Caste, Politics and Public Good Distribution in India: Evidence from NREGS in Andhra Pradesh

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This paper attempts to measure the effect of caste-reservation policies on the provision of public goods and services in gram panchayats in Andhra Pradesh using data from the National Rural Employment Guarantee Scheme. The investigation finds that the effect of reservation varies tremendously in different social, political, and institutional contexts, shedding light on the conflicting results of similar studies. It provides important lessons for future research and policy about the caste-political conditions in which reservation can produce positive or perverse results.

The panchayat reforms of 1993 engendered a socio-political revolution in India, deepening democracy to a local layer below the central and state legislatures. Panchayats were touted as a way to jumpstart grass-roots development and bring rapid political empowerment through regular elections and reservation for women and marginalised castes. These twin mandates are sometime at odds, however. Many argue that the lack of technical expertise makes panchayats ill-suited to play a development role. Others contend that democratic representation is the only way to build a broad consensus on local development priorities (Johnson 2003). This tension is manifest in the way that different states have alternatively empowered panchayats and worked to subordinate them to the local bureaucracy.

One of the key talking points of this debate is reservation – anathema to one side that would rather see the professional bureaucracy in charge, and an end in itself for the other side that welcomes the empowerment of previously disenfranchised groups. It becomes vital then for the researcher to understand how reservations can affect the functioning of panchayats, and in doing so elucidate what is truly at stake for both sides of the argument.

There is a surprisingly raucous academic debate surrounding the effects of reservation in panchayati raj (PR) institutions. Chattopadhyay and Dufló (2003) find that in Rajasthan and West Bengal, reservations for women and marginalised castes do indeed drive changes in both the kinds of goods and services the panchayat provides as well as the caste communities to which benefits accrue. Other research by Besley et al 2004; Besley, Pande and Rao 2007 and Palaniswamy and Krishnan 2008, confirm these findings. More recently however, Dunning and Nilekani (2009) and Johnson (2009) have contradicted these results. They find that reservation does not significantly affect PR outcomes in the southern states of Karnataka and Andhra Pradesh respectively.

The literature is contradictory because each study focuses on a different state, employs a range of different outcome indicators, and makes use of different empirical models. I contend that reservation is filtered through a web of local institutions and forces that differ across states and regions. These “forces”, while necessarily amorphous, include the profile and history of caste competition in the state, the fragmentation and intensity of partisan politics, the presence and nature of alternative structures of power such as the bureaucracy and grass-roots civil society organisations, and finally, the incentives surrounding the distribution of certain public goods provided by panchayats. These forces alternatively conspire to limit and encourage changes due to reservation.
In this paper, I focus exclusively on caste-based reservations. Using data from the National Rural Employment Guarantee Scheme (NREGS), a nationwide job guarantee programme administered at the gram panchayat (village) level, I will attempt to deconstruct the way in which these different forces come to bear on the PR institutions in the state of Andhra Pradesh. I will advance the claim that the functioning of PR is highly context dependent, not just from state to state, but within states, down to the most local levels. Further, I will show that it is essential to be familiar with the socio-politics of an area in order to identify and trace these key forces. In doing so, I will draw useful lessons for researchers and policymakers as they continue to negotiate the trade-offs between representative democracy and development.

**Background: Panchayati Raj in Andhra Pradesh**

Andhra Pradesh has a long history of panchayati raj governance dating as far back as 1959. Observers have noted however that the history of undermining these institutions is as long as the caste system itself. Successive governments have weakened the autonomy of the panchayats by redistricting constituencies to undermine the authority of the sarpanch (head of the gram), encouraging the proliferation of “user committees” – grass-roots “development” groups controlled by the ruling party through the bureaucracy (Powis 2003), and most recently by re-establishing bureaucratic control over many central and state-sponsored development programmes. Nonetheless, Andhra Pradesh has instituted a three-tier system of district, sub-district, and gram panchayats in compliance with the PR Act of 1993. These institutions remain nominally in charge of numerous government programmes including the NREGS.

