Prof Amar Nayak’s paper, with some inputs from me, as trailed below, focuses on ‘Achieving sustainable development for food, nutrition and livelihood security through low cost low risk agriculture and using the producer company/ org (PC) intervention but staffed with professionals’**.** The paper highlights sustainable approaches to agriculture in the long term, ensuring access to food, nutrition and cash for all producers through agriculture and also meeting the increasing nutritious food needs of the growing populations, value addition for increase shelf life of farm produce to reduce post harvest losses and waste, also trade in the vicinity and opportunities, without compromising the economic, environmental and social bases of the rural poor producer communities. The paper identifies barriers to change, including in institutions, organizations, policies and governance, and potential options to overcome them and covers the enabling environment necessary for transition to systems sustainable in the long term.

**Asymmetries in Organizations, Institutions and Policy Signals in the context of Sustainable Governance in India**

Amar KJR Nayak[[1]](#footnote-2)

**Abstract:**

This article focuses on the present asymmetries in community organizational design, institutional architecture of these organizations and signaling effect of multiple development policies and schemes of the government and consequences of these asymmetries on effectiveness of programme delivery and overall sustainability of rural producer communities in the Indian context.

While these three aspects of community organizational design, their institutional architecture and policy signals are the critical pillars of sustainable local governance, the article based on eight years of an action research and empirical studies across India, argues that at present they are neither symmetric within nor symmetric across each other. The present institutional architecture of the government and community organizations at the last mile are serving as mere agents to deliver various government schemes with people as mere recipients. Further, deployment of multiple institutions at the community level to deliver these schemes tends to increase asymmetries in information in the system leading to opportunistic behavior among both the agents and the beneficiaries. In other words, the current design, architecture and mechanism of public service delivery inadvertently weaken the coordination processes of rural community producer organization/ companys that are crucial for governance in India and long term sustainability of rural producer communities.

**Key Phrases**

Organizational design, institutional architecture, policy signals, coordination failure, local governance, long term sustainability of rural producer communities

**Asymmetries in Organizations, Institutions and Policy Signals in the context of Governance in India for Long Term Sustainability**

**Introduction:**

There has been increasing appreciation among the policy makers and development professionals in India that demand side institutions viz., people’s organization/ companys and institutions at the producer community level are critical for efficient and effective delivery of public services for an equitable society. That better local governance is the foundation to better governance at higher levels of the society is very well understood as has been reflected in the 73rd and 74th Amendment of the Indian constitution.

In the above light, this article discusses the issues of community organizational design, their institutional architecture and the nature of signals that multiple development policies implemented through multiple institutions of the government have on people and their community organizations. Following the exposition of the issues at the heart of local governance, the article proposes some thoughts on how to redesign producer community organization/ companys, their institutional architecture and development policy strategy that can minimize information asymmetry, opportunistic behavior by community members, especially the elite and reduce transaction costs for sustainable governance in the long term at the grass root level viz. the Gram Panchayat.

**F**irst, the article delves on the context of smallholder farmers/producers, in terms of their asymmetric disadvantages in resource base, capability base and traditional institutional base in relation to those in the current market economic system. It highlights how this context has shaped the various community organization based development interventions of the government over the last six decades. **S**econd, based on the empirical evidences, it analyses the deficiencies in the supply side institutional and organizational arrangements of the governments and the significance of developing demand side institutional architecture of the producer community organizations.

**T**hird, based on the empirical observations, it highlights the conceptual gaps and theoretical challenges in guiding state policy on optimal design of community organizations and optimal boundary limits of institutional architecture of these organization for better local governance. **F**ourth, it discusses the dysfunctional signaling effect of development schemes and programmes implemented by multiple agencies of the government on the efficacy of coordination processes in community organizations arising out of high information asymmetries in the present system. **F**ifth, the article discusses optimal design of rural producer community organization/ company and optimal institutional architecture for these community organizations for the long term sustainability sustainability of their members.

**1. The Context**

The overall context of a small producer or a smallholder farmer in a rural agricultural setting is well understood. The current globally accepted description of producer includes not only small farmers engaged in agriculture but also hunters, gatherers, fishing folk, artisan, crafts persons, tenants, etc. S/he could be characterized as someone who holds or owns very little private property in terms of resources/asset/land with little liquid capital. S/he engages in large number of production activities in low volumes and little product specialization. S/he has bare formal education, has limited access to information, knowledge and adopts rudimentary methods and techniques of production and value addition (processing). S/he has little accesses to good basic infrastructure on health, education, water, electricity, and roads.

