
**LINKAGE OF TRADITIONAL INSTITUTIONS WITH A COMMUNITY
BASED DEVELOPMENT PROJECT FOR SUSTAINABLE ECONOMIC
DEVELOPMENT IN NAGALAND**

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ABSTRACT

Nagaland is a diverse state with 16 major tribes, each having their own distinctive dialect, customs and traditions and even the system of governance. So it is rightly called the “Land of festivals”. Since time immemorial, Naga villages have strong local institutions (Village council and Village Development Board) that look after the entire affairs of the village starting from the administration, settling disputes, development efforts in the village. Every village has a Village Development Board (VDB) answerable to the Village Council (VC). The Government of Nagaland enacted the “Village Council Act of 1967” through which every recognized village now has a village council. The first ever externally-aided project in Nagaland- Nagaland Empowerment of people through Economic Development (NEPED), began in 2001, focused on revolving fund, market linkages, capacity building and cultivation of cash crops. The series of activities aimed at improving people’s economic stature while utilizing their resources in a sustainable manner. The dominant component of the project is to put in place a revolving credit system at the grassroots level through which the farmers can implement agro forestry schemes for their economic development and thus attain a measure of empowerment. Here the VCs/VDBs are built up and made to function as grass-root level credit institutions, operating the credit mechanism. The present study was conducted in three districts of Nagaland. Farmers avail loans to grow environment-friendly cash crops within their traditional agriculture cycle. Thus the findings revealed that this had a positive effect on the economy, lifestyle and livelihood of the farmers. This output is therefore, the major component of the project.

Keywords: Village council, Village Development Board, Traditional institutions

INTRODUCTION

India's Northeastern region has always been unique, rich in human diversity of tribes, culture, traditions, customary laws and biological wealth. Unlike in other parts of India where the vast majority of land and forest are under the control of the Government, in the Northeast, it has been vested with the communities and autonomous district councils.

The objective of the present study was to assess the effectiveness of the programme in relation to traditional institutions. The Naga tribal customs and traditions are diverse and governance varies from tribe to tribe. Some tribes have autocratic system where chieftains enjoy hereditary status, while others have a more democratic arrangement. For example, there is the autocratic system of the konyak tribe where there are 'commoners' and the powerful Chiefs (Anghs) or the hereditary chieftainship system of the Sema tribe where the chief's words are considered law. Then there is the kind of "Republican" system of governance of the Ao tribe where the citizens of the village have an active role in the affairs of governance, and the government is not headed by a hereditary ruler such as a king or chief but by a council of elders representing the clans and family groups in the village. There also is the 'extreme democratic' system of governance of the Angami tribe where the search for consensus was the norm. In almost all the forms of governance the concept of decision making or appointment through adult franchise was unknown. Based on these traditional backgrounds, the Government of Nagaland enacted the "Village Council Act of 1967" through which every recognized village now has a village council.

The village being an independent democratic republic had its own governance systems and laws. Given that such functional traditional systems existed in each Naga village, the Government built upon it and enacted the Nagaland Village and Area councils Act 1978 to give it legitimacy and recognition as a local self governance institute. Every recognized village in Nagaland is required to have a Village Council (VC) with members chosen by villagers in accordance with the prevailing customary practices and usages and as approved by the State Government. The Village Council and the Village Development Board are the main traditional institutions that look after the overall needs and developmental activities of the village within their jurisdiction. The Village Council is the supreme body in the village and Village Development Boards are answerable to them. The VDBs are the basis of Panchayati Raj system in the country.

Hereditary village chiefs, Anghs and Gaonburas (GBs) as per usage and customary practices of the community are to be ex-officio members with voting rights of the village council. Its members consist of representatives selected from various clans and sub-clans in the village. The primary responsibility of the traditional institutions are to administer the law and order within the village, and coordinate with other villages.

