

Perspectives on Governance and Development – 4

Administrative Reforms for Better Governance



N.C. Saxena



NATIONAL SOCIAL WATCH

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Acknowledgement

It gives me immense pleasure to present this very interesting and useful monograph ‘Administrative Reforms for better Governance’ by N.C. Saxena. Public administration, especially the top bureaucracy, plays a crucial role in making up of the welfare state. Its role cannot be overemphasized in the good governance. As a part of its larger agenda—‘promoting the accountability in the institutions of the governance, especially in the four nodal institutions, the Parliament, the Executive, the Panchayat Raj and Urban Local Governance and the Judiciary,’ National Social Watch (NSW) brought out this monograph. It is hoped that the present monograph may initiate the much needed debate on the administrative reforms in the country for the good governance.

We are fortunate to get this monograph prepared by N.C. Saxena. I am sure that Saxena’s brilliance and contributions do not need any introduction. Saxena represents the finest traditions of the scholar-administrator. We may not be able to find a better scholar to write this pamphlet. This pamphlet has excellent analysis of the subject and brilliant insights for the reforms. We are very happy with this work. We are recording our gratitude to him. When we approached Harsh Mander to write a preface, he not only promptly agreed, but also prepared an exhaustive comment on the monograph. His critical review added immense value to the publication. We are grateful to him.

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and publication of this monograph is met from the project funding provided by the OXFAM India. We are grateful to both these organizations for their generous funding and supports. We are thankful to Daanish Books for publishing this monograph so nicely. Once again we hope that this monograph will kick start a healthy debate on the Administrative Reforms in the country. NSW will be happy to facilitate such debates. We welcome comments and feedback on this publication and ready to take forward all comments and feedbacks to their logical conclusions. NSW can be reached through info@socialwatchindia.net.

Bhaskara Rao Gorantla
National Social Watch

Preface

It is an extraordinary privilege for me to write the preface for N.C. Saxena's monograph on administrative reforms. Saxena represents the finest traditions of the scholar-administrator, a person who has worked for decades in the trenches of public service as a civil servant, and who applies to this experience the surgical insights of a razor-sharp mind. His voice as a public intellectual of exceptional integrity and social conscience is heard with great respect. He nurtures a deep commitment to social and economic equity, and environmental sustainability. But as a researcher he scrupulously shakes off the weight of any doctrine or preconceived ideas; he is uncompromising in his resolve to test every conclusion against the rigours of cold evidence.

In this monograph, he applies himself to the challenge of diagnosing the maladies of India's higher civil services, and suggests an imaginative range of possible prescriptions. In the early, relatively idealistic decades after freedom, there was significant public faith in the uprightness and political neutrality of the higher civil services. It was elite in social character, but considered sympathetic to minorities and the poor. There was much greater fairness displayed in situations of communal violence, and some implementation of redistributive justice laws such as land reforms. But Saxena observes that even in the past, despite 'their high integrity, hard work and motivation, senior civil servants ... were dedicated to the public service only in the abstract. That somehow failed to translate into service to the individual citizen.'

The image of the higher civil services plunged in the 1970s, especially because of its supine submission to the injustices of the Emergency, but also because of the continuous erosion of its reputation for probity. The 1980s saw its social base broadening, but also its far greater—and open—complicity in large communal and caste pogroms, and a plummeting in its integrity. Since the 1990s, the expectation that loosening bureaucratic controls over industry and trade would curtail corruption was completely belied. Instead, the new commitment to globalized private markets has spawned an era of undisguised crony capitalism, and the ethic of public welfare has been abandoned as out-dated and anachronistic.

Saxena is scathing in his assessment of the Indian bureaucracy today. It is ‘a troubled institution’ riddled with ‘a lack of professionalism, the creation of redundant posts, unsatisfactory structures of reward and punishment, and an inability to deliver services adequately.’ Postings are often ‘dictated by vested interest of mafia gangs, organized criminals, builders’ lobby, contractors.’ He observes that ‘[o]ver the years, whatever little virtues the civil services possessed—integrity, political neutrality, courage and high morale—are showing signs of decay.’ Newer values emphasize ‘political loyalty, flexibility,’ and several senior officials ‘have become a link between politicians and the business class.’

Many civil servants in the course of their career ‘lose much of their dynamism and innovativeness, and end up as mere pen-pushers and cynics, with no faith in their own contribution to public welfare.’ Civil servants display ‘stagnation in their intellectual capabilities,’ ‘decline in self-esteem,’ ‘disillusionment, pliability and corruption.’ They have become agents of exploitation in a state structure which now is ‘authoritarian, brutal, directionless and callous to the needs of the poor.’

The Indian state is being ‘treated as a private property of those who are at the top, and this culture of using executive power for private gains has become the norm since then. So the Housing Minister thinks that all government houses and shops are her

private property, and she can allot them to anyone she liked, often for a price. The Petroleum Minister thinks that she can distribute any number of petrol and kerosene depots at her discretion. An impression exists that the Indian state is an open treasury that can be looted at will.'

He adds that 'government's capacity to deliver has declined over the years due to rising indiscipline and a growing belief widely shared among the political and bureaucratic elite that state is an arena where public office is to be used for private ends. Weak governance, manifesting itself in poor service delivery, excessive regulation, and uncoordinated and wasteful public expenditure,' all damagingly impinge on development and social indicators.

These are strong words, but he is not alone in his withering assessment of the current state of the main instrument of executive authority in the country. Even the official Second Administrative Reforms Commission (2008), quoted in Saxena's monograph, is no less caustic: 'The state apparatus is ... largely inefficient with most functionaries serving no useful purpose. The bureaucracy is ... tardy, inefficient and unresponsive. Corruption is all-pervasive, eating into the vitals of our system, undermining economic growth, distorting competition and disproportionately hurting the poor and marginalized citizens. Criminalization of politics continues unchecked, with money and muscle power playing a large role in elections. ... Abuse of authority at all levels in all organs of state has become the bane of our democracy.'

Saxena believes that 'the politics of the country has itself become divorced from public welfare and is more concerned with narrow sectarian interests... Politicians think that electoral behaviour can be manipulated through precipitating caste or other populist wave at the time of elections... At the same time elections require funds which have to come through the looting of the government treasury.' Another official paper in 2009 brought out by the Department of Administrative Reforms agrees again with remarkable candour, that 'the state and its apparatus,

including the bureaucracy are treated not so much as a means of generating public goods but as a means of generating benefits for the particular group that controls the state.’

My work on hunger, homelessness and mass communal violence takes me to distant corners of the country, where I have encountered many idealistic young officers, braving great odds in impoverished regions, often racked by conflict, trying to make a difference. I have watched unknown unsung heroes sometimes courageously standing up for justice against their own governments who are complicit in communal massacres, corruption or forceful dispossession of poor communities. But still there is justice in Saxena’s overall despair about the corrosion of India’s steel frame, its almost terminal decline, and betrayal of its duties to the people of India and the Constitution.

Saxena lays blame also on the people, who ‘have unfortunately accepted the position as *fait accompli* and resigned themselves to their fate. They too tend to seek short cuts and exploit the system by breaking rules or approaching mafia gangs and politicians for favours.’ But solutions also lie potentially with the people: a ‘free press, judicial activism and civil society action has emerged as a big corrective factor on the arbitrary use of executive power.’

The solutions suggested by Saxena are imaginative but eclectic, including a greater focus on policy outcomes; linking transfers of funds with performance by State governments; and enhancing accountability outward to society and citizens, rather than inward and upward within the government. I will look at some of his more important suggestions in his monograph, especially ways to make it more responsive and accountable to disadvantaged populations.

Saxena often stresses that it is not the size of public expenditure on pro-poor services, but the effectiveness with which it is ‘translated into public goods and services that reach the poor’ that creates impacts on poverty and social outcomes. He does a simple back-of-the-envelope calculation: ‘The Government of India transfers close to ₹6.5 lakh crore every year to the States. If even half of

it was to be sent to the seven crore poor families directly by money order, they would receive more than ₹130 a day!’

Saxena suggests first that the central government uses fiscal transfers, which he estimates (excluding major subsidies) to be currently around ₹6 lakh crore, to pressurize States to undertake governance reforms. He suggests a ‘good governance index’ based on ‘infant mortality rate, extent of immunization, literacy rate for women, sex ratio, feeding programmes for children, availability of safe drinking water supply, electrification of rural households, rural and urban unemployment, percentage of girls married below 18 years, percentage of villages not connected by all weather roads, number of Class I government officials prosecuted and convicted for corruption, and so on.’ Fiscal transfers to States should be based on its performance on this governance index.

The difficulties for me with this suggestion are two-fold: one is that it presumes that governance is better in the centre compared to States, for which there is little consistent evidence. Some States like Tamil Nadu and Kerala have consistently outpaced central governments in pro-poor governance. And I find it doubly unjust to punish people living in poorly governed States with lower allocations, because of the sub-optimal performance of their governments for which they cannot be blamed. However, his related suggestions, of expanding allocations for the social sector and improving budgetary processes to ensure timely and transparent budget and fund flows are unexceptionable.

He further suggests, importantly and pertinently, the simplifications of laws and policies which affect the poor. ‘It is a sad commentary on our laws,’ he points out, ‘that the informal sector which provides maximum employment is mostly declared as illegal and subject to the whims of law enforcing agencies. Almost all occupations in the urban informal sector, such as hawking, small manufacturing in residential areas are illegal!’ He further observes that ‘de-regulation has made almost no impact at the State level,’ on buying and selling land, getting a ration card, renting one’s

house, all need a thorough revision. ‘One can set up an industry worth billions of rupees in India without any license today, but a farmer can neither set up a brick kiln unit, nor a rice shelling plant, and not even cut a tree standing on his own private field without bribing several officials. A simple operation of converting prosopis (a shrub occurring everywhere in States like Gujarat and Tamil Nadu, the more you cut it the more it grows) into charcoal, which can give employment to thousands of people requires four different permissions!’

Saxena lists a large menu for civil service reforms. The first of these is encouraging greater professionalism and career-long learning. In the absence of this, there is ‘exponential growth in both, his (or her) ignorance and arrogance.’ He adds with wry humour: ‘It is said that in the house of an IAS officer one would find only three books—the railway timetable, because he is always being shunted from one post to the other, a film magazine because that is his level of interest, and of course, the civil list that describes the service hierarchy!’

There are many redundant positions, especially at senior levels, which should be eliminated, and ‘only such posts where people can contribute’ retained. In addition, key public services—education, healthcare, police and judiciary—are starved of people, whereas many wings are overstaffed: about 70 percent of all government employees are support staff unrelated to public service—drivers, peons and clerks. He suggests that efforts should be made to identify surplus staff, set up an effective re-deployment and skill up-gradation plan, and devise a liberal system for exit.

He suggests many other personnel reforms. One which would be politically resisted, but is critical for the morale and protection of upright officers, is ensuring stability of tenure and a committee system to decide transfers. The perks attached to all postings should be the same, and preferably monetized, so people do not cling to some positions even at the expense of their conscience. Officers are also tempted by post-retirement sinecures, which he

suggests should be severely curtailed. Many departments are fragmented, and should be rationalized. The numbers of officers at higher levels should be reduced, by encouraging lateral deputations to NGOs, educational and research institutions.