While the internal conditions of small famer or landless smallholder producers, who form over 70% of total producers, is rather weak and vulnerable, the external conditions are highly unfavorable for their existence. The agricultural input market is better organized and prices of inputs have been rising. The players in the product market are better endowed with information, resources, capital and are better organized to bargain hard with small farmers/producer communities.

Further, at the village level, *sahukars/money lenders/local traders* have indeed been on an advantageous position to exploit the small producers. It is indicative of the fact that while prices of agricultural products have multiplied several times in recent years, farm gate prices that the farmers get have hardly increased over these years. In the light of the modern market economic system, the small farmer and the landless small producer is indeed in a highly asymmetric disadvantageous position.

In addition, the uncertainty in weather and climate, especially in rainfall leads to incorrect assessment on timing of sowing by small farmers; makes the situation challenging and highly risky. Further, poor health, lack of knowledge/ primary education in the rural areas and reducing, net incomes from agricultural activities has lead to out-migration of people from rural agricultural communities. Not only has the overall climate of liberalization, privatization, and globalization exposed small agricultural producers to global commodity markets and industrial economic system, the culture of access to own requirement of nutritious food through agriculture has been adversely affected especially with respect to agricultural production of scale. Even in the best agricultural districts, nearly 30% of farmers are making net losses and another 20% are barely making profits from their agricultural activities (Nayak 2013d). While most farmer parents wish that their children stay in their villages; most of their children instead are forced to out migrate from their villages in search of alternate livelihood.

**2. Institutional Architecture of the Government**

During the last sixty years, the central government and the state governments have experimented and tried with various institutional and organizational arrangements to improve the situation of smallholder farmers and producers as well as the rural agricultural communities. As against the Tata-Birla Plan of industrialization, 1944, that had only 10% provision for the agricultural sector (Nayak 2011), the Government of India since 1947 have been allocating significant budgets towards agriculture and rural development. The central government and the state governments have created constitutional provisions in terms of institutional arrangement and organizational arrangements to resolve the various asymmetries of farmers in general and smallholder producer communities in particular.

The formal cooperative activities began with the enactment of Cooperative Credit Societies Act, 1904, later it was revised in 1912. Primary Agricultural Cooperative Societies were formed from around this period. The Agricultural Produce Marketing Committee Act 1956 and the formation of organization like National Agricultural Cooperative Agricultural Marketing Federation in 1958 were some of the earliest initiatives. Similarly, the state governments have also formed state level departments, independent organizations and institutions to resolve these issues of small farmers.

Subsequently, the government initiated several provisions and institutions viz., Integrated Rural Development Programme (1978), NABARD (1982), PRI through 73rd Amendment of the Indian Constitution, Swarnajayanti Gram Swarojgar Yogana (1999), Mahatma Gandhi National Rural Employment Guarantee Act (2005), Right to Information Act (2005), and National Rural Livelihood Mission (2010). Specifically in the area of marketing, Agricultural Produce Marketing Committee was formed in 1956. Accordingly, the state governments created several provisions like formation of State Agricultural Marketing Boards, Regulated Market Committees, Check Gates, etc. In addition several institutions like the Farmers’ Commission, expert committees on rural credit, cooperatives, etc have been formed to assess and improve the well being of small producers in rural agricultural communities in India.

Not only has the government tried to create institutional arrangement and organizations, it has also been pumping a lot of resources through these institutions and organizations for improving the situation of small farmers/producers and rural agricultural communities. One may look at the number of development schemes and programmes that are directed at the district and Gram Panchayat level to appreciate this point.

The annual budgetary provision of only the Ministry of Rural Development is over INR 100,000 crores. As per the NRLM guidelines, the provision per family below the poverty line is INR 100,000 per year. Provision for various types of support viz., credit support, marketing support, livelihood support, natural resource management, watershed development, rural infrastructure, primary health, primary educations, basic infrastructure, etc have been created.

However, the existing institutions and organizations have not fared well in terms of delivery of these provisions to the resource poor and smallholder producer communities. The capacity to absorb, internalize and create long term assets and value by people and community at the grass root level from these public investments have been far from expectations. Indeed, there seems to be a weak link between the public investment and long term impact on well being of the people and the community.