The gram panchayat is headed by a sarpanch who is directly elected by the residents of a gram (village). Political party competition is not allowed at the gram panchayat level, though this rule is rarely followed. Above the gram is the Mandal Parishad (sub-district committee) comprising the area of around 20 gpps. The residents of Mandal Parishad Territorial Constituencies (MPTC, roughly corresponding to the gram) elect members to a Mandal Parishad (MP). The MP members in turn elect a Mandal Parishad President (MPP) from amongst themselves. In contrast to gram panchayat elections, political party competition is allowed at the Mandal Parishad level. Political parties back MPTC candidates and the data is well recorded. The final tier of the panchayat system is the district council (zilla parishad) composed of members elected from Zilla Parishad Territorial Constituencies (which are congruent to the mandal area). Similar to the MP, the ZP elects a president indirectly from amongst its members.

All positions in the PR system are subject to reservation for minority castes based on the proportional population of the relevant caste in the area. For example, for the reservation of the gram panchayat, if 26% of the larger mandal were populated by scheduled castes (SCs), 20% of the sarpanch seats in that mandal would be reserved for an SC candidate. Seats are reserved for a specific caste for one electoral cycle (five years), after which the seat is reserved for another caste, or is left unreserved. In AP seats can be reserved for SCs, scheduled tribes (STs), Other Backward Classes (OBCs), or be left unreserved. In AP seats can be reserved for SCs, scheduled tribes (STs), Other Backward Classes (OBCs), or be left unreserved. In AP seats can be reserved for SCs, scheduled tribes (STs), Other Backward Classes (OBCs), or be left unreserved. In AP seats can be reserved for SCs, scheduled tribes (STs), Other Backward Classes (OBCs), or be left unreserved. In AP seats can be reserved for SCs, scheduled tribes (STs), Other Backward Classes (OBCs), or be left unreserved. In AP seats can be reserved for SCs, scheduled tribes (STs), Other Backward Classes (OBCs), or be left unreserved.

**Background: NREGS in Andhra Pradesh**

The NREGS is a monumental anti-poverty initiative that guarantees every rural household 100 days of unskilled work at a designated minimum wage. The programme was rolled in phases starting in 2006, and now covers nearly every district in India. Implementation is the responsibility of the gram panchayat. The GP issues job cards, selects public works, and monitors ongoing projects. The MPS are tasked with coordinating larger public works as well as redressing grievances. Finally, the ZP provides technical oversight and helps develop long-term plans for public works. According to Johnson, the success of NREGS across the country has been mixed (Johnson 2009:6).

In Andhra Pradesh, by many accounts, the implementation of the NREGS has been a resounding success. Corruption has been minimised and citizens can readily avail of work opportunities (Aakela and Kidambi 2007). The state has established an independent agency to monitor implementation and has made detailed records of works and employment easily available to the public. Critics however have argued that NREGS has only been successful because implementation has been taken out of the hands of the government and is controlled almost entirely by the bureaucracy. According to T R Raghunandan, the bureaucratisation of the NREGS exhibits regional variation; it is more complete in the interior western region of Telangana, while it is weaker along the eastern coastal areas. These regional differences become crucial later when I attempt to determine how bureaucracy and reservation interact and change the disbursal of NREGA benefits.

**Background: Caste and Politics in Andhra Pradesh**

According to K Srinivasulu, Andhra Pradesh has a long history of caste-based mobilisation with marked variations across the state’s three regions: Telangana (TN), coastal Andhra (CAP) and Rayala Seema. (Rayala Seema, with its unique brand of factional politics, remains largely outside the purview of this paper.) Politics in the state is dominated by the rivalry between the land-owning Reddys and Kammas, which comprise 6.5% and 4.8% of the population, respectively. The Reddys are more concentrated in Telangana and Rayala Seema, while the Kammas reside almost exclusively in coastal Andhra Pradesh.