Like farmers the world over, shifting cultivators of Nagaland are constantly modifying and innovating upon their traditional farming practices to improve their livelihood and to generate higher incomes. Despite this growing awareness, farmers are however reluctant to cultivate cash crop due to the lack of marketing linkages, absence of marketing organizations, storage facilities and poor transportation which negatively impact upon the sale of their products. Another issue is the lack of access to seed capital to invest in resource-intensive cash crop farming.

To enable farmers to cultivate cash crops and address the challenges, the Nagaland Empowerment of People through Economic Development (NEPED) project, with support from India-Canada Environment facility (ICEF) launched a programme on micro-credit operations. The primary focus of the project was to build the capacity of the traditional institutions in handling micro credit and also build the trust of the villagers on them. A grand experiment was started in April 2001 in 105 villages across Nagaland.

The programme was considered a grand experiment because Government-sponsored programmes on rural micro credit had previously never succeeded in Nagaland. This is because people previously relied on Government subsidies and grant-in-aids. They never considered paying back loans and often the Government ended up absorbing the loss. But this project was implemented and monitored under the strict supervision of NEPED officials with penalty for loan defaulters.

Powers and functions of village council:

1. To formulate village development schemes, to supervise proper maintenance of water supply, roads, forests, education and other welfare activities.
2. To help various Government agencies in carrying out development works in the village.
3. To take development works on its own initiative or on request by the Government.
4. To borrow money from the Government, banks or financial institutions for application in the development and welfare work of the village and to repay the same with or without interest.
5. To apply for and receive grant-in-aid, donations, subsidies from the Government or any agencies.
6. To provide security for due repayment of loan received by any permanent resident of the village from the Government, banks or financial institutions.
7. To lend money from its funds to deserving permanent residents of the village and to obtain repayment thereof with or without interest.

8. To realize registration fee for each litigation within its jurisdiction.
9. To constitute Village Development Board
10. Power to do certain acts on the event of epidemic. On the outbreak of an epidemic or infectious disease village council shall initiate all preventive measures.

Role of village development boards (vdbs):

Every recognized village has a Village Development Board. The VDBs function under the supervision of village council. The Village Development Boards are involved in all phases of developmental activities as a part of their responsibilities. These include receipt of allocation of funds, selection of beneficiaries or schemes, monitoring of progress of works and expenditure and completion of schemes.

The Village Development Boards are supposed to be the main grassroots authority through which devolution of power, decentralized planning and development are to be implemented. The VDBs receive annual financial allocations from the state through the Department of Rural Development. VDBs also have fixed deposits in banks against which villagers can obtain loans for development activities.

Statement of the problem:

Shifting cultivation is sustainable when the cropping period is not too long and the fallow period is long enough. This condition is no longer possible in many villages of Nagaland because of the growing population at an alarming rate and putting pressure on land.

The first phase of NEPED or NEPED –I begun in 1995 and successfully culminated in June 2000. The activities during this period largely concentrated on tree plantations in the farmer's jhum field in 854 villages and spread the message of the advantages of planting trees in the jhum fields. A high level external review team certified the success of NEPED-I but observed that tree plantation might not have a lasting impact, unless the problems of finding sustainable alternative source of income were addressed.

A clear felt need of the farmers in the rural villages was to engage in activities related to additional farming system over and above subsistence jhum farming that is market oriented agriculture. Thus NEPED-II was formulated. Providing corpus fund to the village council for on-ward loaning to the farmers at minimal interest, formed the major component. The farmers, in turn used the loan for integrating cash crop cultivation along with the growing trees planted during the NEPED-I.

NEPED-II which began in 2001 focused on revolving fund, market linkages, capacity building and cultivation of cash crops. The series of activities aimed at improving people's economic stature while utilizing their resources in a sustainable manner. Strengthening local capacities and empowering the existing Village Development Boards (VDBs) and Village Councils (VCs) were an integral part of the NEPED project. The dominant component of the project is to put in place a revolving credit system at the grassroots level through which the farmers can implement agro forestry schemes for their economic development and thus attain a measure of empowerment and also to wean the people away from the money lenders. This output is therefore, the major component of the project.

