily the concern of the village panchayats.

Existence and **working** of informal Institutions in Tamilnadu

Earlier in Tamilnadu sabhas were braminical villages administered by committees of Brahmins whose prescribed qualification included knowledge of the shasthras. They played an important role in local governance. The Cholas divided their empire to in convenient units for administration. Mandalam, kuram, nadu, pirur, sirur were some of the local administration units. There were two kinds of autonomous villages known to Chola times. One was the village exclusively inhabited by Brahmins and called a sabha and the other was either mixed village or a completely non-brahminical village. That was called an ur. The villages are divided in to wards known as kudumbum.

Representatives of kudumbum made up the assembly; several qualifications were prescribed for the membership of the committees. Qualification related to ownership of property, residence in the locality, age between 35 and 70 and knowledge of Vedas. If one had served previously in a committee during three preceding years it was a disqualification. Officials who had not submitted their accounts, sinners guilty of incest, theft, taking bribes etc; were disqualified from office. The names of the persons nominated for selection out of the eligible list were families decided among themselves, behind closed doors. Those who were not within this kin structure were excluded.
from the process and therefore did not have any say in the decision. Additional members of respectable standing are included in the structure of the panchayats to assist the nattars to fulfill the responsibilities.\(^8\)

Indian rural society had institutionalized inequality based on the caste system. Many of the marginal groups were excluded from the local institutions. The scheduled caste people were not part of these village institutions. But these groups had their own institutions of self governance; in general, in ancient Indian rural society every individual was a member of an institution functioning at the local level. His conduct was influenced and regulated directly and indirectly by the norms, traditions and rules of local institutions. Violations of norms rales and traditions were not permissible and individuals who violated them were punished and sometimes they were even excommunicated.

A critical concern of the nattanmai is respect thus the members of the village have to pay respect to the nattar and panchayats in different ways; by not carrying umbrellas, wearing chapels or sitting in his presence. Women cannot appear before him. He has to rank first in any community gathering. His words are law and failure to comply could result in punishments. Silence has to be maintained if he sits in judgement. The nattanmai comes under severe criticism because of increasing modernization and awareness. This hereditary structure increasingly perceived as authoritative and oppressive by modern viewers. Several criticisms were thrown against the structure. Human rights were violated; wherein people were beaten up and even imprisoned, as part of enforcing justice. Marking respect and meting out humiliation were corner stones of this system. Community finance
records were not transparent. Finally the nattanmayi did not pay attention to civic service and would not relate with the state administration to obtain this amenities. Modernisation has accelerated this transformation.

In some places the village was governed by two main bodies. One was the Oorsabhai (village assembly) and the other, the village executive committee. The former functioned as the general body of the village. It functioned as an instrument of direct democracy wherein the villagers directly took part in deliberations and decision making. The executive committee attended to the day to day functioning of the village. It consisted of representatives of different caste groups or different family groups of the village. It was not formed on the principle of equality.

The experiences of SNIRD and the traditional panchayat in Ramanathapuram district reveals that the formal institutions are largely governed by the pre-decided legal setup in the form of formal norms. Society for National Integration through Rural Development (SNIRD) supported the traditional leadership system to empower the community organization, enhance their advocacy capacities and restore the local governance of the ecosystem.

The experiences of SNIRD show that the newly created democratic bodies, which build on traditional leadership and administrative systems, are effective to enforce conservation of the ecosystem. Hence development policies should consider endogenous development interventions that not only involve the communities, but also their traditional leadership structures. Still, only re-enforcing traditional leadership systems is not enough.\(^4\)
The traditional panchayat in Ramanathapuram district takes the responsibility of Oomi management. Even after the formal panchayat came into existence; the management of Oomi continues to be by the traditional panchayat. There is no conflict between traditional and formal panchayats in the management of Oornies in Ramanathapuram district. But now people expect Government funds for the maintenance of Oomi. However, even now the moral authority of the traditional panchayat still holds in that in times of scarcity only, the traditional panchayat can regulate access to water from Oomi. It also helps in amicable settlement of many issues in the village. The traditional management of Oomi by the informal panchayat has ensured equitable distribution (access) of available water.

Until outside interventions were made, the villagers were self-reliant and sustained their resources. The governmental approaches were mostly top down in nature and did not involve people at any stage either in planning or implementation. The government understood the fact that technology and resources by itself cannot solve the problem.

Even though the formal panchayats were constitutionally entrusted with the responsibility of provision of drinking water, the importance of traditional panchayat has not been reduced. The introduction of the formal panchayat system has brought in the participation of women, which was otherwise not there in the traditional system. However, the formal panchayat also brought in the dependency on governmental funds for maintenance of Oomi, which was otherwise managed by the traditional panchayat with free labour. But the crucial element is that the moral authority to equitably ration the available water still rests with the traditional panchayat.
The distorted policies, breakdown of traditional social institutions and lack of alternative institutions are responsible for the degradation of the commons. Similarly breakdown of village level social institutions led to degradation of common lands, irrigation tanks and village forests, etc. In the land management sector, due to the involvement of the private and common ownership patterns, it is necessary to evolve or think of a mix that blends the formal and informal institutions.

Owing to various factors, such as rural urban migration within and out of the country, globalization, emergence of newly moneyed classes, and emergence of modern democratic and bureaucratic institutions have weakened the traditional structures to varied degrees depending on the ethnic groups and the area they live in.

Official and traditional leaders play key roles in the political, social, and religious and welfare activities of the village, while shaping the networks within the community and between the community and the outside world. The nature and quality of leadership in the community determines the level and quality of development in the village.  

Informal institutions are expected to bring about changes and improvement in the village and among the people. If they get an opportunity to work positively along with the formal institutions a real difference can be made by these institutions by taking an active role in the development process.
References


