

Abstract of Doctoral Dissertation

**Institutional Changes and Social Justice
in South-West-M.P.***

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POPULATION EXPLOSION, GROWING unemployment and economic inequality with the resultant concentration of wealth and economic power and a large number of people below poverty line are some of the problems that have infested in India since independence. All this has aggravated social injustice, present in Indian society for ages.

Needless to say, economic reforms are the need of the hour in developing countries, whose people are subject to economic and social disparities. There is general agreement that economic reform is possible by effective, efficient and adequate institutional factors alone. With this assumption various Governments in the underdeveloped world have launched several institutional programmes to implement certain economic measures. In fact, land reforms, local government systems, community development in a number of programmes etc have been introduced in many countries. With a view to ensure the attainment of certain social and economic objectives like realisation of social values, spirit of cooperation, enthusiasm for work, self-help, qualities of leadership and providing capital for economic development of depressed section of the population.

A Institutional factors have multi sided effect in the process of economic growth. Institutionalists like Veblen, Mitchell, Commons, Hobson and Pigou are of the opinion and believe strongly that the institutional factors motivate all economic activities. (1) They bring about desirable group behavior, develop the collective mind and social heritage, habits, customs, patterns and social and economic arrangements which are the outcome of social heritage, coupled with the environment. In short, they govern economic life. They are a working consensus of human thought or habit that would certainly promote economic growth with social justice.

The objective of social justice has two major dimensions. The first dimension is an improvement in living standards of the poorest groups in the

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society and the second is the reduction in inequalities in assets with direct attack on poverty. More indirect fiscal measures have been used to pursue these ends.

Madhya Pradesh, one of the twenty two states of the Indian Republic is recognised as consisting of three natural regions i.e. Central High hands, Satpura Maikal Range and Malwa Plateau region. Madhya Pradesh has an area of 4,43,446 sq. km and a population of about 66,135,862 (1991 census). Area wise it is the largest state of the country. The district selected for the study in this region are Indore, Dhar, Jhabua, Khargone and Khandwa. Among the five districts, it has been observed that Indore is the biggest district. The people of this region have great scope for development because of the availability of mineral resources and large cultivable area. In fact, they are placed in an advantageous position because though they account for only 1/3rd of the State population. The cultivable land of the region accounts for roughly half of the state total. Among the five districts, Indore has experienced a higher growth rate of 37.46% and Jhabua experienced the lowest growth rate of 19.07% (1991 census). Jhabua which is a tribal district, experienced an increase in rural population of 41.53% as compared to 1971-1981. Here, it is interesting to note that the population of scheduled tribes in Madhya Pradesh is 22.97% which is high compared to India's average i.e. 7.76%. Among the five districts Indore has the highest percentage of scheduled castes i.e. 15.03% and Jhabua district has the lowest percentage i.e. 3.27% but the highest percentage of scheduled tribes i.e. 83.48%. Though the percentage of literacy in Madhya Pradesh is lowest in India, Indore recorded the highest literacy rate i.e. 55.43% while Jhabua recorded the lowest i.e. 14.16% (1991 census). When we consider the pattern of earning livelihood and the percentage of agricultural laborers, household industries have slightly decreased due to the increased percentage of workers in other activities such as construction, trade and commerce etc.

The state of agriculture in this region makes it backward. The contribution of the agricultural sector to the regional income is considerably low. This is mainly attributed to the lower rate of income, per acre of net area sown. Despite favorable factors such as increasing land-labour ratio in terms of net area sown per workers increasing capital labour ratio and recognised institutional factors, the region remains backward.

Special importance has been attached to institutional changes for developing the rural economy. After the formation of Madhya Pradesh many institutional changes have taken place in the development of rural economy in various aspects. Among the important institutional factors are the land-reforms which have brought structural changes especially in the landman relationship in the entire state. In the first place, owing to the abolition of intermediary tenures such as Jamindari, Jagirs etc., the entire state was released of vested interests and the entire land tenure was brought under the Ryotiwari system. Secondly, Tenancy reforms created a new class called protected tenants and sanctioned its heritable rights, subject to certain conditions. Thirdly, due to ceiling laws on holdings, the standard holding stops at 10 acres.

The laws have facilitated distribution of surplus land to the landless poor and weaker sections in addition to sanctions for house sites. But the scheme of consolidation of holdings was a failure and suffered owing to the non-cooperation of the ryots who were lethargic and not willing to part with their land in favour of other land.

Though Panchayati Raj institution were in existence since time immemorial, the statutory three tier system came into existence after the recommendations of the Balwant Rai Mehta's Committee. In Madhya Pradesh it came into existence on 7th October - 1981, as a means of economic and political decentralization. According to Mr. U.C. Ghildyal "The Panchyati Raj system has certain objective such as releasing and utilising local initiative, resources and leadership building up citizenship awareness and participation for national development in economic, social and political fields, facilitating the transition of an archaic folk society to modernity" (2) Another aim of Panchayati Raj institution is to promote women welfare "Women being the part and parcel of our society. Their welfare has been recognised as a step towards equality in society and a means of realising the development goals of women". (3) In Madhya Pradesh, with the help of UNICEF, efforts are going made to bring women members in Panchayat to play a leading role and for that special training institutes have been established at 24 places to provide training to women. For the welfare of handicapped people, education and training institutes have been opened in various cities of Madhya Pradesh. The function of these rural bodies is confined to a certain level because they are to be financed partly through the people's own resources. According to G. Rama Reddy and Seshadari" the impediments inherent in Panchayati Raj institution are temporary and social in nature. Factions, corruptions and hunger for power have been the main harmful effects of Panchayati Raj. (4) Clearly see in routine matter's are the inter and intra group rivalries such as the transfer of school teacher. Consequently, groupism poor administration, coupled with the innocence of people are found to damage Nehru's dream of a dynamic role of Panchyats in solving the economic problems of the villages. Some people bitterly criticised Panchayati Raj for not dispensing social justice which would have resulted in the up-liftment of the weaker and down rodden sections of the society. A serious defect of Panchayati Raj is its system of election. In the first place, many evil practices like abduction of voters, purchasing of votes etc. have assumed alarming proportions. Secondly, the formation and domination of cliques based on caste and other unhealthy considerations have been made possible. Moreover, Panchayati Raj system have a very weak economic base as it is allowed to collect only a few taxes, collection which is risky and uneconomic, and give rise to inefficiency and complaints. With no economic base, Panchayati Raj system is perceived as an economic liability unless enough economic support is provided, the whole system may be weakened further.