Project activities and interventions have always been done together with the local village institutions. These institutions not only provide legitimacy to the project but also facilitated monitoring and conflict resolution. In return, village institutions were able to familiarise themselves with project planning and management, developed new skills, gained knowledge and adapted new work cultures. The fact that the local institutions (VCs/VDBs) have been in existence for ages and has been a powerful system of governance, the villagers has tremendous faith on its judgments and functions. Keeping this in mind, the project kept a special focus on traditional institutions for its capacity building to make it more effective in implementing developmental activities.

Building upon existing village institutions, the project initiated capacity-building of the VCs/VDBs to be managers and facilitators of grassroot-level credit institutions. This would ensure that the borrowers (loanees) utilised the loan funds for agro-based activities only and not for any other purpose. In villages, only the traditional lending system existed, i.e. the lenders lend money at 5%-10% interest per month. The idea of micro credit was in the form of the revolving fund was introduced as a way to wean people away from a subsidy culture and to induce agricultural activities such as the cultivation of cash crops under the trees. He/she only need to apply to the village council to secure loan stating the type of activity for which loan is sought.

Empowering village functionaries:

The state of Nagaland is well known for evolving the concept of Village Development Boards (VDBs) which were established in 1977 under an Act of the state Assembly. The VDBs, like panchayats in the other states of India, are village-level administrative bodies representing the state government. The VCs have been vested with the final authority to decide on projects which they intend to undertake in a particular year.

Most VCs and VDBs members indicated that although the NEPED project provided a small amount of funding, it is a very important project for them. They said that it is the only project which received many supervision visits and much technical support. A “corpus fund” was initiated to be used as a revolving fund in the villages of which not less than 25% was reserved for women. The fund was rotated as a loan with interest among the community members and controlled by the Village Council(VC) and Village Development Board (VDB). The rural micro credit mechanism developed by the project is unique in many ways as it is very strongly linked to traditional organisations like the village councils and to quasi-government agencies like the VDBs. The fact that these local institutions are maintaining and regulating the micro credit processes is very important. The capacity building and empowerment of the local institutions were carried out through trainings, exposure trips, study tours, workshops and seminars.

The Village Council and Village Development Board play the following important role in NEPED project:

- Operating the credit mechanism
- Assessing the credit need of the participating farmers
- Deciding upon the modalities of disbursing the credit
- Ensuring and monitoring the repayment of loans
- Revolving the credit and expanding the numbers of the villagers seeking credit support
- Ensuring that not less than 25% of the revolving fund is given to women
- Advising that 10% of the revolving fund to be given to the poorest of the poor
- Interest levels is determined by the community (ranges from 5%-10%) and regulated by them
- Mortgage and collateral is a part of the system

The project is highly decentralised where the village councils/Village Development Board are the actual implementers. The fund is supervised by village council members and managed by Village Development Board Secretary or NEPED committee.

Revolving fund and traditional institutions in NEPED: how it worked:

In order to have uniform operational norms in every project village, the following guidelines were provided:

1. Each VDB adopted by the project opens a separate bank account, jointly operated by the village council chairman (VCC), the VDB secretary and the administrative head, i.e the Deputy commissioner(DC)/Additional Deputy commissioner(ADC) or the Sub-divisional Officer(SDO), as the case maybe.
2. Government employees are not given preferences over regular residents of the village.
3. The selection of beneficiaries is done through public meetings in the presence of project members. The project members remain observers during the entire process of selection.
4. In a general meeting, all members are informed of the prevailing rates of interest (5%-10%), mode of repayment and the crop menu.
5. The VC/VDB calls for loan applications from individual farmers, groups and self-help groups(SHG) from within the village.
6. The VC and VDB ascertain and scrutinize each loan application ensuring equal opportunity for all ethnic groups (khels, clans, etc). Gender, reliability and integrity of the loanee are also assessed as well as whether the collateral proposed by the loanee commensurates with the loan amount being applied for.
7. The POU certify and endorse the final list of beneficiaries to the administrative head such as DC, ADC and SDO of the district/sub-division. This certification provides assurance that the selection has been fairly and transparently done and that withdrawal of fund can be arranged.
8. The selected beneficiaries register their respective collateral with the village functionaries (VC/VDB).
9. The approved loan amount is paid through a cheque signed by both the VDB secretary and the Village Council chairman.
10. Loans are to be utilised for the purpose for which it has been applied for. In order to keep a check on this, the VDBs maintain vigilance over the activities of the beneficiaries through monthly meetings with them and occasional field verification and keep the beneficiaries informed of the repayment schedule.
11. The VCs assist the VDB to ensure that the beneficiaries repay the loan within the specified period. When a considerable amount has accumulated, these loan recoveries are deposited into the village NEPED account. The recovered revolving fund amount is recycled to the new loanees, following the usual norms and procedures. Thus, the VDBs have revolved the credit to meet the needs of expanding numbers of the village community seeking credit support.
12. In order to minimise the numbers of loan defaulters and to encourage timely recovery, VDBs conduct monthly meeting with all borrowers of the village to ascertain the progress of work and to ensure that the loan is being used for the purpose for which it was taken.

