

Provision of public goods through participatory planning: Inequality and Collective Action in Indian villages

Ravi Gurajala
PhD candidate in Economics
University of Hyderabad

Busenna Pesala
PhD candidate in Economics
University of Hyderabad

Martina Pignatti Morano
PhD candidate in Economics
University of Siena
(corresponding author)

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This paper explores how institutions of participatory planning affect the ability of heterogeneous communities to finance local public goods, by improving mutual trust and enhancing collective action. In rural India, since a constitutional reform on decentralized governance was approved in 1992, local planning committees should receive precise guidelines by village meetings (*Gram Sabhas*) that meet four times per year. In fact, this last institution of participatory planning is little participated – where implemented - due to the skepticism/disempowerment of the poorest and the opposition of the richer members of the village towards any opportunity of redistribution of power within the community. In spite of such difficulties, we wanted to investigate whether village meetings could offer opportunities to increase social efficiency in the economic organization of communities by providing net additions to the quantity of public goods available.

This paper reports the results of field experiments conducted in two rural villages of Andhra Pradesh, where trust games and framed public good games have been played with villagers who have the right to participate in village meetings. Participants were selected between respondents to the ICRISAT household survey, allowing us to create groups with different levels of wealth and caste inequality. The introduction of communication between players in the second stage of public good games significantly increased the level of contributions, particularly in the most heterogeneous groups, confirming the potentially high economic and social value of *Gram Sabhas*. Household data on economic and social dimensions of participants' life, questionnaires on social norms and behavioural data measured through trust games, have been used to explain statistically the variation found within and across groups.

Keywords: field experiments, local public goods, collective action, deliberation, caste/income inequality, social efficiency