There is also need to reduce official discretion, in matters such as awarding contracts. Where discretion is necessary, this should be accompanied by strong systems of transparency and social audit. Technology can be deployed to improve transparency and predictability, such as by computerizing land records.

But most significantly, Saxena observes that because ‘of its colonial heritage as well as the hierarchical social system, administrative accountability in India was always internal and upwards, and the civil service’s accountability to the public had been very limited.’ While internal administrative accountability should be strengthened, it ‘is rarely sufficient, because internal controls are often ineffective—especially when the social ethos tolerates collusion between supervisors and subordinates.’ He calls for ‘outward accountability,’ for greater responsiveness to the needs of the people. This is his most important suggestion for administrative reforms, and one with which I have the greatest agreement. Saxena believes that ‘when neither politics nor administration has the capacity for self-correction, only external pressure can coerce States’ to reform governance.

He suggests many ways by which outward accountability can be enhanced. ‘Departments such as the Police and Rural Development, which have more dealings with the people, should be assessed annually by an independent team consisting of professionals such as journalists, retired judges, academicians, activists, NGOs, and even retired government servants... At present the system of inspections is elaborate but often precludes the possibility of a “fresh look” as they are totally governmental and rigid.’ He also suggests third party evaluations of all major government programmes. He proposes ‘social audit by assessing the experience of the people service providers are intended to serve. With community participation, the evidence should be collected from stakeholders, so as to promote accountability, equity, effectiveness, and

value for money.’ Citizens’ charters should publicly specify a ‘bottom line of minimum acceptable standard of performance.’ He observes that some States have gone further with right to public services legislations, but it is too early to evaluate their performance.

All of these would certainly help make governments more externally accountable. But his paper could have focused more on ways of further strengthening the operation of India’s landmark right to information law, which in my opinion remains the most profound reform in governance in Independent India, deepening democracy by making the executive potentially accountable to its ordinary citizens. Any discussion on administrative reforms is incomplete without reflections on ways to defend it from onslaughts, protect its users from attacks, improve the redress of grievances, pushing its frontiers as in expanding the duties of governments to proactively place more and more information in the public domain, without the need for any application, and by establishing systems of pre-legislative consultation.

He also recognizes the need to enhance the potential of Panchayats, which it was hoped to ‘achieve higher economic efficiency, better accountability, larger resource mobilization, lower cost of service provision and higher satisfaction of local preferences.’ To better realize their potential, he suggests greater financial and administrative devolution to Panchayats. But he strikes a wise note of caution: ‘They may ultimately offer a better option for rural development and poverty alleviation.... However, it was a mistake to think that PRIs will emerge as caring institutions in an environment of rent-seeking politics and unresponsive and inefficient bureaucracy. If district level civil servants and politicians are indifferent to public welfare, it is too much to expect that village and block level politicians will be any different.’ He is silent about how decentralization to local bodies may be accomplished for the urban poor, residents of slums and streets. These bodies so far have a very poor record in their treatment of vendors, rickshaw pullers, casual workers and others.

Saxena’s prescriptions contain many interesting ideas, with great potential. What are missing is only a detailed blueprint of pathways

by which such reforms can be accomplished in the current political economy of globalizing India. In the absence of this, the prognosis of governance reform for the poor by the blueprint outlined in this pamphlet appears bleak. His conclusions are accordingly also bleak. He observes that ‘in many States in India politics has become a business. Politicians put pressure on the system with a view to maximize private gains.... A pliable and unskilled civil service is actually desirable from its point of view—public employees dependent on the regime’s discretionary largesse are forced to become corrupt, cannot quit their jobs, and reluctantly become the regime’s accomplices.’

Saxena’s indictment of the current decline of the civil services is fierce, and his solutions eclectic and sometimes provocative. One may not agree with all he says, but this volume deserves careful attention and wide debate, because until we fix this increasingly discredited instrument of public delivery, the outcomes of a welfare state for a life of dignity for millions of our people will be impossible to accomplish. The only pressure for governance reform can come from outside the system of power and its fruits, by deepening democracy, by expanding voice, and non-violent collective alternate power of disadvantaged people. Until then, the poor masses of India will continue to carry the burdens of a bloated, corrupt and unaccountable government.

Harsh Mander

New Delhi

October 2012

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N.C. Saxena

1. Dissonance between Growth and Social Outcomes

There are two prominent but conflicting trends in India: impressive economic growth and at the same time stagnation in key social indicators, particularly among the disadvantaged populations (by region, social groups and gender). India is one of the fastest growing economies of the World, and has achieved compound annual growth of more than 6.5 percent in Gross Domestic Product (GDP) in the last two decades, which was maintained even during the periods of crisis, such as the Asian Crisis of 1997 or the economic meltdown of 2008. However, high growth achieved through private enterprise has not been translated into satisfactory progress on the social front, suggesting the failure of governance and delivery mechanisms. What is worse, a large number of marginalized and disadvantaged people have either not gained from development, or in some cases have actually been harmed from the process, such as tribals in central India.

In the last decade Government of India (GOI) has launched several flagship programmes in the social sector, presenting a unique opportunity to accelerate social development and to cover the gap between the desired Millennium Development Goals (MDGs) and their present levels; but unless constraints impeding programme delivery at the State and cutting edge level are identified and remedial action taken, attaining the Goals by 2015 is unlikely.

It is obvious that these ambitious targets cannot be achieved through a ‘business as usual’ approach. The annexure in this paper discusses impact studies of some of the important flagship programmes, which clearly establish poor delivery and leakages, leading to tardy progress on the desired social outcomes. This paper offers a few practical suggestions that could overcome the constraints of poor governance and weak accountability, and help India in putting up a better show.

The Indian bureaucracy is a troubled institution—not least because of political compulsions imposed upon it. The paper, therefore, also examines several of the serious problems that it faces: a lack of professionalism, the creation of redundant posts, unsatisfactory structures of reward and punishment and an inability to deliver services adequately. It then suggests steps which an increasingly proactive central government might take to address these problems at the State level in this federal system, where they are most apparent. These include a greater focus on policy outcomes; linking transfers of funds with performance of State governments; and enhancing accountability outward to society and citizens, rather than inward and upward within the government.

It is not the size of allocations on pro-poor services alone that matters. The Government of India transfers close to ₹6.5 lakh crore every year to the States. If even half of it was to be sent to the seven crore poor families directly by money order, they would receive more than ₹130 a day! It proves that public expenditure needs to be effectively translated into public goods and services that reach the poor for it to have an impact on poverty and social outcomes. Unfortunately, different kinds of distortions can come in the way of resource allocations reaching the intended beneficiaries. There is enough evidence to show that government’s capacity to deliver has declined over the years due to rising indiscipline and a growing belief widely shared among the political and bureaucratic elite that state is an arena where public office is to be used for private ends. Weak governance, manifesting itself in poor service delivery, excessive regulation and uncoordinated and wasteful public

expenditure, is one of the key factors impinging on development and social indicators.

India's aspiration to become a middle income country has to come to terms with its poor quality of governance. According to a survey of 12 Asian economies done by the Hong Kong-based Political and Economic Risk Consultancy last year, India's 'suffocating bureaucracy' was ranked the least efficient, and working with the country's civil servants was described as a 'slow and painful' process. 'They are a power centre in their own right at both the national and State levels, and are extremely resistant to reform that affects them or the way they go about their duties,' the report said. The World Bank's Doing Business (2008) survey ranks India 120 of 178 countries in the ease of doing business index; Singapore is ranked one, Mexico 44 and China 83. The same survey ranks India 134 under the component 'Dealing with licenses,' with 20 procedures and 224 days required to obtain a business license. So even though the worst of the 'licence Raj' has been dismantled since the early 1990s, the 'Babu Raj' remains as oppressive as ever (Saxena 2011).

India's own Second Administrative Reforms Commission (2008) is no less scathing in its criticism:

The state apparatus is generally perceived to be largely inefficient with most functionaries serving no useful purpose. The bureaucracy is generally seen to be tardy, inefficient and unresponsive. Corruption is all-pervasive, eating into the vitals of our system, undermining economic growth, distorting competition and disproportionately hurting the poor and marginalized citizens. Criminalization of politics continues unchecked, with money and muscle power playing a large role in elections. In general there is a high degree of volatility in society on account of unfulfilled expectations and poor delivery. Abuse of authority at all levels in all organs of state has become the bane of our democracy.

Problematic as the business environment is, the plight of average Indian citizens is no better. They face enormous challenges in simple matters such as obtaining a ration card, an electricity connection, a required government application form or a driving

licence. These tasks can require repeated visits to unresponsive government offices, payment of bribes, connections in the government to unblock obstacles or a combination of all of these. Average Indian citizens have many avenues for recourse in theory, but they know well the futility of trying to use them. The problems are magnified even more for the poor and the weaker sections of the society (Sud 2010).

1.1 The New Political Environment and Low Priority to Good Governance

The expansion of state functions during the period 1970–1990 in India considerably increased bureaucratic control over the various means and processes of production and distribution. The ambitious individuals who wanted to ‘feel powerful’ and share the spoils and patronage, were often willing to pay a price in terms of obeisance to political bosses, and ‘look after’ their interests. Thus, this period was characterized by both enhanced role of the State and enhanced control of politicians over bureaucracy. Today the postings of collectors and SPs in a district are not decided by the chief secretary or DGP but by the Chief Minister or those who are close to him. Often there are political compulsions, dictated by vested interest of mafia gangs, organized criminals, builders’ lobby, contractors and other such category of people who control local politics, which cannot be ignored, resulting in surrender of professionalism or objective criteria for reward and punishment. The degree of politicization may be less for Audit and Accounts or the Foreign Service, but is quite high in the three all India Services, where transfers and postings are controlled by the State governments. This erodes the credibility of the government not only in the eyes of the people, but also for civil servants who think that government is not a level playing field, one cannot expect fairness from government and one has to approach the politicians with offers of bribes and right kind of contacts for favours, whether due or undue.

This is not to suggest that ministers should have no role in administration; even MPs and MLAs should keep a watch over the performance of the services. Political pressure can be healthy if it results in greater demand on administration for efficiency and better services to the people. Pressures that are properly regulated and wisely tempered improve the spirit of administration and help to keep it on an even keel. Unfortunately, the main problem today is that the politics of the country has itself become divorced from public welfare and is more concerned with narrow sectarian interests. An impression exists, especially at the State and district levels, that people have low expectations from political processes (except in purely caste and communal terms), as their economic interests are to be taken care of by the market forces. This impression is more prevalent with the State-level politicians who can always blame the Government of India for price-rise, unemployment, lack of resources, etc. Therefore, as far as they are concerned, the State machinery can be milked dry through rent-seeking behaviour without any harm to their political interests of getting re-elected. Politicians think that electoral behaviour can be manipulated through precipitating caste or other populist wave at the time of elections, which does not require sustained work in the constituency. At the same time elections require funds which have to come through the looting of the government treasury.