To improvise its delivery capacity, the governments have also increasingly used the services of Non Government Organizations (NGOs) and civil society organizations (CSOs). Thousands of NGOs and CSOs have mushroomed in this process. The social impact of the public investment still remained below par. Additionally, the organizational arrangement with NGOs often lead to capacity building of the NGOs more than the capacity building of the communities. Once the NGOs stop getting funds from a project, the initiatives undertaken in a community also ceases and ironically all the investment made in the NGOs also moves away from the community.

In recent years, governments have been collaborating with industrial organizations especially the large private corporations for improving delivery efficiency of public services. Individual farmers and small producer groups like SHG, CIG, FPO, small producer cooperatives, etc are being linked to large private corporations in the hope to improve the well being of small farmers/producers. The institutional arrangement in some states seems to be gradually moving from a welfare state mechanism to market mechanism under the broader framework of inclusive capitalism. Contract Farming, Public Private Partnerships, Crop Insurance, Agri-business model as per the traditional industrial organizational design, etc., are some examples of the orientation and attempts made by both central and state governments. In recent years, large venture capitalists and large corporations have been seeking support from the governments to undertake grass root level community development as part of their corporate social entrepreneurship.

The government and policy advisers little realize that the basic grain of a traditional industrial organizational design is totally different from that of community organizations at the grass root level. While the former is built on the paradigm of competition, the later is built on cooperation. The position of design variables and the purposes of these two organizational types are so far apart that in the long run, large industrial enterprises will gain at the cost of community organizations in a competitive market economic system (Nayak 2010, 2014a).

In the above milieu of development approaches and challenges, the bright ray of hope to improve the well being of small producer communities including the psychological-social-economically weak communities appears to be the provision of National Rural Livelihood Mission (NRLM) 2010 of the Government of India. The emphasis on building local institutional platforms of the poor and converging all the resources to build and strengthen this local institution is indeed a wise and sustainable way forward for the well being of the poor communities. There are however several questions that need to be answered for the new mission to make a sustainable impact and in the long term.

How will the multiple local institutions interact with each other? Will there be duplication of resources & efforts because of multiple people’s institutions? What will be the cost of operating each of these institutions? Will each of these institutions be optimally designed for operational efficiency? Will the challenges of capacity building, marketing and value addition of the small producers be handled through these institutions? What will be the steps & sequences of implementation? Is it designed for sufficient local resource persons for successful implementation? How long will it take to implement and exit? What is the overall strategy? What will be the total cost of implementation at the GP level? Will these institutions for livelihood cater to other needs of the community viz., health, education, basic infrastructure, etc? Although individual organizations are attempting to resolve some of these questions as they work in the complex setting of Indian rural communities; these questions still remain largely unanswered by NRLM.

The latest attempt of the Government has been to promote Farmer Producer Organizations as Producer Companies as per section IXA of the companies Act 1956. Ministry of Finance and Ministry of Agriculture through NABARD have made a provision to promote 2000 farmer producer companies in the next two years (2014-16). While the Act came into being in 2002, development agencies have been struggling to stabilize the few hundred producer companies that have already been set up during the last twelve years.

Across the board, the institutions of the government for implementing these programmes are highly hierarchical, bureaucratic, centralized and top heavy with high transaction costs. While the supply side institution of the government seems to be well defined and overwhelming, the demand side institutions viz., people’s organizations or community organizations have not been well conceived. Figure 1-2 are sample institutional architecture of the Odisha Livelihood Mission and Karnataka Watershed Development.

**Figure 1**



**Figure 2**

The centralized institutional architecture is similar across other states viz., Maharashtra, Bihar, North East Region, M.P., A.P. and others (Nayak, 2014b). More than 65% of the capacity building budget is employed on training and capacity of the officials and project managers of the institutions of the government leaving little for the knowledge, capacity building of the local resource persons of the demand side institutions, viz., the producer community organization/ companys.

3. **Design of Producer Community Organization/ Companys & their Institutional Architecture**

The critical design issues of organization in general and community based producer organization/ companyss in particular are the issues of size, scope, technology, management and ownership. However, these issues have not been carefully looked into for long term sustainability of these organizations. Understanding optimal span of institutional architecture is also crucial for enabling effective relationships of these producer organization/ companys in the given external market system.

There have been some insightful contributions of scholarship and policy in agriculture and rural development, especially in institutional and organizational studies. For example, at least 3 of the 25 committees on cooperatives during the last about 100 years of cooperative movement in India, have recommended to keep the cooperatives smaller in size. Similarly, the National Commission on Agriculture (1976) and National Commission on Farmers (2004) have recommended smaller clusters for regulated market facilities for small farmers under the PACS. However, there has been little attention to implement these recommendations.