After independence, the Congress Party (INC), with the Reddys at the helm, controlled the state assembly. In 1982, Kamma leaders founded the Telugu Desam Party (TDP), principally in opposition to the Congress. Srinivasulu observes that many lower caste OBCs, constituting a hefty 45% of the state’s population, gravitated towards the TDP to oppose the Reddy-dominated Congress. Meanwhile, SCs, which comprise around 17% of the population, gravitated chiefly towards the Congress (Srinivasulu 2002).

In coastal Andhra, effective land reforms soon after independence abolished the worst excesses of feudal landlordism, empowering tenant farmers with land titles. This benefited OBCs the most, as they made up the majority of farm labour. SCs then became the lowest rung of agricultural labour. While this was somewhat empowering, it primarily set the stage for violent agrarian conflict between SCs and OBCs.

In interior Telangana, the story was somewhat different. Land reforms were patchier, so the dominant expression of opposition
by subaltern groups was along class lines. The Communist Party of India did well in the early post-colonial period. In the 1980s, the TDP made steady inroads in Telangana as did the Hindu nationalist Bharatiya Janata Party. The large Muslim and tribal presence in Telangana further upset the relatively simple caste-based calculus of the coast; politics fractured along class, caste, and religious lines (Srinivasulu: 33-35).

Despite the TDP’s success in reaching out to certain SC sub-castes in the 1990s, broad caste-political coalitions survived – at least in coastal Andhra. In the 2004 State Assembly Elections, the Congress under Y S Reddy came back to power after several years in opposition. According to a post-poll survey conducted by CSDS, the INC won an overwhelming majority in coastal Andhra Pradesh with the support of SCs and forward castes, while the TDP continued to draw votes from OBCs. In Telangana, the election was much tighter with the Telangana Rashtra Samithi grabbing significant vote-share from the chief rivals. Caste politicisation was also more subdued; while the Congress still managed to hold onto the SC vote, it shared the OBC vote with the TDP.

Data

The data set for this study is comprised of GP-level electoral, reservation, and NREGA employment aggregates. Andhra Pradesh is one of India’s most progressive states in terms of e-governance and digitised record dissemination. Thus, much of the data was easily gathered from government offices and online. Electoral data for the 2006 PR elections was gathered from the AP State Election Commission. This data included information on reservation for all three panchayat tiers including at the ward level of each GP. In addition, the political party affiliation of each elected candidate was recorded for all levels from the ZP president to the MPTC member. NREGS data for Andhra Pradesh from 2006 to 2009 was sourced from the Andhra Pradesh NREGS department.4

The final data set consists of 4,000 GPs missing no data across all variables.5 When combined with the monthly NREGS aggregates for each GP, the final data set has just over 60,000 observations. The raw NREGS data which reports total days worked, total wages by caste, were transformed into two more relevant outcome metrics: the proportion of total employed workers from a specific caste and each caste’s share of total work-days assigned in a month. These two metrics are used extensively in the models to follow.

Table 1 reports summary statistics for key variables by region. The data confirms that there are marked differences between Coastal Andhra (CAP) and Telangana (TN). The average gram in CAP has a much larger proportion of forward castes than in TN. On an average, a gram in CAP with a healthy sized SC population will also have a relatively large forward caste population. In TN, the average gram with a large SC community will tend not to have a correspondingly large forward caste community, but rather a large block of BC residents.

The data also confirms that TN is more politically fragmented, while in CAP, the INC holds a strong majority over the TDP. MPTC elections in CAP also show a higher average victory margin than in TN. Further, the correlation between the ZPTC and MPP (which are territorially congruent) is much higher in CAP, once again suggesting reduced political competition in CAP.

Finally, the data appears to indicate that the vast majority of NREGS participants belonged to lower castes (i.e., SCs, BCs, and STs), while forward castes did not participate proportional to their population. This might be for several reasons. Forward castes are likely to be economically better off and thus have no need to participate. There also might be stigma attached to manual labour as well as to working closely with lower castes.6 Whatever the reasons are, this observation is of considerable interest as it means that forward castes have largely taken themselves out of the equation for NREGS benefits. I investigate how this affects the competition between SCs and BCs, later in the paper.