The imposition of Emergency in 1975 led the Indian state to be treated as a private property of those who are at the top, and this culture of using executive power for private gains has become a norm since then. So the Housing Minister thinks that all government houses and shops are her private property and she can allot them to any one she liked, often for a price. The Petroleum Minister thinks that she can distribute any number of petrol and kerosene depots at her discretion. An impression exists that the Indian state is an open treasury that can be looted at will.

A vast gap exists between stated and unstated objectives of government. On paper the avowed objective of government is to

give clean administration, but in some departments and States many posts are auctioned to the highest bidder. People have unfortunately accepted the position as *fait accompli* and have resigned themselves to their fate. They too tend to seek short cuts and exploit the system by breaking rules or approaching mafia gangs and politicians for favours.

In a well-functioning democracy, the political process would ideally find answers to governance problems, but this is not happening in India. The political system in many States is accountable not to the people but to those who are behind the individual MLAs; these are often contractors, mafia, corrupt bureaucrats and manipulators who have made money by using the political system, and are, therefore, interested in the continuation of chaos- and patronage-based administration. The fact that half of the politicians in some States are either criminals or have strong criminal links and thus have no faith in the rule of law further compounds the problem.

A paper brought out by the Department of Administrative Reforms for a conference on the occasion of Civil Services Day (2009) observed:

For a variety of reasons, elections as an instrument for external accountability have some well known weaknesses. In India, these weaknesses are exacerbated by the particular nature of the evolution of Indian democracy. Politics in India is marked by a conception of competition where to hold the state accountable is to gain access to its power and the goods it provides. Clientelism and patronage are rife and voters are mobilized more on the politics of caste, regional or religious identity than on the politics of accountability and initiatives that bring long term benefits to the public as a whole. Consequently, the state and its apparatus, including the bureaucracy are treated not so much as a means of generating public goods but as a means of generating benefits for the particular group that controls the state. (GOI 2009)

The legislative assemblies have been meeting for very few days despite holding the state to account for results through informed debates in the assemblies being the main task of the MLAs. Today

many legislative assemblies meet only for 20 to 30 days in a year. As shown in Table 1, in the last four years Uttar Pradesh (U.P.) assembly met for 89 days giving an average of 22 days per year only. Punjab and Uttarakhand were even worse, although the average attendance of MLAs in these assemblies was quite satisfactory. MLAs of U.P. have the least average attendance (23 percent).

This compares very poorly with the number of sittings of MPs in Lok Sabha. The Lok Sabha in the last 2.5 years sat for 208 days which averages to about 77 days in a year.

Thus, MLAs are not interested in legislative functions; they all want a share in the executive! Most of the time they interfere in the role of other wings of government with no sense of accountability, but they have nuisance value for back-door influencing in decision making. Such back seat driving means informal control over the bureaucracy, but it promotes irresponsible decision making and encourages corruption. The traditional separation between the executive and the legislature has disappeared in India. This has

Table 1: Performance of Some State Assemblies vs Parliament

State Assembly	No. of Years considered	Number of Sessions held by the Assembly	Total number of days of sittings	Average number of days of sittings per year	Average attendance of MLAs (%)
Uttar Pradesh (till Feb '11)	4 years	10	89	22	23%
Punjab (till Mar '11)	4 years	10	76	19	71%
Manipur (till Aug '11)	4.5 years	11	110	24	65%
Uttarakhand (till Sept '10)	3.5 years	11	68	19	91%
Goa (till Feb '11)	3.5 years	12	95	26	60%
15th Lok Sabha (till Dec '10)	2.5 years	9	208	77	NA

Source: <http://adrindia.org/sites/default/files/Press%20Release-MLA%20Assembly%20Performance%20V9.pdf>; downloaded on 2 September 2012.

meant erosion of internal discipline and emergence of the district MLAs as the real boss for the district authorities.

The state resources are the most valued prize for both politicians and their constituencies. This leads to a client-patron relationship between the holders of state power and those seeking favours. Patronage is controlled by individuals, not established institutions bound to follow set procedures. Where power is highly personalized and weakly institutionalized, the decision making process is replaced by arbitrary and behind-the-scene transactions. In such an environment, exercise of power for its clients demands fudging of the rules, dependence upon corrupt civil servants, plundering of public treasury and decay of governance. When fence starts eating the field, there is little chance of development reaching the poor.

Winston Churchill on the eve of India's Independence had said, 'Power will go to the hands of rascals, rogues and freebooters. All Indian leaders will be of low calibre and men of straw. They will have sweet tongues and silly hearts. They will fight among themselves for power and India will be lost in political squabbles.' What appeared as a scandalous outburst then may be called an understatement now!

1.2 Declining Civil Service Performance

To be charitable to the modern brand of politicians, it must be admitted that except for high integrity, neutrality towards party politics and provision of minimal administrative services in times of Emergency, the civil service even in the past had little to commend for itself. Efficiency in the civil services was always very narrowly defined; it was in terms of contempt for politics and adherence to rules, but never in terms of increased public satisfaction. In such an environment of low institutional capability it is unfair to expect that the political processes would be totally free from populism or sectarianism. Because of the inability of the system to deliver, politicians do not perceive good governance as

feasible or even important for getting votes. Only a rare Chief Minister seems to be saying to his constituents: ‘within three months all surface irrigation channels would provide water for farmers, consumers would get 10 hours of electricity, rations would be available for the poor, you apply for a license today and within a month it would reach your doors, your grievances will be promptly attended to, etc.’ One reason why he does not say so is the total lack of faith on the part of voters in such promises which need delivery through the administrative apparatus. It is here that the civil service has failed miserably. Politics is after all ‘art of the possible,’ and if the civil service is no longer able to ensure good governance, politicians are forced to resort to cheap and unsustainable populism in order to reach at least some benefits to the people to keep the faith of the voter alive in the political system.

The all India Services are supposed to serve the state but the state structure is itself getting increasingly dysfunctional and diminished. In some north Indian States parallel authority structures and mafia gangs have emerged. In such a situation it is no surprise if the bureaucracy too is in a bad shape. There is greater integration now both socially and in terms of group objectives between the members of the all India Services and the politicians of that State. Many civil servants are deeply involved in partisan politics: they are pre-occupied with it, penetrated by it and now participate individually and collectively in it. This is understandable, though unfortunate, because between expression of the will of the state (represented by politicians) and the execution of that will (through the administrators) there cannot be any long term dichotomy. In other words, a model in which politicians will continue to be casteist, corrupt and harbourers of criminals, whereas civil servants would be efficient, responsive and change-agents is not a viable model. In the long run administrative and political values have to coincide.

Over the years, whatever little virtues the civil services possessed—integrity, political neutrality, courage and high morale—are showing signs of decay. While defending the continuation of the

all India Services, Sardar Patel had said, ‘they are as good as we are.’ At that time it was considered a compliment for the civil service to be compared with statesmen who had won freedom for the country. One does not know how many civil servants will like to be told today that they are like politicians. But things have moved a full circle, and perhaps many of them have become like politicians—the English speaking politicians—corrupt, with short term targets, narrow horizons, feudal outlook, disrespect for norms, contributing nothing to the welfare of the nation, empty promises and no action.

Rather than trying to improve the delivery system, most civil servants are compromising with the rot and accepting a diminished role for themselves by becoming agents of exploitation in a state structure which now resembles more like the one in the medieval period—authoritarian, brutal, directionless and callous to the needs of the poor. A few competent and ambitious civil servants would be able to rise above all this, by joining the U.N. and other such organizations. Their material success will further fuel the desire of the ordinary members of the service to enrich themselves by hook or by crook. In the process they would become totally indistinguishable from other rent seeking parasites—politicians, Inspectors and Babus. Perhaps they had not imagined that they would end up like this at the time of joining the service. Stagnation in their intellectual capabilities and a decline in self-esteem has further demoralized them. Disillusionment, pliability and corruption thus coexist today in the civil services.

Theories of organization distinguish between healthy and unhealthy organizations. In the former, objectives are clearly spelt out and widely shared by the members and there is a strong and consistent flow of energy towards these objectives. Problem-solving is highly pragmatic and ideas of the boss are frequently challenged. There is team work and sharing of responsibility. Judgment of junior members is respected and minor mistakes are permitted. There is a sense of order, and yet a high rate of innovation. There is a

performance yardstick and hence a challenge to perform and achieve. Mediocrity is shunned and those who choose not to grow or develop get dropped by the wayside. The sense of belongingness is inherent in the achievement of the organization of which the individual is an integral part.

On the other hand, in government, goals and objectives are seldom spelt out clearly. If and when they are, it is expressed in a language which sounds more as aspirations or platitudes. The language is purposefully vague and foggy. Therefore, there is very little personal involvement of officers. Ignorance of the organizational goals or objectives exists down the line because of lack of transparency. Seeking or accepting help is considered to be a sign of weakness. Offering help is unheard of. Assuming responsibility for failures is inversely proportional to the seniority, with rare exceptions. The presence of these traits, thus, makes the government come under the category of unhealthy organizations.

1.3 Structure of Reward and Punishment

It may be recalled that even in the 1970s the officers exerted pressure on the system to move to what they thought were more glamorous positions. Thus, 30 years back, when 'useless' posts were almost non-existent, an informal hierarchy of jobs had existed in several services and cadres. The secretary of the Industries Department, as also everyone else, thought that he was holding a more important job than the secretary of Social Welfare, although they drew the same salary. A collector of a big district felt humiliated if he was transferred as Director of Tribal Development, or to the State Training Institution.

The difference between then and now is that previously civil servants had clear ideas about the type of behaviour that would be rewarded or punished. Furthermore, as a retired chief secretary put it, 'control over that, judgments about it, were in the hands of the civil service itself.' Now, increasingly, these standards for reward or

punishment can no longer be identified—lip service is still paid to the old conventions and values but they no longer provide working criteria. New values had entered in from outside and civil servants can no longer define what acceptable and unacceptable behaviour is. Newer values emphasize political loyalty, flexibility and also merit, but merit is only one amongst others. Uncertainty centres on the reward structure. Such uncertainty about service norms has been the principal reason for low morale for senior civil servants.

One may argue that the transitional phase of ‘uncertainty’ is over now, and the structure of reward and punishment is now decidedly and squarely in the hands of the politicians, who, therefore, cannot be displeased. ‘The fact of the matter,’ Mr. Seshan once pointed out, ‘is that the number of bureaucrats who would confront a politician is going down fast because everyone is trying to feather his own nest. Unless a man is mentally off he would not try and confront a politician.’ The traditional civil service values of neutrality and bold advice are no longer relevant. Another senior IAS officer from Tamil Nadu cadre went to the extent of claiming that ‘most administrators, apart from certain exceptions like Appu in Bihar, have become part of the corruption and black money culture which characterizes the current political scenario, either becoming actually involved or passively winking at such practices because they have no power to control them. Top administrators as a class have become the link between politicians and the business class.’

This may not be entirely true for all IAS officers, but the control over transfers and postings even for junior officials has decidedly moved from within the cadre to politicians, distorting discipline within the service.