13. The VDBs can impose fines against those loanees who fail to attend the monthly meetings without proper justification. After expiry of the grace period, VC/VDBs can take stringent action against loan defaulters and can even seize the items mortgaged.

RESEARCH METHODOLOGY

The primary objective of the present study was to find out how the traditional institutions had been utilized to bring sustainable development through community based development project in Nagaland. The study was conducted in three districts of Nagaland-Dimapur, Mokokchung and Phek.

Dimapur, being the gateway of the state has easy access to communication, transportation and infrastructures needed for any developmental activities. The state's only railway station and airport are located in the district. So based on its convenience and easy availability of resources for the research work, Dimapur was selected as one of the study area.

Mokokchung, one of the fast developing district of Nagaland and the cultural centre of the Ao tribe. The Aos are considered the forward tribe of all the tribes among the Nagas. NEPED has been quiet successful in implementing its activities in Mokokchung.

Phek, regarded as a backward district, lacking behind from other districts in many areas mainly because of poor transportation and communication, but yet the people are known for being hardworking, needs special focus and policy intervention to tap its vast unexplored resources. For the present study, Phek was selected as one of the study area to determine how much NEPED has succeeded in improving the economic status of the people in this backward area.

The primary datas were collected directly from the selected respondents with the help of the structured schedule, by employing personal interview method. The secondary datas were collected from the records of NEPED office and their various publications. A total of 280 respondents were selected altogether randomly from the three districts.

RESULTS AND DISCUSSIONS

The VCs/VDBs were empowered from operating the credit mechanism to seize the mortgaged items of defaulting farmers. The respondents were interviewed on how they feel about the performance of the traditional institutions on the work assigned to them by NEPED.

Table 1: Distribution of respondents on the basis of the effectiveness of the Traditional Institution in NEPED

SL.NO	FEATURES	DISTRICTS			OVERALL
		PHEK	DIMAPUR	MKG	
1	ARE YOU AWARE ABOUT THE ROLE OF V.C IN THE PROGRAMME	60 (100)	180(100)	40(100)	280(100)
2	DO YOU FEEL THAT THE V.C's NEED TO BE INVOLVED IN NEPED	53 (88.3)	165(91.7)	33(82.5)	251(89.6)
3	ARE YOU HAPPY ABOUT THE INVOLVEMENT OF V.C IN NEPED	60(100)	180(100)	40(100)	280(100)
4	DO YOU FEEL THAT THE BENEFICIARIES ARE CHOSEN FAIRLY BY THE V.C	60(100)	180(100)	40(100)	280(100)
5	DO YOU FEEL THAT THE V.C's ARE CARRYING OUT THEIR WORK AS PER THE NORMS	60(100)	180(100)	40(100)	280(100)
6	DO YOU FEEL THAT THE V.Cs ROLE IN NEPED NEEDS TO BE IMPROVED	6(10)	17(9.4)	6(15)	29(10.4)
7	ARE THE V.Cs TRANSPARENT IN THEIR ACTIVITIES	60(100)	180(100)	40(100)	280(100)
8	ARE YOU SATISFIED BY	60(100)	180(100)	40(100)	280(100)