Empirical Work: Caste and NREGA

I now proceed with tracing the effect of caste-based reservation on the pattern of participation in the NREGS. While in theory any household that requests employment through the NREGS should receive it, in practice the “supply” of work can be constrained. As different castes vie to capture NREGS benefits, they limit the access of other caste groups.7 Reservation is an exogenous shock that can transform the power dynamics of a gram and drastically change one caste’s access to NREGS benefits.

Modelling the effect of reservations presents a methodological challenge as the process of reservation is non-random, and thus is not exogenous. Grams with highest proportional population of the relevant caste were given priority for reservation in the first

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**Table 1: Summary Statistics of Key Variables by Region**

<table>
<thead>
<tr>
<th>Variable</th>
<th>TN</th>
<th>Mean</th>
<th>CAP</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of BCs</td>
<td>0.23</td>
<td></td>
<td>0.49</td>
<td></td>
</tr>
<tr>
<td>Proportion of SCs</td>
<td>0.37</td>
<td></td>
<td>0.27</td>
<td></td>
</tr>
<tr>
<td>Proportion of STs</td>
<td>0.34</td>
<td></td>
<td>0.31</td>
<td></td>
</tr>
</tbody>
</table>

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*[Standard Deviation in Parentheses]*

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65

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Economic & Political Weekly  March 19, 2011 VOL XLVI NO 12
electoral cycle (held in 1995 in Andhra Pradesh), following which other grams were to be reserved in descending order of proportional population. Dunning and Nilekani face a similar issue in their work on Karnataka; their solution is to adopt a regression discontinuity design which compares the last reserved gram in a given cycle to the first gram scheduled to be reserved in the following cycle. These two grams will be nearly identical in terms of proportional caste population. Therefore it is only due to random chance that one was reserved while the other was left unreserved. Thus, I will control for the proportional population of the relevant caste in the gram and the mandal, making reservation effectively exogenous.

**Table 2: Effect of Reservation by Region**

<table>
<thead>
<tr>
<th>Region</th>
<th>Telangana</th>
<th>Coastal Andhra</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Change in Share of Work-Days of Workers of Relevant Caste</td>
<td>Change in Share of Work-Days of Workers of Relevant Caste</td>
</tr>
<tr>
<td>BC reservation</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>SC reservation</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Standard Deviation in Parentheses
**95% confidence based on White's robust standard errors and district clustering.**

Further, as the socio-political differences between Telangana and CAP are likely to be significant, I will run regressions separately for the two regions; in this same vein I will cluster the regression by district. In addition, since reservation becomes increasingly meaningless if the caste is already a majority in the gram, I will disregard observations in which this is the case. Finally, to prevent bias introduced by reservations at the mandal level, I will drop all observations in which the Mandal Parishad seat is reserved for any caste. The regression will thus simply measure the effect of reserving the sarpanch seat for a BC or SC (versus leaving the seat unreserved) on the participation of that community in NREGS works. Table 2 presents the change in the proportion of workers and the proportion of total work-days of a caste group under reservation for that caste.

The results show that in Telangana, there is no significant effect of reservation for BCs or SCs. Similarly, there is no effect for SC reservation in coastal Andhra. There is however a large and statistically significant effect for BC reservation in coastal Andhra with a 13% increase in the share of total work-days assigned to BCs and a 12% increase in the share of workers from the BC caste (equivalent to 32% and 35% of standard deviation increase, respectively). Further, these results do not change when the MPP seat is reserved for the relevant caste. MPP reservation also does not affect distribution of NREGS employment at the GP-level when the GP itself is unreserved. So in the one case that reservation appears to have an effect (BC reservation in CAP), reallocation occurs solely due to the sarpanch.