1.4 Alienation from Public and Indifference to the Poor

At the outset it must be stated that a number of civil servants in India, especially many district magistrates (DMs), despite difficult conditions, are achieving outstanding results without expectation

of any reward or encouragement. Despite the overall decline in several walks of life, as the public response in recent instances of kidnapping of the DMs Vineel Krishna in Odisha and Alex Paul Menon in Chattisgarh has highlighted, some DMs generally have an extremely positive and pro-poor outlook. There is need to give wide publicity to the excellent work being done by them, so that they could be the role models for others, especially the new entrants. However, their short tenure and lack of support from the top results in wastage of their efforts and ultimately they too become cynics. The need is, therefore, to initiate systemic reforms, rather than to concentrate merely on building up of individual morale through training.

Over the years bureaucracy with some notable exceptions has become insensitive and even hostile to the poorer sections of society. The district magistrate, in any given district, enjoys a status far out of proportion to his output. He lives in a palatial bungalow, surrounded by a horde of servants and staff who adds to his inaccessibility aura. He meets politicians and the more privileged sections of society of his district and spends most of his time in State capital and Delhi seeking a better posting. Night halts within the district, outside a few well located inspection bungalows, are unheard of. He is supposed to be accountable to the people, especially the unorganized poor, instead he feels happy if he can 'buy' the support of an important sectarian leader, which ensures a comfortable stay in the district.

Rajiv Gandhi described the nature of public mal-administration in the following words:

We have government servants who do not serve but oppress the poor and the helpless, who do not uphold the law but connive with those who cheat the state and whole legions whose only concern is their private welfare at the cost of society. They have no work ethic, no feeling for the public cause, no involvement in the future of the nation, no comprehension of national goals, no commitment to the values of modern India. They have only a grasping mercenary outlook, devoid of competence, integrity and commitment.

Lack of Concern for the Poor

Indifference towards the poor is no longer confined to the lower level officials, even the senior officers seem to be apathetic to them. This is reflected in the way IAS officers grade their jobs. Although the unofficial gradation of jobs varies from State to State, certain common points can be noted. Posts in the Industrial and Commercial Departments and the corporations occupy a very high rank. These enable the IAS officer to hobnob with industrialists and businessmen with whom he has class affinity. Next in the list would be posts which carry a lot of patronage and influence like a district charge, the Departments of Home, Establishment, Finance, etc. The lowest rank goes to jobs where excellent performance would directly benefit the poorest, such as Tribal and Social Welfare, Revenue Administration, Land Reforms, Urban Slums, Rural Development, etc.

This kind of orientation has serious implications. The IAS officer is not so much worried of a transfer *per se*, as he is worried of being transferred to a job which everyone else considers to be an unimportant one. He would use all kinds of pulls and pressures—both administrative and political—to avoid it. If it does not work he proceeds on long leave; in fact, generally that is the only time he takes earned leave. The punishment to an officer for annoying the authorities would be a posting in the tribal districts or other backward areas. No one realizes that in the process the *adivasis* and people of the backward area get punished for being saddled with an officer who has no interest in continuing there. Only a few IAS officers feel comfortable working for the poor in remote areas.

An officer in the late 1960s was posted to Banda, a backward district of central India, but his only recollection of the two years stay was that the district was full of ancient statues and how excitedly he used to look forward to unearth and obtain such antiques. Not only did the illegality of his action not bother him, but he did not notice at all the poverty of the people, indebtedness and intense

exploitation in that district. Another young IAS officer in the late 1970s was asked to assess the extent of bonded labour and child labour in Mirzapur, but his report was that the incidence of bonded and child labour was negligible. When a non-government organization was asked to do a survey in the same district, picture appeared to be radically different.

Another by-product of this attitude is that in this milieu proper career planning is impossible. In this age of specialization a healthy personnel policy would mean that many officers specialize in sectors where good administration is needed most, such as Welfare of Weaker Sections, Watershed Development, Administrative Reforms, Animal Husbandry, etc. Unfortunately, due to the unwillingness of the IAS officers to work on such 'condemned' posts the development of the State suffers. On the other hand, because of the pressure which the IAS lobby exerts on the State governments, the number of commercial corporations increased several fold in the 1970s and 1980s, each demanding monopoly of controls and budgetary support from the state. Despite this, or may be because of this, several States have remained industrially backward.

If power is abused, or exercised in weak or improper ways, those with the least power—the poor—are most likely to suffer. Weak governance compromises the delivery of services and benefits to those who need them most. The influence of powerful interest groups biases policies, programmes and spending away from the poor. Lack of property rights, police protection and legal services disadvantage the poor and inhibit them from securing their rights. Thus, poor governance generates and reinforces poverty and subverts efforts to reduce it. Strengthening governance is an essential precondition to improve the lives of the poor.

For instance, teachers need to be present and effective at their jobs, just as doctors and nurses need to provide the care that patients need. But they are often mired in a system where the incentives for effective service delivery are weak, and political patronage is a way of life. Highly trained doctors seldom wish to serve in

remote rural areas. Since those, who do get posted there, are rarely monitored, the penalties for not being at work are low. Even when present, they treat poor people badly.

Although many civil servants hold the view that it is the nature of politics which largely determines the nature of the civil service and the ends to which it would be put, and, therefore, civil service reforms cannot succeed in isolation, causation is also in the other direction. Non-performing administration leaves little choice to the politicians but to resort to populist rhetoric and sectarian strategies.

Perverse incentives are not the only factor undermining the effectiveness of the bureaucracy. Its composition is also skewed. For instance, in most States, about 70 percent of all government employees are support staff unrelated to public service—drivers, peons and clerks. Key public services—education, healthcare, police and judiciary are starved of people, whereas many irrelevant wings are overstaffed.

All organs of state are affected by the malaise of governance. The political executive, legislators, bureaucracy and judiciary—no class of functionaries can escape responsibility. For instance, 20–25 million cases are pending in courts, and justice is inaccessible, painfully slow and costly. Police reforms will remain ineffective if criminal cases are not disposed off expeditiously.

1.5 Who will Initiate Reforms?

A question arises, will this degeneration continue forever, or are there signs of change? My reading of the situation is that free press, judicial activism and civil society action has emerged as a big corrective factor on the arbitrary use of executive power. With the demolition of licence-permit Raj and liberalization, there has emerged a significant group of professionals, journalists and academicians who are entirely independent of the government, and, therefore, lose nothing by taking government to task for failure to perform. Their bread and butter would not be dependent upon the

bureaucrat's smile and they are the ones who would be in the forefront of a campaign against bureaucratic and political indifference and poor performance. It is a healthy trend that the monopoly of capital, the monopoly of power, the monopoly of authority which government enjoyed in the past is breaking down today. However, these new pressures seem to be effective at the central level and not so strong in the States. Therefore, it is the central government that is likely to be more responsive to public opinion, as witnessed recently in GOI's initiative on Lokpal, forest rights and land acquisition issues.

The vicious cycle of distortions in politics leading to bureaucratic apathy (and vice versa), and both resulting in poor governance can be set right through taking a large number of simultaneous measures. A discussion on political and electoral reforms¹ (restriction on the number of ministers through law has been a good beginning, it could now be extended to posts declared equivalent to ministers' status), though absolutely vital, is outside the scope of this paper. However, many States in India, especially the poorer ones, have lost the dynamism and capacity to undertake reforms on their own without any external pressure (Bihar under Nitish Kumar is an exception). These States are ruled by people who understand power, patronage, transfers, money, coercion and crime. The language of professionalism, goal orientation, transparency, building up of institutions and peoples' empowerment is totally alien to them.

Even when some Chief Ministers such as Chandrababu Naidu and Digvijay Singh tried to improve governance they lost the elections giving an impression to the politicians that good governance is not compatible with political survival. However, there is some perceptible change in the electoral behaviour of the Indian masses in the last 10 years that gives hope that improving

1. Compulsory public declaration of assets by the candidates has increased perception amongst the common people about the intensity of corruption in India's politics.

programme delivery may lead to electoral victories, as in Gujarat, Bihar and Chhattisgarh.

Therefore, there has been a growing realization among some Chief Ministers on the need to improve governance, but unfortunately only a few have been able to translate this into concrete action. This would necessarily involve keeping the MLAs and ministers under check, which is difficult when the State is under a coalition regime, or the ruling party is constrained by a thin margin in the assembly, or is divided into factions. In many other States even Chief Ministers seem to be averse to professionalizing administration. They think that benefits from such policies are delayed whereas costs are immediate. As the general expectation of a government lasting a full term of five years is low, politicians try to maximize their gains from office and minimize their accountability for performance (Sud 2010).

When neither politics nor administration has the capacity for self-correction, only external pressure can coerce States to take hard decisions that will hit at their money making tactics. In the Indian situation (where foreign donors provide very little aid to the States as compared with what is provided by the centre) this can come only from the centre, backed by strong civil society action.

Conditions under which the civil servants operate in the social sector ministries in GOI are somewhat different from the work environment prevailing in the States. First, the joint secretary of the central government does not control field staff and is, therefore, free from the pressures of transfers and postings, which occupies most of the time of a State secretary. Second, his/her tenure in GOI is for five years, which facilitates growth of professionalism. In the States, when officers fear that they would be transferred within six months there is hardly any incentive to perform or acquire domain knowledge. Third, central government officials are more in touch with experts, donors and specialists, and, therefore, are under peer group pressure to learn their subject and be able to converse with the specialists on equal terms. In some cases, where GOI ministries

(such as in Education and lately in Health) have started behaving like donors and monitor outcomes intensively, results in the field are more satisfactory than in the ministries, such as Tribal Affairs, Food and Civil Supplies and Women and Child Development, where they are content with just release of funds or foodgrain with little knowledge of how these funds are spent.

Although implementation of social sector programmes is under the domain of the State governments as per the Constitutional arrangement, these are increasingly being funded by the central government. Grants for Centrally Sponsored Schemes (CSSs) are meant to supplement the resources of the State governments, who are expected to pay a matching contribution, typically of 25 per cent. The enhanced control by the centre on social sector expenditure through CSS seems also desirable in the context of sharp deterioration in the States' capacity to design and efficiently implement programmes. Due to fiscal constraints faced by the poorer States, centrally sponsored schemes are often the only schemes at the field level in the social sector that are under operation, as these States spend most of their own resources and borrowings just on meeting the essential non-plan expenditure (interest, salaries, pensions and subsidies).

Therefore, considering that the States would need external pressure on them to improve outcomes, certain control by GOI over schemes is necessary, till such time that the States show signs of improvement in governance. GOI should also consider how governance can be improved at the State level by sting instruments of control available to the federal government, without needing any change in the Constitution to provide greater say to the Union over States.

2. What Needs to be Done?

Addressing governance issues will need a shift in the way India prioritizes for social sector and focus on cross-cutting systemic issues like dilatory budgetary flows, M&E of programmes, personnel and

administrative reforms and accountability. Actions are needed along many critical areas and many can be initiated by GOI without expecting revolutionary changes in the State level politics to emerge and precede governance reforms.