	THE WORK DONE BY V.C				
9	ARE THEIR PROPER CO-ORDINATION BETWEEN V.Cs AND THE BENEFICIARIES	55(91.7)	163(90.5)	36(90)	254(90.7)

Figures in parentheses indicate percentage

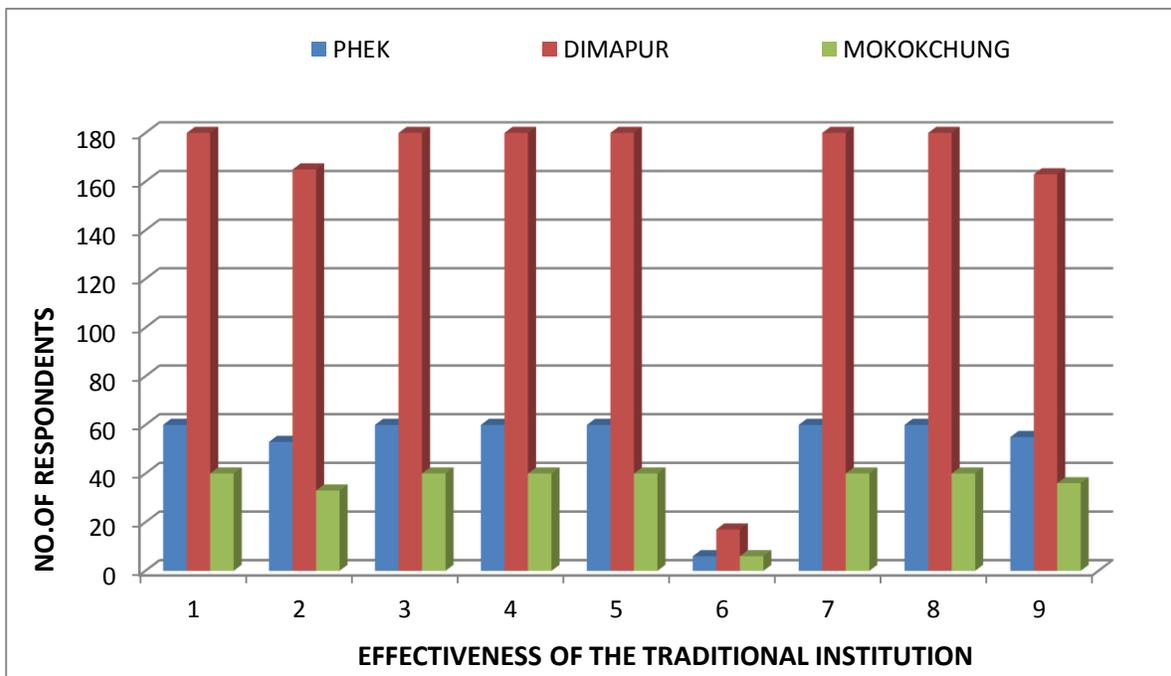


Figure 1: Distribution of respondents on the basis of the effectiveness of the Traditional Institution in NEPED