Caution on size with regard to organizational design for overall long term sustainability has been fairly referred to in the past (Schumacher, 1973, Reserve Bank of India, 1914, Mehta, 1960). While ‘economies of scale’ has been the basis of efficiency for industrial production during the last about two and half centuries since Adam Smith (1776), the significance of scope and diversity has appeared in several descriptions (Marx, 1927, Kondratiev, 1921, Panzar & Willig, 1977, Teece, 1980, North, 1984, Nayak 2013c, 2014).

While intensive technology has been the basis of competitive advantage in industrial production, appropriate and local soil and agro climatic technologies have been cited as the basis of efficiency and sustainability in agriculture (Howard, 1940, Shiva, 1993, IAASTD, 2009, Collette, 2011, Gopalakrishnan, 2012, UNCTAD, 2013, Nayak 2013c).

Since Adam Smith (1776), the significance of private ownership (Mason, 1994) to efficiency has been highlighted; at the same time, the significance of trusteeship (Sethi, 1986) and common property (Ostrom, 1990) has also been discussed in literature. Similarly, the significance of managerial skills in industrial production is well appreciated (Taylor, 1997, Barnard, 1968, Chandler, 1993) and its significance and most importantly, its adaptation to farmer producer organization/ companys have also been elaborated in detail (Nayak 2013a).

Further, even if the organizational design of one or a few community based producer organization/ companys are optimized, the chances of their sustainability in the long term will depend on how stable their relationships are with other external organizations and institutions. In other words, if asymmetries across these community organizations are not minimized, these demand side community organizations are unlikely to have stable transactional relationships, the basis for their long term viability. Empirical observations show that there are only a few well developed institutional architectures of the producer organization/ companys in the country.

Kaira Dairy Cooperation (AMUL) in Gujarat and Karnataka Milk Federation (Nandini) and SHG Federations of Andhra Pradesh are a few with stable institutional architecture of producer organizations. However, the spans of boundaries of institutional architectures of these producer organizations are spread over the whole of their respective states. Whether these are optimal institutional boundaries for these communityproducer organization/ companys has hardly been discussed. The general perception has been that of larger the sphere of influence the better it is for the producers/members. However, empirical evidences on the net gain to members of these producer organizations/cooperatives and their overall participation in decision making processes of these large networks are not commensurate to investments (Nayak, 2014b).

**4. Dysfunctional Signaling effect of Government Schemes on Coordination Processes**

Since the late seventies, both the state governments and the national government have been rolling out a number of development schemes and programmes and more so during the last two decades. These schemes are being implemented by multiple departments and their agencies at the district level. The budgetary support by the state and central government for various development activities in a district has been rather generous/ substantial as of today. **Table 1** provides data on the different departments and the budgetary allocation for one sample district, Jhabua, Madhya Pradesh. The total budgetary allocation for various development activities of this district for the year 2014-15 amounted to INR 63,779 lakhs. While this amount may vary depending on the size of the district; the budgetary provision available per Gram Panchayat typically averages around INR 200 lakhs per annum.

While some of the development activities for the rural communities are carried out by the departments directly, many of the development schemes relating to livelihood improvement, health, agriculture, basic infrastructure are implemented through the Gram Panchayats (GP) or through different community organizations. A mapping of the various schemes at the Gram Panchayat level is shown in **Figure 3**.

**Table 1: Budgetary Provisions of different Departments**

**Jhabua District, Madhya Pradesh, 2014-15**

|  |  |  |
| --- | --- | --- |
| S.N | Name of Department | Total (rupees in Lakhs) |
|  | Department of Animal Husbandry | 1027.01 |
|  | Agriculture Department | 538.00 |
|  | Department of Public health & family welfare | 699.10 |
|  | Sha. Aupras (Skills Development Department) | 116.72 |
|  | Tribal Development | 5684.31 |
|  | District Education center | 13536.44 |
|  | District Planning & Statistics | 177.61 |
|  | Antyavsayi Cooperative Development Committee | 18.36 |
|  | ITDP | 2711.93 |
|  | Department of Public Health Engineering | 2594.94 |
|  | Back Ward Classes & Minorities Welfare | 48.72 |
|  | Water Resources Division | 3016.15 |
|  | Labour Department | 74.90 |
|  | District Trade & Industries Centre | 324.84 |
|  | Horticulture Department | 1038.83 |
|  | Department of School Education (Free Cycle exercise) | 1.71 |
|  | Women & Child Development | 1499.67 |
|  | PIU | 8019.15 |
|  | Social Justice | 1848.00 |
|  | Deputy commissioner of Co-operatives | 218.86 |
|  | Directorate of Handloom M.P | 36.04 |
|  | Land record | 142.80 |
|  | Public Work Department | 2010.84 |
|  | Urban Development | 17.56 |
|  | Employment | 4.43 |
|  | Zila Panchayat | 16685.26 |
|  | Forest Division | 1247.23 |
|  | Ayush Department | 79.98 |
|  | District Registrar | 7.15 |
|  | Tribal Finance & Development Corporation | 4.16 |
|  | Excise | 40.79 |
|  | District Malaria | 40.56 |
|  | Revenue Department (Collector’s Office) | 178.64 |
|  | Manager, Village Industries | 85.38 |
|  | **Total Allocation** | **63779.07** |