2.1 Link Fiscal Transfers with Performance

As already stated, the Government of India transfers roughly ₹6 lakh crore (this amount does not include subsidies, such as on food, kerosene and fertilizers, but includes statutory transfers through the Finance Commission (FC)) annually to the States, but very little of it is linked with performance and good delivery. Often incentives work in the other direction. For instance, FC recommends gap filling grants to the States so as to reduce their revenue deficit. Thus, if a State has been irresponsible and has ended up with a huge revenue deficit, it is likely to get a larger gap-filling grant. In other words, FC rewards profligacy. Admittedly, the 12th Finance Commission did provide incentives for reducing revenue deficits, but there were no additional grants to the States if they performed well on social indicators.

The concept of good governance needs to be translated into a quantifiable annual index on the basis of certain agreed indicators such as infant mortality rate, extent of immunization, literacy rate for women, sex ratio, feeding programmes for children, availability of safe drinking water supply, electrification of rural households, rural and urban unemployment, percentage of girls married below 18 years, percentage of villages not connected by all weather roads, number of Class I government officials prosecuted and convicted for corruption, and so on. Some universally accepted criteria for good budgetary practices may also be included in the index. Once these figures are publicized, States may get into a competitive mode towards improving their score. Central transfers should be linked to such an index. The 13th Finance Commission has recommended giving additional funds to States which do well on two indicators,

IMR and forest cover. This is a good beginning and the list should be expanded by the next FC.

States should be divided in three categories, those whose per capita income is below the national average, those where it is above the national average, and the special category States (such as the northeast and hill States). The advantage of this categorization, which already exists in the Planning Commission, is that poorer States like Odisha will not be competing with better off States like Tamil Nadu.

An annual fund of about ₹10,000 crore should be created at the Planning Commission to augment plan resource of those States who agree to improve governance on the lines suggested in this paper. This fund would be available to the individual State only when it signs a MOU with the Planning Commission about the proposed reforms the State would undertake and the time period of completing various bench marks to be identified jointly by the Planning Commission and the State. Half-yearly meetings would be held with the participating States and the progress of implementation of various commitments made by the State governments would be reviewed.

The size of the fund should be increased to ₹40,000 crore in five years.

2.2 Increase Allocations for Social Sector

According to the *Economic Survey 2011–12*, the total social sector expenditure by centre and the State governments combined as a percentage of GDP has increased from 5.57 percent in 2003–04 to 6.72 percent in 2008–09 (BE). This is primarily because of the fact that GOI allocation for education, health and other sectors relevant to MDGs has increased significantly over the past few years. However, part of this increase is illusory because the Pay Commission Award has added to the salary burden. Thus, the budget increase may not have resulted in corresponding increase in the number of

Table 2: Expenditure on Education and Health from State Budgets as a Percentage of Total State Expenditure

Year	Education	Health
2000–01	17.4	4.6
2001–02	16.2	4.4
2002–03	15.1	4.0
2003–04	12.6	3.4
2004–05	12.7	3.4
2005–06	14.2	3.9
2006–07	14.0	3.9
2007–08	13.8	3.8
2008–09	14.3	3.9
2009–10 (BE)	15.4	4.2
2010–11 (RE)	16.2	4.3

Source: RBI (2011)

regular teachers or doctors. Second, 70–80 percent of the total expenditure on social sector is borne by the States, but they have not been able to arrest the decline in social expenditure as a proportion of total expenditure, as shown below. It is likely that as GOI stepped up its share in social sector expenditure, States decided to cut down on the plan schemes that they were running till the last decade.

Public spending on preventive health services has a low priority over curative health in the country as a whole. Indian public spending on health is amongst the lowest in the world, whereas its proportion of private spending on health is one of the highest. More than ₹2,00,000 crore is being spent annually as household expenditure on health, which is more than three times the public expenditure on health. The private sector health care is unregulated, pushing over-medication and higher cost of healthcare; thus, making it

unaffordable for the rural poor. It is clear that maintaining the health system in its present form will become untenable in India.

For investment in health funding to impact on health equity and on poverty, larger funds have to flow for health systems to those very States whose ability to raise resources internally are most limited and who have a greater burden of poverty and inequity and, therefore, a greater burden of disease to bear. While the State governments bear the responsibility of planning and providing the health services in their State, the NRHM is expected to facilitate strengthening of health systems and infuse new energy through this support from the centre.

As the real cutting edge work in social sector has to be handled by the State governments, they need to augment their financial resources through new taxes and prevention of tax evasion. Many State governments do not have resources even to release the TA bills of the lowest functionaries, with the result that monitoring of schemes has taken a further back seat. Several State governments have stopped recruitments due to financial constraints. At different levels, there are huge vacancies in various social development departments. The share of taxes in Net State Domestic Product (NSDP) varies a great deal from State to State—quite low for West Bengal and satisfactory for Tamil Nadu. Therefore, States need to learn from Tamil Nadu as to how to improve tax collection, and reduce debt and interest burden.

However, outlays should not be considered as an end in themselves. Delivery of social services requires increasing financial resource, but more important is the quality of public expenditures in these areas. This in turn requires improving the certainty of budgetary flows, monitoring of outcomes, governance, productivity and accountability of government machinery. In contrast, over the last two decades there has been hardly any improvement in the quality of services being provided by government to its citizens, especially the poor. We discuss below what can be done realistically to improve outcomes.

2.3 Improve Budgetary Procedures

Despite poor allocations it is ironic that some ministries such as Health and Family Welfare, Tribal Affairs and some States such as Bihar, Odisha and Jharkhand are unable to spend even the meagre funds that are allotted to them. As an example, Table 3 gives allocation and expenditure for the Ministry of Tribal Affairs.

There has been large surrender of funds by the ministry every year, especially in 2009–10. Because of the poor expenditure by MOTA in 2009–10, there has been little increase in the BE for the ministry in 2010–11. Non-receipt of adequate number of complete proposals in accordance with the scheme guidelines from the State governments, non-receipt of utilization certificates and lack of physical progress by State governments, non-filling of vacant posts, austerity measures, non-receipts of bills from the suppliers, etc. have been cited by the ministry as the reasons for the surrender of funds. MOTA should improve its monitoring capabilities over timely expenditure of its budget.

To a Rajya Sabha unstarred question no 1438, answered on 24 August 2007, the Minister for Health and Family Welfare admitted that ‘data on the extent of utilization of funds by States reveals that of the 18 States having weak public health indicators/weak infrastructure, identified for special attention under the NRHM, eight States viz., Arunachal Pradesh, Assam, Chhattisgarh, Himachal Pradesh,

Table 3: Plan of Expenditure against Budget Provision for the Ministry of Tribal Affairs (in crore rupees)

Year	Budget Estimates (BE)	Revised Estimates (RE)	Expenditure	Percent of expenditure over BE
2006–07	1656.90	1652.68	1647.37	99.42
2007–08	1791.71	1719.71	1524.32	88.63
2008–09	2121.00	1970.00	1805.91	85.17
2009–10	3205.50	2000.00	1996.79	62.35
2010–11	3206.50			

Source: Various Budget documents of GOI.

Madhya Pradesh, Mizoram, Rajasthan and Sikkim have utilized more than 50 percent of allocated funds while others have utilized funds of a lower order.' In FY 2008–09, Tamil Nadu and Gujarat spent 94 and 92 percent of total health funds available (centre and State) respectively, West Bengal and Maharashtra on the other hand, were low spenders with expenditures of only 54 and 45 percent respectively in the same period (Accountability Initiative 2011).

Among the States, the record of Bihar is atrocious in using central funds. In the Accelerated Rural Water Supply Programme alone, it lost about ₹540 crore of central assistance during 1994–2005. Even salaries were not paid on time in Bihar in pre-Nitish era. An evaluation of ICDS in Bihar in 2007 by UNICEF showed that only less than 10 percent of

Table 4: Utilization of ARWSP Funds (figures in crore rupees) in Bihar

Year	Opening balance	Allocation by GOI	Release	Total availability of funds	Expenditure	Expenditure as % of allocation
1994–95	31	55	28	59	38	70
1995–96	20	71	36	56	23	32
1996–97	33	78	31	64	34	44
1997–98	30	94	0	30	9	9
1998–99	21	118	0	21	9	7
1999–00	13	94	47	60	9	9
2000–01	51	47	0	51	37	80
2001–02	14	73	0	14	9	13
2002–03	4	74	37	41	33	45
2003–04	8	63	32	40	24	38
2004–05	16	74	89	105	62	84
Total (up to 2004–05)		840	300		246	29

Source: Various annual reports of the RD Ministry, and Approach Paper to X Plan, Planning Commission

AWWs receive honorarium regularly, most receive it only twice in a year rather than monthly (UNICEF 2007).

Thus, there were four years when GOI could not release even a single rupee to the State because the State had not utilized previous releases, or did not submit utilization certificates. In fact in 2000–01 even the allocation was reduced to half, from 94 to 47 crore, because of the State's poor utilization in the previous years. Although the overall picture of utilization of CSS funds in Bihar has considerably improved, it is still dismal in NREGA because of shortage of technical staff at the block and village level.

While on tour to Lalitpur (U.P.) in 2007, I learnt that the programme of promoting institutional deliveries was suffering because there was delay in payment to ASHA workers and the pregnant mothers. This was confirmed both in the field as well as in a meeting of ASHA workers from all over the district that we addressed on 21 August 2007 in the presence of Additional CMO of the district. He in fact admitted the delay and said it was due to non-release of fund from the State government. I asked him whether a demand had been sent to the State government this year. We were told that the proposal for demanding funds from Lucknow had been sent only on 7 August 2007. That explained the delay. Even if funds were to be released quickly by the State government, the district lost the first six months and non-payment has certainly decelerated the programme.

Reasons for poor utilization of central funds by the States are many. Some of the common ones that need action primarily at GOI level are systemic bottlenecks, such as:

- ▶ Delay in the flow of funds (at various stages)
- ▶ Rigid conditions of Centrally Sponsored Schemes, preventing the government staff from addressing all local needs, thus, leading to poor expenditure
- ▶ Insufficient monitoring at the senior level is the reason for delay in slow remedial action to cut down red tape.

- ▶ Delay in the supply of goods such as medicines, food-grains, etc.

In addition, many factors leading to delays require reforms at the level of State governments. These are:

- ▶ States are not able to contribute counterpart funds because of fiscal constraints
- ▶ Long process of identification of potential beneficiaries under various schemes (e.g. beneficiaries only from BPL families, or SC/ST communities, etc.)
- ▶ Capital expenditure (such as construction of schools) requires preparation of estimates and floating of tenders, which takes time
- ▶ Often estimates need to be sanctioned by a competent authority who is not locally available, and files travel up and down; there is insufficient delegation
- ▶ Poor budgetary allocation for support services, such as travel, telephones, which render supervision ineffective
- ▶ Government machinery is used to working in a sequential order, whereas quick completion of projects requires undertaking several activities concurrently
- ▶ Inadequate delegation of power to district/sub-district level government staff with regard to spending money
- ▶ Poor coordination between the Line Departments and PRIs
- ▶ Difficulty in decision-making in the Elected Local Bodies due to political differences
- ▶ Lack of adequate number of staff to implement schemes
- ▶ Funds received from GOI for MDG related programmes are diverted by the States to some other sector

Funds allocated to the departments in the State budgets are not released during the year in an orderly manner and that far too

many references have to be made to the Finance Department (FD) for prior approval for release of funds on ways and means considerations. The same is found to be true in respect of release of funds to ZPs. Large funds are released at the end of the financial year resulting in many irregularities in booking the expenditure.