These findings diverge somewhat from those of Dunning and Nilekani and Johnson. The model has revealed considerable heterogeneity in reservation effects between Telangana and coastal Andhra. Simply by changing the geographic (and by extension, socio-political) scope of the study, I was able to dramatically affect NREGS outcomes – at least for BC reservation. However, the reasons for the difference in BC reservation effects are unclear. Moreover, it is also unclear why regional separation does nothing to change the null effect of SC reservation. The answer lies in the overlapping political fault lines in the state, which is the subject of the next section.

**Empirical Work: Politics and NREGA**

Before connecting politics to reservation and NREGS outcomes, it is necessary to first explore the direct relationship between politics and NREGS. According to Shyamshri Shankar, villagers, GP officials, and administrators often complain of institutional friction when competing political parties control adjacent levels in the panchayat hierarchy. In the panchayat elections of 2006, the INC came to dominate virtually all district councils. I attempt to measure how this affected the distribution of NREGS funds to MPs and GPs below.

Unlike the model for reservation, the political party affiliation of a winning candidate remains highly endogenous to the local environment. There are innumerable variables that affect whether a political party comes to power and those variables in are also likely to have a considerable effect on the distribution of NREGS funding in an area. Therefore, the political models in this analysis will only serve to proxy a broad environment that favours one political party over another.9 The results that stem from these models will still be sufficiently valuable.

Table 3 reports the average NREGS disbursement (in terms of total workers hired and total days of work assigned) in different political contexts, controlling for the variation in caste population.10 In CAP, the mandals that are firmly in control of the INC (i.e., the ZPTC and MPP are both controlled by the INC) receive substantially more workdays and employment than areas that are in TDP strongholds or “contested” by the TDP and INC. (TDP strongholds are defined as areas in which the ZPTC and MPP are both controlled by the TDP, and “contested” areas are those in which one rival holds the ZPTC and the other holds the MPP.) INC strongholds enjoy a 22-29% of a standard deviation increase in employment relative to TDP strongholds and a 15-21% of a standard deviation increase relative to areas closely contested by the INC and TDP.

**Table 3: Change in NREGS Employment in GP Due to Party Politics in the Mandal**

<table>
<thead>
<tr>
<th>Region</th>
<th>Telangana</th>
<th>Coastal Andhra</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Change in Total Work-Days Worked</td>
<td>Change in Total Workers</td>
</tr>
<tr>
<td>ZPTC and MPP = INC versus TDP</td>
<td>103.97</td>
<td>3.85</td>
</tr>
<tr>
<td>ZPTC and MPP = TDP</td>
<td>(0.22)</td>
<td>(0.29)</td>
</tr>
<tr>
<td>ZPTC and MPP = INC versus TDP</td>
<td>66.46</td>
<td>-17.64</td>
</tr>
<tr>
<td>ZPTC and MPP = mix of INC and TDP</td>
<td>(0.15)</td>
<td>(0.21)</td>
</tr>
</tbody>
</table>

**95% confidence and *90% confidence interval. Nizamabad district dropped; Phase 1 observations for Telangana dropped.**

This distribution of resources along political lines does not occur in TN where the INC leadership of the district appear unable (or unwilling) to target patronage to their political strongholds. This makes sense as a high level of competition throughout Telangana means that an aggressive opposition and ever-watchful coalition partners make it politically unfeasible to corner NREGS benefits. The differences between Telangana and coastal Andhra are also consistent with Raghunandan’s observation that the bureaucracy has greater control over the NREGS in Telangana. It certainly appears that the bureaucracy helps to “insulate” the NREGS from politics in TN. However it is quite likely that the bureaucracy’s role is endogenous to politics. It might have
emerged as a significant force in TN only because of the political stalemate, while in CAP the INC is able to overrule local bureaucrats and bend them to its partisan will. Interestingly, while the INC in CAP is able to target patronage through the NREGS quite well at the mandal level, it seems unable to do so at the GP level. INC GPS and TDP GPS do not receive different levels of NREGS work. This same effect can be observed for GPS within TDP-dominated mandals: there are no measurable employment differences between INC and TDP GPS. This indicates that the bulk of the politicisation occurs at the district and sub-district levels. At the grass roots, it is possible that the political parties cede control to the bureaucracy for implementation or alternatively, they avoid alienating single grams in opposition that might be won over in future elections. These findings have significant implications for the way in which reservations affect NREGS and are explored in the next section.