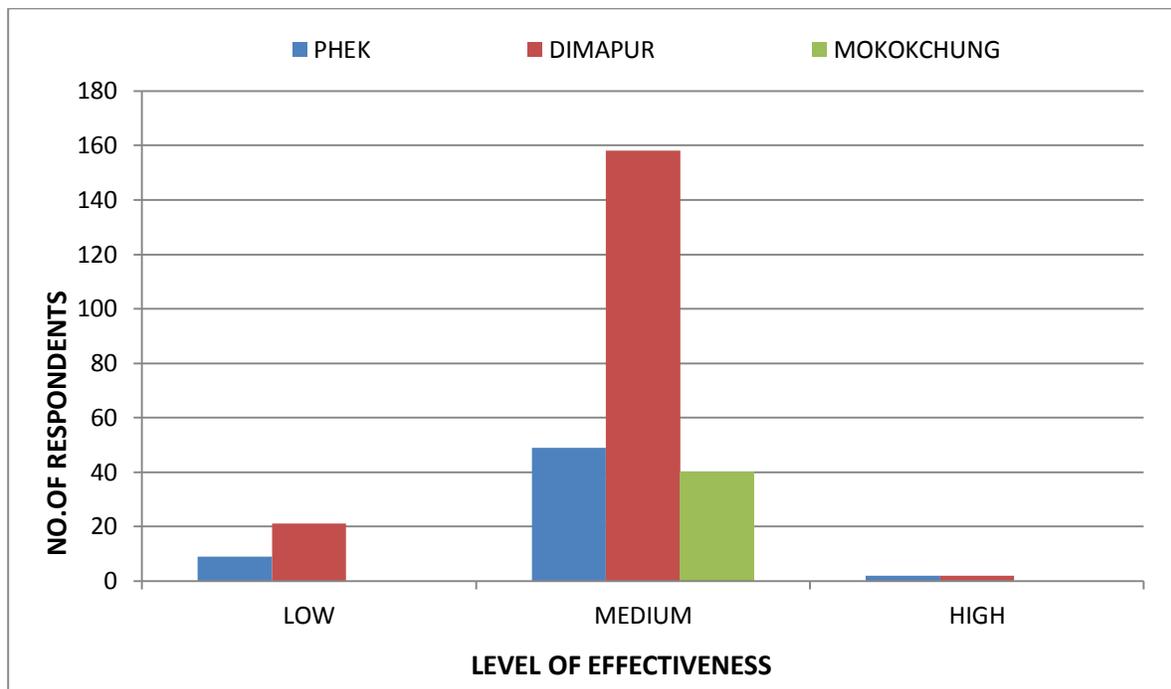


Figure 2: Level of effectiveness of the traditional institution

Table 1 shows the frequency and percentage of the views of the respondents on the performance of VCs/VDBs in NEPED.

From the above given table, we can make out that the VCs/VDBs are performing their duties quite remarkably. In all the three districts, the respondents were 100 percent aware of the role of VCs/VDBs in the project and this is a very important factor for ensuring and maintaining transparency in the project. The VC/VDB is made to adopt various means to keep the farmers informed through announcements in church services and village public meetings. During the course of the project, NEPED observed that there has been a perceptible increased in the level of understanding about the project by the people.

When asked about the need for the involvement of VCs/VDBs in the project, majority (88.3%) of the respondents in Phek were in high agreement, as well as in Dimapur (91.7%) and Mokokchung (82.5%). Overall, 89.6 percent of the respondents felt that it was necessary for the involvement of the VCs/VDBs in the project and felt that the VCs/VDBs were the catalyst in the success of the project and had bridged the gap between the villagers and the NEPED officials and the people had tremendous faith on them. The rest did not felt the need for the involvement of VCs/VDBs in the project. It might be because they have a great amount of faith in NEPED officials and felt that it would be better to have a direct contact with them and carry out the

activities. But at the same time they were also not against the involvement of VCs/ VDBs in the project.

All the respondents (100%) in three districts were happy about the involvement of VCs/VDBs in the project as the people of Nagaland place outmost respect and trust on traditional institutions.

The respondents (100%) in all the three districts felt that the beneficiaries had been fairly chosen by the VCs/VDBs and 100 per cent of them were of the view that the VCs and VDBs have carried out their work as per the norms. The POU had attended the organised public meeting to observe and guide in the beneficiaries selection proceedings of the VC/VDB to ensure that the selection had been done publicly and transparently.

Very few respondents felt that the VCs/VDBs role in NEPED needs to be improved as can be seen with 10 percent in Phek, 9.4 percent in Dimapur and 15 percent in Mokokchung. Overall, only 10.4 percent of the respondents felt the need for the improvement or modification of the role of VCs/ VDBs in the project as they felt that they should be given full authority and flexibility in deciding the credit limit as per the requirement per respondent and not as per the credit limit laid out by NEPED. It shows that the respondents were very much satisfied with the work done by the VCs/VDBs and were of the opinion that without the VCs/VDBs the project would not have worked as the villagers are generally very suspicious and need some motivating factors in winning their trust.