Release of budget is neither certain nor timely. The budget cycle is too short for full utilization of funds for capital works. Expenditure budget should be valid for two to five years, so that capital expenditure can be completed without surrender of funds. Similarly for centrally sponsored schemes, approval of the State legislature should not be necessary every year for using central funds that are transferred to the State consolidated fund for continuing schemes. In Singapore, expenditure budget is valid for five years, and departments are free to exceed or delay their annual allocation without any reference to Parliament.

In India, there is ex-ante rather than ex-post control of expenditure by line agencies through the institution of financial advisors in each department who report both to their own departments and to the Ministry of Finance; and the performance budgeting system for reporting of outputs and outcomes is divorced from financial reporting and budget preparation. Given departmental allocations, operational efficiency and effectiveness crucially requires accountability. This encompasses (i) fixing individual responsibility for delivery of defined service outputs; (ii) personnel policies linked to performance, with performance being measured by actual outputs in relation to prescribed service delivery standards and preset targets; (iii) independent internal and external, financial and performance auditing with mechanisms for effective corrective or disciplinary action based on audit findings; and (iv) 'customer' satisfaction surveys. Transparency in financial management requires publication of programme performance reports and feedback mechanisms to elicit client feedback on the quality of services provided. Aside from internal and external auditing, the institutional framework for service delivery in India meets none of these standards, and

sanctions linked to poor performance, or programme modifications based on client feedback, are sporadic, at best.

In any case, all departments and ministries should publish in their Annual Report action taken on CAG's findings in the last two years.

The trouble arises because the precepts of financial discipline have not been internalized in the administrative departments and have to be imposed externally from outside by FD. It is high time this system is changed. The State governments should adopt, for this purpose, the system of financial advisors obtaining in the Government of India. Under this system, the financial advisor is responsible to the main finance only on certain broad budgetary matters. For all other matters, he works under the control of the administrative secretary.

2.4 Simplification of Laws and Procedures

The maze of laws, organizations and practices that confront the ordinary citizen in his or her dealings with government make it very difficult to pin responsibility or blame when things go wrong. De-regulation has made almost no impact at the State level. The systems of buying and selling land, getting a ration card or your security back, and Rent Control Acts, all need a thorough revision. One can set up an industry worth billions of rupees in India without any license today, but a farmer can neither set up a brick kiln unit, nor a rice shelling plant and not even cut a tree standing on his own private field without bribing several officials. A simple operation of converting prosopis (a shrub occurring everywhere in States like Gujarat and Tamil Nadu, the more you cut it the more it grows) into charcoal, which can give employment to thousands of people, requires four different permissions! Almost all occupations in the urban informal sector, such as hawking, small manufacturing in residential areas are illegal!

Therefore, in addition to delineate the functions of politics and administration, it is important to do away with unnecessary controls, reduce the powers of government, as well as reduce their

discretion and increase transparency at every level. It is a sad commentary on our laws that the informal sector which provides maximum employment is mostly declared as illegal and subject to the whims of law enforcing agencies. A Committee should be set up to identify specific laws and rules which hamper entrepreneurship. A systematic review needs to be undertaken to review the areas in which government must withdraw, albeit in a phased manner, and departments which need to be wound up should be defined. On the whole, one should aim at reducing face-to-face citizens' contact with government, and rely more on internet-based services.

A report on decentralization in Karnataka reveals the astounding fact that there are over 400 'plan' schemes in each of the State's 27 districts, many of which constitute only small trickles of money but enough to justify the continuation of posts and salaries to administer such 'programmes.' In total, there are about 658 budget heads in the average Karnataka district budget operated by the district authorities directly, and another 1,000 heads operated by the State government in the district.² The confusion in districts across much of India, generated by the proliferation of schemes, budget heads and related establishments costs, is compounded by overlapping and poorly defined functions involving a plethora of line departments, elected councils and planning authorities. Without a serious attempt at streamlining State and district administration, clarifying roles and responsibilities and eliminating overlapping jurisdictions, confusion and an accompanying loss of the capacity to clearly pinpoint responsibility will become near permanent features of governance in India. Disentangling this maze, particularly developing clearer and shorter paths for the flow of funds as well as for taking decisions among centre, State and local governments, is thus an important factor in enforcing accountability across the system.

2. Government of Karnataka, Department of Rural Development and Panchayat Raj. 2002. *Report of the Working Group on Decentralisation*. Bangalore: Department of Rural Development and Panchayat Raj, p. 101.

GOI issued instructions in December 2004 for increasing ICDS centres, but the States took almost four years in completing the formalities. Nine chief secretaries had to personally appear before the Supreme Court and apologize for the delay. The State governments should expedite the process and cut down on possible delays by doing activities concurrently in a parallel fashion, rather than doing them sequentially. For instance, they can complete several steps (creation of posts, recruitment, selection of villages and sites, advance budget provision) simultaneously, rather than completing one activity at a time and then taking up the next one. The culture of distrust that exists between various departments in the State governments must change, so that unnecessary delays can be avoided.

3. Civil Service Reforms

At the outset it must be stated that a number of civil servants in India, despite difficult conditions, are achieving outstanding results without expectation of any reward or encouragement. There is need to give wide publicity to the excellent work being done by them, so that they could be the role models for others, especially the new entrants. Perhaps one should institute an annual ‘Sardar Patel or Lal Bahadur Shastri Award’ for the best three officers in each service under 40 to recognize their contribution to economic growth and good governance in the country. In this respect Prime Minister’s annual awards for administrative excellence is a good beginning.

Moreover a rigorous process of recruitment in India ensures that the best talent available in the society joins the civil service. However, despite initial competence and enthusiasm the hard reality is that many civil servants in the course of the 30 years of their career lose much of their dynamism and innovativeness, and end up as mere pen-pushers and cynics, with no faith in their own contribution to public welfare.

Many problems of bureaucracy in India are quite old and well known. Obsession with rules rather than concern for output,

promotions based on seniority rather than merit, delays and mediocrity at all levels are some of the factors inhibiting outcomes in government. Many citizens find bureaucracy in India too slow, extremely rigid and mechanical and consequently not flexible and adaptive to cope with change. These have been compounded by the recent political changes (described earlier) that have crippled professionalism in the civil service.

It does not follow, however, that the older generation of civil servants—those who worked in the 1950s and 1960s—were innovative or outcome driven. Despite their high integrity, hard work and motivation, senior civil servants even in the past were dedicated to the public service only in the abstract. That somehow failed to translate into service to the individual citizen. The system seemed to be running for the convenience, first and foremost, of civil servants themselves. The customer in India was always *'kasht se mar.'* He was harassed so much by the maze of rigid rules that he died several deaths before his legitimate prayer was heard. Gradually the civil service became too big, costly and slow, and was not even able to put its own house in order (judged by a large number of writs and cases filed by government servants on issues of seniority and promotions). Today it is not able to provide even a patchy service to the citizens.

3.1 Internal Reforms Needed Within the IAS

In addition to addressing the problems caused by external environment we need to look at some of the maladies afflicting the attitudes and work ethics of the top civil service, the IAS, which is supposed to provide leadership at the State and district level.

Lack of Professionalism

A high degree of professionalism ought to be the dominant characteristic of a modern bureaucracy. The fatal failing of the Indian

bureaucracy has been its low level of professional competence. The IAS officer spends more than half of his tenure on policy desks where domain knowledge is a vital prerequisite. However, in the present environment there is no incentive for a young civil servant to acquire knowledge or improve his skills. There is thus an exponential growth in both, his ignorance and arrogance. It is said that in the house of an IAS officer one would find only three books—the railway timetable, because he is always being shunted from one post to the other, a film magazine because that is his level of interest, and of course, the civil list—that describes the service hierarchy! An important factor which contributes to the surrender of senior officers before political masters is the total lack of any market value and lack of alternative employment potential.³ Beyond government they have no future, because their talents are so few. Most IAS officers thus end up as dead wood within a few years of joining the service and their genius lies only in manipulation and jockeying for positions within government.

Creation of Redundant Posts

Due to the control that the IAS and the IPS lobbies exert on the system, a large number of redundant posts in the super-time and superior scales have been created to ensure them quick promotions. Often a senior post has been split, thus diluting and diminishing the scale of responsibilities attached with the post. For instance, in some States against the post of one chief secretary, there are many officers now in equivalent but far less important posts drawing the same salary. In one State, previously where one officer used to be the Secretary of Medical and Health, now there are five officers doing the job of one, four are in-charge of health,

3. Of late, some senior officers are being hired by the private sector, not so much for their professionalism, but for their ability to influence government in favour of the hiring company.

family planning, medical and medical education respectively, whereas the fifth one, as principal secretary, oversees the work of these four secretaries!

Two decades back there was only one IGP in Punjab, controlling the entire police force. Now there are 16 IGs, and to supervise their work there are 14 DGs and Additional DGs! The ministries in GOI dealing with State subjects have seen tremendous expansion; the Agriculture Ministry has 18 officers of the rank of joint secretaries and above!

This has apparently been done to avoid demoralization due to stagnation, but the net result has been just the opposite. First, it leads to cut throat competition within the same rank of officers to get into more important slots. The old camaraderie has given place to rat race. Instances are not lacking when officers wanting a plum job—say a foreign posting—have gone to the Press denigrating their competitors. Second, this no-holds-barred competition is exploited by the politicians in playing up one against the other, making officers more pliable. Third, for officers in marginalized positions government seems remote, heartless and more unjust now than ever before, which results in their demoralization. Many have gone to the Tribunals and Courts for promotions and postings, a phenomenon that was unknown 20 years ago. Obsession among civil servants with what they can get from the system rather than what they can give is not conducive to achieve high professional standards.

There are too many meaningless posts in the all India Services, their number should be drastically reduced, so that only such posts where people can contribute meaningfully are retained. GOI should also reduce the number of boards and commissions it has created, each wanting IAS officers to serve them. In case such Boards have to be created they should hire officials from the open market (retired IAS officers could also apply), but they should not be given any subsidized government housing or vehicle. In any case posting in such commissions is regarded as a punishment posting by the peer group!

Perverse incentives are not the only factor undermining the effectiveness of the bureaucracy. Its composition is also skewed. For instance, in most States, about 70 percent of all government employees are support staff unrelated to public service—drivers, peons and clerks. Key public services—education, healthcare, police and judiciary—are starved of people, whereas many wings are overstaffed. Efforts should be made to identify surplus staff, set up an effective re-deployment plan and devise a liberal system for exit. There should be incentives for clerks and educated Class IV staff to become teachers and constables.

3.2 Accountability

As a consequence of its colonial heritage as well as the hierarchical social system, administrative accountability in India was always internal and upwards, and the civil service's accountability to the public had been very limited. With politicization and declining discipline, internal accountability stands seriously eroded today, while accountability via legislative review and the legal system has not been sufficiently effective. Often too much interference by Judiciary (as in Bihar) in day to day administration further cripples administration. But strengthening internal administrative accountability is rarely sufficient, because internal controls are often ineffective—especially when the social ethos tolerates collusion between supervisors and subordinates.