Empirical Work: Politics, Caste Reservation and NREGA

Politics is the key to understanding how caste-based reservation functions in Andhra Pradesh. Sarpanch seats are allotted to reserved categories prior to a panchayat election, following which most major political parties will field a candidate from the reserved community. Interestingly, reservation does not change the caste-political calculations of the parties; rather it is likely to intensify caste-polarisation. Since the caste of the sarpanch is already determined, it falls to the political parties to galvanise their traditional caste vote-banks. Caste rivals of the reserved group will have an incentive to field a weak and pliable candidate that can be prevented from redistributing benefits to his own community. Meanwhile, members of the reserved caste community will aim to form a political coalition that will bring a strong leader to power. If these caste-political coalitions do form, there are likely to be strong reservation effects when an empowered sarpanch is backed by a friendly political alliance, and weak effects of reservation when a “puppet” sarpanch is elected by an opposing political alliance.

Therefore, in modelling political party effects, I separate the regressions by political party to isolate their caste-bias – if and when it exists. Specifically, I compare reservation effects for when the sarpanch is backed by the INC against when he is backed by the TDP. To eliminate noise from political competition at the higher levels, I restrict the regressions to INC strongholds (i.e., areas in which the ZPTC and MPP are under the INC). In addition, I increase the subtlety of the model by charting the variation of the reservation effect with the relative population of the reserved caste. This is an important addition to the model since the effect of (say) SC reservation is likely to be different when SCs comprise 20% of the gram, versus when they comprise 40%. The results are presented visually for CAP in Figure 1; Telangana continues to return null effects for reservation for both political parties so it is not presented.

The results for coastal Andhra Pradesh are striking. Under the Congress, there is a large and statistically significant increase in the proportion of SC workers employed under NREGS due to SC reservation. In contrast, SC reservation appears to have no significant effect under the TDP. For BC reservation, the opposite is true: BCs enjoy greatly increased participation in NREGS under the TDP, but only a small boost under the INC. These results reveal the caste-bias of both parties, consistent with the background literature summarised in this paper. The INC is partial to SCs, and allows a victorious candidate to redistribute NREGS resources to his community, while the TDP allows BC sarpanches to redistribute in a similar fashion. In contrast, SC sarpanches on a TDP ticket and BC sarpanches under the Congress are unable to redistribute to their community. This supports the hypothesis that opposing castes push the candidacy of a pliant member of the reserved community in order to control his actions after the election.

Figure 1: Reservation Effects by Political Party (Coastal Andhra)
A: Change in Proportion of SC Workers due to SC Reservation

B: Change in Proportion of BC Workers due to BC Reservation

Another important observation from Figure 1 is the downward trending effect of reservation as the proportion of the relevant caste increases in the gram. This is an intuitive result. If reservations are a way to radically alter the power dynamics of the gram, it is likely to bring about the biggest change in NREGS participation when the caste is numerically weak. Then, as the proportional population of the caste in the gram increases, the caste is naturally more powerful in the gram and reservation becomes redundant. It is likely that in the earliest electoral cycle, in which grams with the highest relative proportion of the reserved castes were deliberately chosen, the practical effect of reservations would have been far less. By the 2006 cycle, reservation is allotted to grams with minority populations closer to the state average and as a consequence, the redistributive effects are substantial.
While not as dramatic as the results for coastal Andhra, the persistence of null findings for TN is also intriguing. The higher level of political party competition and the reduced level of caste competition in Telangana can explain these results. As parties vie for the electoral support of grams and mandals that can swing quite easily to another party in future elections, they cannot afford to channel NREGS employment exclusively to grams under their control. This is demonstrated by the results in the previous section. However the results from this section also present evidence that amidst the heightened competition in Telangana, political parties no longer rely on traditional caste vote-banks; they must reach out to all castes equally and prevent excessive redistribution by a reserved sarpanch that might anger members of another caste. The decoupling of caste and politics in Telangana is further accelerated by the presence of parties like the TRS, CPI, and the BJP which appeal to other social identities.