Source: District Collectorate, Jhabua District, Madhya Pradesh

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While there are sufficient budgetary provision for people at the district level and GP level, the social impact does not seem to be commensurate with the public investments. It is therefore critical to review the issues that hinder the efficient utilization of the currently available funds. Presently, the different schemes are implemented by multiple agencies of the government or civil society organizations appointed by the government to the same set of people in a GP. The structural design of implementation in a high information, knowledge, resource, political, and social asymmetric environment tends to generate opportunistic behavior among those few who might have some advantages on asymmetric generating variables. Some describe this phenomenon as elite capture in rural communities (Dasgupta 2007, Dutta 2009, and Platteau 2013).

The opportunistic behavior of people within a community often tends to disable the coordination processes of a community organization such as producer organization/cooperative/ company. Once the coordination processes are weakened or disrupted; it is natural that the efficiency of a community organization becomes sub optimal. Empirically, it has been found that the social capital of rural communities have been reducing and hence establishing sustainable producer organizations/cooperative /companys based on cooperative principles is becoming harder by the day. Despite the huge investments in over 94,000 primary agricultural cooperatives, over 500,000 SHGs, and emphasis of the government to form thousands of producer companies for over a decade now, community based producer organizations are not taking off the ground. This has been largely due to poor coordination and diminishing social capital and cooperation within the communities to staff these interventions with professionals to take over the risks and responsibilities.

The policy of giving out to people by the politicians, government, and their agencies seem to set in a culture where instead of coordinating their efforts for long term sustainable development through their own community organizations; people in the rural communities tend to look up to the agencies of the department to seek benefit/ hand outs from the government. The various schemes of the governments for people in a GP in the present scheme of things may be metaphorically visualized as a situation where “*a group of hungry people are exposed to an orchard of trees with loosely hanging fruits*”. In the overall analysis, it appears that implementation of various schemes by multiple institutions has dysfunctional signaling effect on the coordination processes of community based producer organization/ companys staffed by professionals and the farmers in the area for wide replication of their successful models.

In the context of transactional losses, information asymmetry, opportunistic behavior suboptimal performance of development schemes due to multiple implementing agencies; let us focus our attention to optimal organizational design and institutional architecture of these community organizations staffed with professionals and to take over all the risks and responsibilities from their members for the ‘cash to cash cycle’.

**5. Optimal Organizational Design & Institutional Architecture**

Optimizing organizational design and institutional architecture are probably the key areas of innovation for realizing long term sustainable outcomes for the rural communities from the huge public investments that are being made by different government and development agencies. The significance of viable community organizations staffed with professionals for long term sustainability has also been reiterated by the Working Group on Agriculture, 12th Five Year Plan, 2013, Government of India.

The suggestions being made here on the design issues sustainable in the long term are based on the last eight years of action research and empirical observations of producer organizations across the country that started in the Xavier Institute of Management, Bhubaneswar, and has continued at the National Centre for Sustainable Community Systems (**centre**.**lbsnaa**.**gov.in/ncscs**/), Lal Bahadur Shastri National Academy of Administration, Mussoorie.

**Organizational Design:** In terms of ***size*** of community organization; optimal membership would be about 1000 small producer members/families within a geographic cluster of about 4000 hectares to 2000 hectares, depending on the topography and micro-climatic conditions and human habitations. This geographical cluster is essentially about 8-4 micro watershed areas that are largely co-terminus with 1-2 GPs depending on whether it is hilly, plain or coastal area.