'Outward accountability,' therefore, is essential for greater responsiveness to the needs of the public and thus to improve service quality. Departments such as the Police and Rural Development, which have more dealings with the people, should be assessed annually by an independent team consisting of professionals such as journalists, retired judges, academicians, activists, NGOs and even retired government servants. These should look at their policies and performance and suggest constructive steps for their improvement. At present the system of inspections is elaborate but

often precludes the possibility of a ‘fresh look’ as they are totally governmental and rigid. The system should be made more open so that the civil service can gain from the expertise of outsiders in the mode of donor agency evaluations of projects. It is heartening to note that GOI has already started doing so for some of its flagship programmes, such as SSA and NRHM. Petitions under the Right to Information Act (RTI) have also empowered citizens, but its use is still dominated by civil servants on personnel issues of appointments and promotions.

Priorities for enhancing both internal and external civil service accountability should also include: improved information systems and accountability for inputs; better audit; face-to-face meetings with consumers and user groups; publishing budget summaries in a form accessible to the public; a stronger performance evaluation system; scrutiny and active use of quarterly and annual reports; and selective use of contractual appointments.

One way to bring in accountability is to start the system of holding public hearings in matters pertaining to the works handled by each office. Prominent social workers and NGOs should be associated with this exercise for more productive results. The teams would undertake surveys of quality of service delivery in key areas, scrutinize policies programmes and delivery mechanisms. Civil servant’s views on work constraints and reporting fraud and corruption should be elicited. The reviews conducted should also form the basis of time bound changes and improvements which should be monitored.

Needless to say that such comprehensive reforms need for their sustenance strong political and administrative will from the top. In its absence, reforms remain only on paper. Accountability has to be induced; it cannot be decreed by fiat. Accountability is a result of a complex set of incentives, transparency in processes and decision making and checks and balances at various levels of government. Thus, the seniors in the government departments have to put their weight behind new accountability systems and review it from time to time.

3.3 Transparency

The term public interest is most abused today, as it is used to cover hidden and mala fide motives knowing fully well that the public is not in a position to challenge the bona fides of decision-makers. The experience of the last eight years of implementation of the RTI Act shows that transparency guaranteed through legal rights builds external demand for reform and makes administration more responsive and performance oriented. Therefore, ministries should suo motto put all relevant information in order to inform the public and ensure probity. As an experiment, all muster rolls in employment schemes should be put on the internet in at least those blocks of a district where internet facilities exist. The Official Secrets Act should be repealed and replaced with a less restrictive law. Property and tax returns of all senior officers should be available for scrutiny by the public. These could be put on a 'home page' of the government on the internet, so that anyone having access to internet could inform government if the stated facts are contrary to his knowledge.

Many States have tried to computerize land records, but feeding incorrect and out-of-date entries in the computer without field verification has not added to consumer satisfaction, and for most States it is 'garbage in, garbage out.' Only in Karnataka, the 'mutation' process is made online as a result of which the data base of land records is updated as soon as a mutation was approved. Even here the farmers still have to come to the *taluka* for a copy of land records. Its ultimate success would depend whether it is able to reduce the dependence of the landowners on petty bureaucracy, by making records available on-line through a web-site.

3.4 Improve M&E Systems

At present officials at all levels spend a great deal of time in collecting and submitting information, but these are not used for taking

corrective and remedial action or for analysis, but only for forwarding it to a higher level, or for answering Parliament/assembly questions. Often data on performance reaches late, or is not available district-wise; thus, accountability cannot be enforced. For instance, no figures are available for district-wise changes in poverty even over a five year period. Had this data been available timely and for each district, it would be easy to fix responsibility and help in outcome monitoring.

The physical aspect of information is normally not subjected to any regular checks. One needs to discuss in what manner physical monitoring can be strengthened. There is a failure of the ministries in verification of their correctness and almost total absence of accountability procedures. Although some ministries do concurrent evaluation and engage professional organizations in preparing impact studies, such reports are hardly read by the policy makers, and no corrective action follows from the examination done in the reports. Ultimately the process of hiring a professional for impact study degenerates into another patronage activity, where favourites are chosen, and the quality of the report is a secondary consideration.

Equally, State governments do not discourage reporting of inflated figures from the districts, which again renders monitoring ineffective. As data is often not verified or collected through independent sources, no action is taken against officers indulging in bogus reporting. For instance, in U.P. the number of fully immunized children that was being reported by the State government was almost cent percent in 2001–02 and 2002–03. However, the Rapid Household Survey conducted in 2002–03 put the figure of fully immunized children in U.P. at less than 30 percent. A District Household Survey conducted in 2002 for Guna district of Madhya Pradesh showed that fully immunized children in the district was 11 percent, whereas the reported figure from the district was more than 100 percent. Such cases of flagrant over-reporting should not go unpunished; otherwise honest reporting would be discouraged.

There are unfortunately no indicators for assessing the quality of programme outcomes. GOI and civil society may like to fill this void and produce reports that assess the quality of outcomes. For instance, one would like to know how many newly constructed toilets are being used, and what impact has it had on peoples' health and hygiene. According to the Sector Reforms Report by UNICEF on Odisha, less than half of those who avail subsidy are actually using the toilets, either fully or partially. The district administration is not held responsible for poor utilization, because information is collected on construction, but not on usage.

An assessment study was carried out by GOI (2008) of 162 Nirmal Gram Puraskar (NGP), Gram Panchayats (GP) who were awarded for reporting 100 percent use of toilets (the study included all the 37 NGP awarded GPs in 2004–05 and 125 NGP awarded GPs in 2005–06) across six States i.e. Andhra Pradesh, Chhattisgarh, Maharashtra, Tamil Nadu, U.P. and West Bengal. It was found that even in the NGP villages only 63 percent households had a functional toilet. Among the reasons provided by households where toilets are not being used, poor or unfinished installation account for 31 percent followed by lack of behaviour change (18 percent) and no superstructure (14 percent). Blockage of pan and pipes also account for another 26 percent of the reasons.

Out of 162 GPs studied, there was no open defecation only in six GPs. In another 64 GPs open defecation was less than 20 percent. This is followed by 39 GPs where up to 40 percent people do open defecation, in 29 GPs up to 60 percent people resort to open defecation, and alarmingly 24 GPs report more than 60 percent people still practicing open defecation. The situation was relatively better in case of Andhra Pradesh, Maharashtra and West Bengal and bad in case of Chhattisgarh where more than 60 percent GPs reported that more than 60 percent people were going for open defecation in the NGP villages. In U.P., in 45 percent cases, toilets were found to be non-existent or left incomplete, though it was certified by the district authorities that not only the toilets existed but these were being used too!

Most States have a computerized ICDS monitoring system, but the available information is not used for taking corrective and remedial action or for analysis. For instance, each AWC reports category wise on the number of malnourished children, but these figures are neither verified independently nor being used for assessing the effectiveness of the programme.

A young Member of Parliament, Sachin Pilot, while trying to understand how ICDS functions in the districts observed:⁴

As a part of a group of MPs working on the issue of malnutrition, we visited several States, especially remote tribal areas, to see how these centres were being run. I was surprised to see that the anganwadi worker who manages the centre with almost no help has to keep 18 registers updated! It is another matter that sometimes the number of children at such centres is less than the number of registers.

During another visit, we discovered that all data of children at the centre for the past five months, weight, vaccinations, health records, etc, were filled in with pencils. On probing further, I found it was done so that in case of an official inspection, the figures could be erased and 'correct' data inserted to make the centre's performance look good!

The practice is so widely prevalent in all the States, presumably with the connivance of senior officers, that the overall percentage of malnourished children, in case of 0–3 years according to the data reaching GOI is 8 percent (with only 1 percent children severely malnourished), as against 46 percent reported by NFHS-3 (with 17 percent children severely malnourished). The field officials are thus able to escape from any sense of accountability for reducing malnutrition (NHDR 2011).

The situation can easily be corrected by greater transparency of the district and centre records that should be put on a website, and by frequent field inspections by an independent team of experts,

4. *Economic Times*, 11 February 2008; http://articles.economictimes.india-times.com/2008-02-11/news/27715402_1_schemes-india-growth-story-icds

nutritionists and grassroots workers. The Ministry of WCD at the centre should also pull up the States for not recognising and reporting almost 90 percent of the severely malnourished children.

Pratham, a voluntary organization, has evolved a simple test in education at a low cost which judges the extent of learning in primary schools. Their finding shows that the actual learning levels of students are abysmally low. Such studies should be repeatedly organized frequently and for each district.

It is not enough that the central government departments and the State governments use professional and academic organizations to undertake impact studies from time to time. Their findings must be publicized and discussed with key stakeholders so that improvements in design and delivery can be effected at the earliest. State governments should also put findings of the impact studies on their website, and distribute these in the workshops they organize. Dissemination of results is critical for use.

Reluctance of Governments to do Physical Monitoring

The ministries and the State governments will need to reorient their approach to one of monitoring and evaluation rather than just one of fund release. The reason why this does not happen is not merely lack of capacity. The more important reasons are (MTA 2001).

- There are too many schemes to be monitored. This has meant large and infructuous expenditure in the name of development. There are more than 200 such schemes in operation right now, and, therefore, one needs to suggest a road map how to reduce the number of CSS schemes. If schemes that are redundant or create duplication are wound up, the central ministries will have more time for capacity building and inter-sectoral coordination.
- There is unwillingness to accept poor performance, for fear of adverse press publicity or being questioned in the

Legislatures. Senior officers feel that they would be taken to task if failures were admitted.⁵ Hence a vested interest develops up to the top to conceal shortcomings, and not encourage independent evaluation. Since weaknesses are not highlighted, no corrective action is taken to set them right. Due to vested interest all along the line in bogus reporting and no readiness to admit bad performance, the learning process of the organization is blocked.

- Since social sector schemes are implemented by the States, sensitivity associated with centre-State relations often precludes the centre from asking the States embarrassing questions. Moreover, ministries are hesitant to monitor State sector schemes, although it may have important bearing on the sector with which the central ministry is concerned. If financial monitoring is weak, the impact of funds on performance would hardly be studied, and sustainability is never likely to be questioned!
- Most schemes follow a blue print and top-down approach, with little flexibility given to field staff. Any change in the scheme requires approval from GOI which is time consuming. Uniformity of schemes all over the country from Mizoram to Kerala, without sufficient delegation to States to change the schemes to suit local conditions, leads to a situation where the States even knowing that the scheme is not doing well, become indifferent to its implementation. For instance, in the Indira Awaas Yojana, it is compulsory to build toilet with the house for which a grant of approximately ₹40,000 is given. In many villages there is no arrangement for water, and hence these toilets are never used. However, States have not been given any discretion

5. One district collector, when confronted why he reported inflated figures, told me that reporting correct data is 'a high-risk and low-reward activity!'

to change the pattern of funding. Similarly, there are regions in India, where unskilled labour is scarce, such as the northeast Himachal Pradesh and Uttarakhand. However, NREGA works are carried out in these regions too, for which the field staff employs labour from other regions, but records are fudged to show employment of local labour. It would be much better if the States have discretion in deciding the mix of poverty alleviation programmes. However, GOI guidelines are rigid and give no such flexibility to the States.