The obstacles associated with Panchayats do cause temporary adverse effects upon the growth of rural economy. However, they can not be judged

as permanent impediments. They can be neutralized by proper education and guidance to village people and streamlining the administration. Accordingly, M.P. Government has amended the Gram Panchayat and Panchayat Samithi act to develop this institution into both Social and Economic assets, by providing them strong economic and administrative bases commensurate with the needs of the society. Development of cooperative movement has also brought about significant economic and social progress in life “Economic decentralization and Social justice are the twin objectives of the cooperative movement” (5) Cooperatives being the gross root organisations can provide institutional mechanism for economic growth based on the participation of members in the process of development and management. The Madhya Pradesh cooperative societies act was passed in 1960, with the progressive shift in emphasis to developmental finance. This institution has aided both in improving the productivity of land on the basis of new technology and improving productive efficiency of all sections of the people. The establishment of the cooperative banks for farmers and various schemes initiated by the Government and other institutions made lands available to farmers and poor people of rural areas for boosting the agricultural production.

It has been observed that cooperatives were unable to cope with the demand in agricultural credit. This has resulted in competition among borrowers, consequently persons, who have influence and a certain level of attachment with group issues and certain caste groups, received loans. It can be noted that persons belonging to certain groups or background were benefited most by cooperatives. Besides this is a certain, degree of innocence and illiteracy also adversely affected those farmers who were needy and also eligible for procuring loans.

However, obstacles are temporary and can be overcome by streamlining the administration, educating the people and allotting sufficient amount to cooperatives. Since, the present climate is appropriate to think, plan and act positively about cooperative playing a dynamic role in changing villagers, some suggestions are offered here.

- a. To achieve maximum development in village, the cooperative system should be confined to a certain geographical area with representation from all sections of the village community.
- b. There must be a paid Manager and good Management by the board of Directors and facilities should be within the reach of all people who wish to avail to assistance from the cooperative society.
- c. There should not be any delay in debt clearance, and members should learn to repay debts promptly.
- d. Cooperative should be self reliance, then only they will be capable of meeting the present and emerging needs of the village people.

In Madhya Pradesh, rural industrialization as an integrated process of area development got crystallized gradually under the successive five year

plans. According to O.P.Jain “Rural industrialisation is a process of involvement of industries in the development of an area and also of participation by area factors and agents in the growth of industries”. (6) In terms of employment potential, the traditional rural industries such as handlooms, handicrafts, have greater potential than modern rural industries. Moreover, traditional industries have an established base in almost all the villages as opposed to modern industries. But, this potential has not exploited much as rural industries workers form only 1% of the total population.

Institutional impediments are clearly great. It is known that finance, technical and managerial know-how, and up-to-date literature are not sufficient and people in rural areas are also not aware of these institutional supports. It has also been found that rural industries face institutional impediments such as influential middle man, red tapism, corruption and lack of awareness among rural entrepreneurs. Main inhibiting factors were observed as follows

- 1) Absence of ideal strategy;
- 2) Lack of adequate infrastructural facility;
- 3) Lack of overall approach to optional utilization of resource;
- 4) Lack of proper linkage of rural industries and agriculture;
- 5) Imbalance in regional developments;
- 6) Ignoring of phased transitions;
- 7) Lack of sufficient financial assistance;
- 8) Lack of coordinators between various institutions and
- 9) Poor marketing strategy.

Since, capital formation reflects on the growth of rural economy, it has been discussed in the light of institutional factors. It has been found that institutions such as cooperatives, Panchayati Raj etc are most preferred in assisting capital formation. However, in a broader sense, government policy which is the main source of all institutional work, should function efficiently in assisting the constituents of capital formation such as loan assistance, capital-output ratio, utilization of existing capital use of labour, private entrepreneurship, adoption of technology etc.

Institutional factors, available in rural economy and their rate of growth have assumed considerable importance in recent years. But the main weakness of these institutions is the excessive dependence on government revenues as a source of credit capital and too little farmer’s saving on stock or bond purchases. According to Waheebudin Khan” as a result only a few institutional system have been able to accelerate the growth factors that would be required to assist not only modern agriculture, but also aspects of rural economy”.

(7) It is obvious institutional factors have scope in developing the rural economy if they are strengthened and mobilised in the right direction. Both the state and central government, the main institutional sources, have been confident of local institutions in developing the rural economy and in strengthening it. The Government of M.P. has started several programmes to raise the standard of living of poor people and opportunities for employment,

so as to provide social justice to them. The financial help and technological guidance provided by different governmental and semi-governmental institution have been important factors in reducing poverty, social evils and proxicing such institutions in many fields the developmental trend would continue and further evolve. Furthermore “The social cultural attitudes of the people should be changed to bring social justice in the country. (8) Which would result in the fulfillment of Nehru’s dream.