Does this mean that caste is dead in Telangana? Given the immense stakes of the NREGS programme as a vehicle for patronage and economic gain, and the zero-sum quality of work provision at the village level, it is unlikely that SCs and BCs in rural Telangana simply “get along” better than their counterparts in coastal Andhra. There undoubtedly remains some unexplored subtlety in the caste politics of Telangana. This will be the subject of the next and final section.

**Empirical Work: Caste Alliances**

If a caste community is to benefit from reservation, it must form a political alliance of willing collaborators in the gram that will allow an independent and empowered candidate to come to power. How then do the numerically weak SCs (averaging around 17% of the population) manage to get their candidate elected in coastal Andhra? The answer is that they form an alliance with the numerically superior and passively benevolent forward castes. As I explained earlier, almost no forward castes work in NREGS while SCs, STs, OBCs, and other minorities demand the bulk of NREGS labour. From the background review of politics in Andhra Pradesh, we also know that SCs and forward castes tend to support the INC. Since upper castes have no direct interest in NREGS participation, it appears that SCs have the support of a large “silent-block” of upper castes in the gram, and through reservation, SCs can greatly improve participation in NREGS.

It is my argument that while the latent potential for a SC-forward caste alliance exists in both regions, the caste composition of a typical gram in TN differs from a corresponding gram in CAP in such a way as to prevent this coalition from forming. The ethnographic details in Table 1 support this view. On an average, a gram in coastal Andhra, with a healthy sized SC population will also have a relatively large upper caste population. Together they are able to form a numerical majority, and with the ascension of a reserved SC sarpanch, patronage to the SCs will flow uncontested through the NREGS programme. In Telangana however, the opposite is true. In the average gram, SCs are faced with a large and vigilant BC population that is able to constrain a reserved SC sarpanch from channelling patronage to his community.

For TN, I construct a model that selectively measures the effect of reservations on grams that have a larger forward caste population – between 50% and 60% – high enough so that forward castes are unquestionably in control, but not so high that BCs are completely shut out, making reservations for SCs meaningless. The results are presented in Figure 2 with an interaction specification that measures the changing effect of SC reservation for different proportions of SC population in the gram.\(^{23}\)

**Figure 2: Reservation Effects due to SC Reservation with Proportion of Forward Castes at 50-60% (Telangana)**

The results show that there is an enormous and statistically significant increase in the participation of SC workers in NREGS due to SC reservation in TN, which at its highest level is equivalent to an increase of 2.56 standard deviations. The effect of reservation trends downwards because as the population of SCs increases, it conspires with the large forward caste population to completely shut out BCs without the need for SC reservation. Clearly for this set of observations, the INC can dispense with the support of BCs, and is able to channel resources directly to SCs. It is no coincidence that the average margin of victory for the INC in this subset of GPs (26% with a standard deviation of 21%) is significantly higher than the average margin of victory at the GP level for all of TN (15% with a standard deviation of 14%). Just as in CAP, the Congress is electorally secure in these grams, which enables such dramatic redistribution.

**Conclusions**

The findings in this paper have unambiguously shown that the functioning of PR institutions is highly context-dependent. Even within the unitary institutional space of Andhra Pradesh, there are tremendous variations in socio-politics, caste-competition, and local institutions, all of which conspire to influence the outcome of reservations. The results lay to rest the view that NREGS in Andhra Pradesh is insulated from politics. Even in Telangana, where it appears that the NREGS is most neutral to politics and caste, one can reasonably argue that the situation is only the result of a political stalemate between political parties and caste alliances. One can easily contend that if the present equilibrium was upset and one coalition were to gain the upper hand in TN, the tenuous ascendency of the bureaucracy would be shattered and bent to serve the partisan aims of the ruling coalition – much as it has in coastal Andhra.