Given the resource base, need base, and capability base, leveraging scope and maintaining production diversity is the best fit for the small farmers/producers. In other words, the ***scope*** of product basket needs to be larger to ensure their access to own requirements of nutritious food at little or no cost. Given the various asymmetries in health, education, rural credit and rural infrastructure, the community organization also need to incorporate these activities as part of their development functions in order to provide holistic ecosystem services to its members in addition to putting them to work gainfully and sustainable in the long term. The various development schemes of the government could therefore be gradually converged into such a community organization in a given cluster/GP.

In terms of production and process ***technology***, integrated low cost agriculture and simpler and decentralizable technologies applicable to the area are effective and gives better control over safety, quality and farm production for the small producers/farmers. Producer organizations of small producers/farmers therefore need to be designed for low cost low risk sustainable agriculture and for simple local value addition to increase shelf life.

of their produce, thus minimizing post harvest losses As per the provision of section IXA Act of the Companies Act, 1956, only the direct producers can be the members of a producer company/ organization with one member one vote policy. This provision of the Act needs to be adhered to in the formation and operation of a producer organization, in letter and spirit. However, continuous process of social mobilization in the community is to be designed for in the initial two years to develop the feelings of ***ownership*** among the members and trust in the professionals managing. Action research results show that over 50% of the investment in the first two years of interventions account for systematic social mobilization for building a community owned producer company/ organization.

Further, the ***management*** of the community organization also needs to be with the stakeholders/ educated women, rural youth from within the community. Selected local youth could be trained and hand held for a couple of years so that they can manage their operations on their own. The functions of the executives/local coordinators in the community organizations would include all activities along the value chain of activities of a typical small farmer/producer. The activities of the management team therefore shall include community mobilization for building trust and cooperation among the producer members and the community, improvement in safety and quality agricultural production and productivity through integrated low cost low risk agriculture, increasing shelf life to improve post harvest management and value addition of agricultural produce, integrate agricultural activities with other economic activities to enhance the value of labour of small producers across 365 days, facilitate community banking and retailing, facilitate marketing and stabilize their marketing network, facilitate community health care and improvise the primary education for the children in the community (Nayak 2010, [www.navajyoti.org](http://www.navajyoti.org))

**Market Landscape:** Unlike for large industrial corporations, the *market landscape*of producer organization consisting of small and marginal producers should be meeting own nutritious food requirements at little or no cost, surplus at an optimal distance (say within 200 Km) from the producer community. The strategy is to replicate successful models in the vicinity for access to own requirements of nutritious food, optimize characteristic distance between the producer organization and the market in order to reduce transactions costs and enhance net income to the producer members (Nayak, 2012).

**Institutional Architecture of Producer Organizations:** In the growing market economic system that is based on external competition and rivalry, producer company/ organizations based on the principles of cooperation are less likely to survive. This phenomenon is largely because the language, logic and values in the paradigm of cooperation are indeed contrary from those in the paradigm of external competition (Nayak, 2014a). Hence setting up producer cooperatives/companies in isolated pockets without an enabling ecosystem for development of these producer organizations may be futile. Further, the target oriented schemes of the government implemented through multiple departments, agencies and institutions at the grass root level tends to have dysfunctional signalling effect, coordination process and social capital in a community and hence tends to undermine the functioning and purpose of even an optimally designed producer organization as discussed earlier.

Given these experiences, there is an increasing appreciation among the policy makers and development practitioners that cluster based producer organizations of the people as a single window for convergence of development schemes of the government is the way forward. However, this can be realized only if an appropriate architecture of producer companies at GP level, block level and district level were planned and implemented (Nayak, 2013b). **Figure 4** shows an option for optimal institutional architecture where the small producers have a say and the architecture is strong enough to effectively transact with even the global market systems. Facilitating such institutional architecture has the potential to improve coordination and transparency, minimize opportunistic behaviour, reduce transaction costs, improve public service delivery and lead to self reliant and sustainable communities throwing up large numbers of entrepreneurs in the future.

**I**n Summary, the asymmetries in community organizational design, their institutional architecture (if any), and the institutional architecture of the government to deliver development schemes and programmes have been at the core of the less than desirable levels of efficiency, effectiveness and equity. Indeed, there is a great need for the Indian polity and policy to review them and adopt appropriate development approach before it is too late. Accordingly, it is suggested that optimally designed community based producer organization need to be promoted which can serve as a single window for the various schemes of the government to converge at the grass root level. Further, the state and the district administration have to build an optimal institutional architecture of these community organizations within the district and not beyond to recreate sustainable communities for sustainable governance in India.

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Source: Nayak, 2013b

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