The respondents were 100 percent of the view that the VCs/VDBs were transparent in carrying out the work. While monitoring the activities of the project, focus is placed on transparency. The most important consideration of the project is to ensure transparency in the selection of beneficiaries, disbursement of loans and the recovery schedules. The VCs/VDBs are taught to take absolute care to maintain transparency while assessing the credit need of the farmers applying for loan.

All (100%) the respondents from the three districts were satisfied by the work done by the VCs/VDBs. Success of revolving fund mechanism depends greatly on the managerial skills, transparency, efficiency, sincerity and honesty of village leaders. Many villages performed well because VCs/VDBs possessed these qualities.

91.7 percent of the respondents from Phek, 90.5 percent from Dimapur and 90 percent from Mokokchung felt that there was a proper co-ordination between the VCs/VDBs and the beneficiaries. Overall, 90.7 percent of the respondents were of the view that there was a proper co-ordination between the VCs/VDBs and the beneficiaries and this is quite commendable because in many development project, co-ordination between the beneficiaries and the agencies involved becomes a hindrance. While working in a community, the agencies and the individuals

involved often does not get the co-operation of the target group and often the programme becomes a failure but in the case of NEPED, the VCs/VDBs had worked in close association with the beneficiaries and the NEPED officials without any misunderstandings and .The credit for this goes to the NEPED for strengthening and building the capacities of the VCs/VDBs and also the VCs/VDBs for maintaining complete transparency in the selection of beneficiaries, disbursement of loans and recovery schedules without any biasness.

TABLE 2: LEVEL OF EFFECTIVENESS

SL.NO	LEVEL	RANGE	FREQUENCY	PERCENTAGE
1	LOW	UPTO 6.81	0	0
2	MEDIUM	6.81 – 9.79	280	100
3	HIGH	Above 9.79	0	0

M=8.30, S.D=1.49

Table 2 showed that the traditional institutions had medium level of effectiveness in implementing /carrying out the work assigned to them. This is quite an achievement because it is not an easy task to manage and carry out such an activity because though the traditional institutions are often an integral part of any developmental activity they are never given the whole responsibility. So handling an activity single-handedly for a community is a big achievement on the part of the VCs/VDBs.

CONCLUSION

Villagers felt that the micro credit revolving fund was very beneficial to the poor and farmers who wanted to venture into cash crop cultivation. Revolving fund has changed the cropping system from subsistence farming to cash crop, thus improving the individual and the village economy. It has also changed the mindset of the people from subsidy-oriented to developing a repayment habit. The rural micro credit mechanism has been uniquely developed by the project as it is directly linked to the traditional institutions. Strengthening and enhancing the local capacities and empowering the existing VDBs and VCs were central to the project and had been quite successful. The village institutions had become familiarised with project planning and management, developed new skills, gained knowledge and adapted new work cultures. It was observed that the introduction of the revolving fund concept to the project villages was timely and also met the felt need of the farmers because corpus fund for securing loans was brought at their doorstep.

Before the project, farmers accessed loans from banks at individual capacities and often used to default in payment. This adversely impacted on the record of Naga farmers as unreliable

creditors. The success of the rural micro credit mechanism in the state, with almost 100% repayment rates, has impressed financial and banking institutions to review their policy on Nagaland. The credit for this goes to the traditional institutions and at same time the traditional institutions had progressed and succeeded so much and no other project had empowered and developed the traditional institutions as NEPED had done with it. No other project in Nagaland has given such immense power to the traditional institutions as the project has been highly decentralized where the village councils/village development boards were the actual implementers. The success of the revolving fund mechanism depended on the transparency, efficiency, honesty of the traditional institutions and the trust and capacity building by the project on them. The combined effort of these qualities have made it successful and has set a good example to the other development programme.

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