The findings in coastal Andhra and parts of Telangana also show that reservation unequivocally has effects on the distribution of...
NREGS resources in the gram. Thus, at least in certain circumstances, the panchayat system still appears to carry some political and institutional weight at the grass-roots level. Rumours of the death of panchayats at the hands of bureaucrats and politicians appear at least partially unfounded.

How do the results in this paper inform the larger question about reservation and its redistributive effects? More broadly, how does this resolve the debate about efficacy of panchayats as a tool for development? In general it appears that a highly contested political space (like Telangana) induces a fairer distribution of public resources to a broad spectrum of political constituencies. In contrast, when a single political coalition is able to capture power (as in coastal Andhra), public anti-poverty schemes are more likely to become vehicles for the distribution of patronage, circumventing bureaucratic and institutional safeguards.

The implications of changes in a caste's access and power due to reservation are more difficult to evaluate. If the political and social context allows it, reservation can greatly alter the resources a community receives, often at the expense of another community. In other instances, reservation leads to manipulation and capture by opposing communities that prevents the redistribution of resources. Normatively, there is no way to determine which situation is preferable. It could be that the sc sarpanch who zealously redistributes is doing so to rectify generations of neglect of his community. It could also be that the sc community that successfully constrains an sc sarapanch is doing so to prevent being completely shut out NREGS benefits that it sorely needs. Going forward, more sophisticated models must be developed to adequately assess true "need" and the extent to which those needs are fulfilled and withheld through reservation.

Another weakness lies with the NREGS outcome metric. The chief advantage of using NREGS data is that it is easily available and nationally comparable. However, as this paper demonstrates, it isolates and amplifies very narrow contests amongst lower castes. While forward castes did not have a stake in NREGS, they most certainly remain central players in the power politics of the gram in other contexts. As always, future work in this area will need to balance the economy of NREGS data with the relative superficiality of the results that it can provide.

Despite the questions that remained unanswered by this paper, its key findings and lessons will be useful in parallel areas of panchayat research, where much exciting work remains to be done. Researchers will continue to develop more sophisticated models to understand how caste reservation interacts with politics, bureaucracy, gender reservation, and other developmental outcomes. The list is practically endless as the nature of pr reform is such that it touches nearly every aspect of rural society. It is clear though that future research in this area, regardless of its specific focus, will be greatly enhanced by keeping a firm eye on the central role of socio-political and institutional context.

NOTES

1 Interview with T R Raghunandan, Former Joint Secretary, Ministry of Panchayati Raj, Government of Karnataka (Interviewed 19 June 2010).
3 Although this paper does not deal with gender-based reservation, it can be noted that 3/5 of all seats are reserved for women such that each caste category also has 3/5 of the seats reserved for women of that caste.
4 Electoral data was only available for 2006 in full. NREGS data was available from April 2006 to March 2009.
5 Many observations could not be matched across all data sets due to misspellings in transliteration, varying naming conventions, and incongruent territorial areas; these observations were dropped. The final data set is statistically and practically valid relative to the state-level totals.
6 Johnson (2009) explores stigma by constructing an index of caste-segregation at NREGS worksites.
7 In this sense, NREGS is what Besley et al (2007) refers to as a “low-spill over” good. Unlike Chattopadhyay and Duflo’s focus on “high-spillover” infrastructure projects in the village, we expect that NREGA benefits will flow along identity cleavages.
8 The implications of changes in a caste’s access and power due to reservation are more difficult to evaluate. If the political and social context allows it, reservation can greatly alter the resources a community receives, often at the expense of another community. In other instances, reservation leads to manipulation and capture by opposing communities that prevents the redistribution of resources. Normatively, there is no way to determine which situation is preferable. It could be that the sc sarpanch who zealously redistributes is doing so to rectify generations of neglect of his community. It could also be that the sc community that successfully constrains an sc sarpanch is doing so to prevent being completely shut out NREGS benefits that it sorely needs. Going forward, more sophisticated models must be developed to adequately assess true “need” and the extent to which those needs are fulfilled and withheld through reservation.
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