- Most government schemes are generally meant to continue till the end of the world, however, the world may have changed in the meanwhile. Many CSS have been in operation for more than 10, and some even for 20 years. This period has seen several political parties in power at the centre and the States. The result is that the party in power has no sense of ownership with the existing schemes, although it also does not wind it up either because of bureaucratic resistance or sheer lethargy. Greater political advantage is seen in announcing new schemes on the 15 August or at the time of the budget, with the result that the number of schemes keeps on increasing. Often the old schemes are refurbished under a new name (IRDP into SGSY and SGSY into NRLM) with some cosmetic changes to drive political mileage associated with the launch of a new scheme.
- Many States are ruled by a political party different from that at the centre. These governments do not put their weight behind CSS formulated by the Union Government as they see no political advantage in successful implementation of such schemes. The fact that some schemes are named after politicians further dampens the enthusiasm of politicians belonging to the opposite camp. The successful implementation of

social sector schemes requires a high degree of political commitment (mid-day meal scheme of Tamil Nadu and the recent near-universal PDS in Chhattisgarh are examples) and administrative coordination, which GOI cannot secure for want of control over the staff.

- States do not release the counterpart funds in time, leading to uncertainty about the availability of funds at the field level. Even the release of GOI funds to the field is held up for several reasons. First, the States have to get legislative approval for GOI schemes, which take time. Second, poorer States lack capacity for quick and efficient spending, and thus surrender funds in favour of the richer States. And third, fiscal problems at the State level force the States to divert GOI funds for paying salaries. States' burgeoning fiscal problems thus exacerbate this trend.
- Routine has taken over the functioning of government at all levels. Little time is left for officers to initiate reforms or change schemes. With the best of commitment it often takes two years to get a scheme changed. In the meantime the officer gets transferred, and his efforts come to naught. Perception of short tenure dampens the enthusiasm to undertake reforms in the States. The average tenure of secretary, even in GOI, in many ministries is less than a year. Situation is worse in States like U.P.

Supervision and Ownership of CSS by the State Secretariats

The extent of supervision exercised by the State secretaries over those district schemes for which funds are received directly from the centre depends on the control that the State secretary exercises on the society to which funds are transferred, and its staff. For instance, in my field visits I have noticed that the rural development secretary (also called development commissioners in some States) have a high sense of ownership about the DRDA schemes, because

they control the senior DRDA staff, despite the fact that funds are not routed through the secretariat/legislature. On the other hand, the PHED staff at the State capital feel alienated from sanitation and water schemes, as they have no control over the Panchayats and DRDA staff at the district level. Similar is the situation of the social welfare secretary as regards to old age pensions. Therefore, in order to improve ownership of State secretaries, more sector-specific societies should be created (as opposed to transferring funds of smaller ministries to DRDAs) with effective control over fund flow with the State secretariat. Thus, whereas the number of CSS should be drastically reduced, the number of State societies should be increased so as to create one-to-one correspondence between the two. Of course, an ideal solution would be to route all central transfers through the State budgets, but this would require simplification of financial rules as already discussed in section 3.3.

Measure Satisfaction

The system of information flows in government does not report on satisfaction. The data on drinking water reports the number of taps and villages covered, but not the quantity, quality and availability of water distributed. If the objective is to increase public satisfaction, one must begin by measuring it over a period of time. Even when people have physical access to a service (school, PHC), they are largely dissatisfied with its quality. In Bangalore, where the satisfaction from public hospitals was being annually monitored, it improved from 25 to 34 percent between 1994–99, but jumped to 78 percent in 2003. This highlights the importance of regular information flows.

Measure Absenteeism

While satisfaction may be subjective, and with economic progress people's aspirations for high quality services may have increased,

quantitative data on absenteeism of both service providers and service receivers (students in classrooms, or women turning up for institutional deliveries) throw a great deal of light on the quality of service. For instance, a study of Rajasthan indicated that 45 percent of doctors were absent from PHCs, and 56 percent of time the sub-centres were closed. Worse, the patterns of absences and facility closures were essentially unpredictable, so people could not plan their visits.

With one in four government primary school teachers absent on a given day, and only one in two actually teaching, India is wasting a considerable share of its education budget and missing an opportunity to educate its children. The overall high salary of the teacher has little effect on absence, since teachers cannot be fired and attendance rates do not affect their emoluments. However, better infrastructure does provide a stronger incentive to attend school on a particular day. Similarly, improving monitoring increases the marginal cost of teacher absence.

3.5 Personnel Issues

Appointments and transfers are two well-known areas where the evolution of firm criteria can be easily circumvented in the name of administrative efficacy. Even if the fiscal climate does not allow large numbers of new appointments, a game of musical chairs through transfers can always bring in huge rentals to corrupt officials and politicians. As tenures shorten both efficiency and accountability suffer. In U.P., the average tenure of an IAS officer in the last five years is said to be as low as six months. In the IPS it is even lower, leading to a wisecrack that ‘if we are posted for weeks (*Haftas*) all we can do is to collect our weekly bribes (*Haftas*).’

Transfers have been used as instruments of reward and punishment, there is no transparency, and in the public mind, transfer after a short stay is categorized as a stigma. Officers who are victimized are not in a position to defend themselves. Internally the

system does not call for any reaction to explain one's conduct, while externally public servants are debarred from going public to defend themselves.

Frequent transfers and limited tenures are playing havoc with public organizations. With every quick change in the head of the office, a funereal air is noticeable and down the line the respect for authority is whittled away. Rapid changes erode the mandate of the department or organization. There are two other consequences. The incumbent himself is not sure of how long he will stay. This affects his attention to detail, the capacity to master the situation and begin thinking, even incrementally, about how to change things and improve them. Since he is not too sure of what has to be done, the preference is to opt for whatever was tried out in the past and seemed to have sufficed. In the process, changes which may have been initiated by the predecessor are either disregarded, or thought of as being disruptionist. Most public organizations do not possess the 'memory' which will absorb change and continue it even under adverse circumstances. Second, there are even more deleterious consequences down the line. Other staff in the organization do not extend the commitment so necessary for change to be institutionalized. Their assessment is that everything new—being temporary—administrative improvement and practice different from the ordinary way of doing things, represent the foibles or prejudices (at worst) of the incumbent, to be sent packing immediately on the departure of the officer. An attenuated hierarchy, which distorts intent and initiative, further impels the status quo.

The topic of reducing political interference is a sensitive one, for the right to transfer government servants is clearly vested within the political leadership under Article 310 of the Indian Constitution, which maintains that civil servants serve at the 'pleasure' of the ruling authorities. Yet few would disagree that this power is often abused by both government servants and politicians—the former in seeking prime postings, and the latter for a

variety of legitimate and occasionally illegitimate reasons. The prime concern of the political executive now is not to make policies but to manage jobs and favourable postings for their constituents. This means a high degree of centralization at the level of the State government and little accountability.

Several reforms are needed here. Powers of transfers of all Class II officers should be with Head of the Department, and not with government. At least for higher ranks of the civil services e.g. chief secretary and DGP, postings may be made contractual for a fixed period of at least two years (as is being done in GOI for secretaries in the Ministries of Home, Defence and Finance) and officers be monetarily compensated if removed before the period of the contract without their consent or explanation.

Stability index should be calculated for important posts, such as secretaries, deputy commissioners and district superintendent of police. An average of at least two years for each group should be fixed, so that although government would be free to transfer an officer before two years without calling for his explanation, the average must be maintained above two years. This would mean that for every short tenure someone else must have a sufficiently long tenure to maintain the average.

There should be a high powered and statutory Civil Services Board in the States, which should process all proposals of postings and transfers and there should be an ACC kind of procedure (followed by the Government of India whereby an officer joins a ministry for a fixed term of 4–5 years) in the States also. Once a person is posted he should not be transferred except by following the same procedure once more. The ACC system does ensure stability of tenure at the centre. If it is operated properly in the States there is no reason why it should not succeed in the States too. At least all proposals for premature transfers should be first cleared from this Board before these are implemented by the government.

Rule 11 of the Civil Service Rules should be amended to include ‘transfer below two years’ as a minor penalty; so that no

politician is able to arbitrarily transfer an officer without calling for his explanation.

It is not correct to assume that there would be political resistance to the idea of stability of tenure. Many Chief Ministers would welcome this proposal, as they are often pressurized by their MLAs to resort to frequent transfers, and with a change in law, they would be able to resist the pressure in a better manner. It may also be mentioned here that many transfers are initiated at the request of the officer himself, and this tendency will also get curbed with new laws.

The hankering after posts is also linked quite often to the ‘trappings’ of the post—vehicles, domestic help, etc. It is clear that to a large extent these are dictated by the nature of jobs and should also constitute an element in determining how to categorize posts. One should follow the example of Singapore where salary package for government servants includes cash in place of perks. No one is entitled to subsidized housing or government vehicle there, which increases transparency and accountability. One could begin this practice in India with the retired government officers who are re-employed in various sinecure jobs.

There are too many people in Indian administration in staff positions and too few in line positions. This mismatch should be corrected.

All States have recruited a large number of teachers, AWWs, ANMs and other medical staff in the last five years. Procedure for doing so varies from State to State, and some States are able to complete recruitment with minimum complaints or litigation, because they follow a fair and transparent procedure. If appointment is for a particular post (and not to the cadre), postings to remote and difficult places do not pose a problem. In some States, such as Bihar and Odisha, salary disbursement to contractual staff is delayed by several months leading to demoralization and demotivation amongst the staff. This again can be avoided through more innovative procedures. There is also a great deal of variation in promotions of para teachers to regular posts. Some States, such as

Karnataka, evolved a transparent procedure for annual transfers and placement of teachers. However, these procedures were not followed every year uniformly, and may have been totally dissipated by now. Lastly, the procedure for recruiting contractual staff varies from State to State.

At the same time it must be recognized that some posts would have more attraction for the employees than others. These may be due to better location where good schools or cheap government housing is available, more challenges, the pull of private practice for doctors, or simply more opportunities to make money. Except for the Indian Foreign Service, no other service categorizes posts according to its demand so as to ensure that everyone gets a fair chance to serve on both important and difficult (such as in remote and tribal areas) assignments. One should categorize posts in each department according to the nature of duties and geographical location into A, B and C posts, and chart out the kind of mix that should dictate the average officer's span of career. At least for Group A officers, one should be able to know through websites that total transparency is being observed and whether some 'well connected' officials have not been able to get 'plum' postings and avoid difficult areas.

Government positions in social sector should have an adequate representation of women. In some States, such as Rajasthan, the cadre of CDPOs is not reserved exclusively for women, with the result that 88 percent of the serving CDPOs are male. They are often on deputation from other departments, which reduces their sense of ownership with the ICDS. In most States, avenues for promotion for AWWs and supervisors are limited, and stagnation sets in their mid-career. It would be better if all supervisors are selected from eligible AWWs, whereas supervisors can be promoted as ACDPOs.

Some of the suggestions given here could be incorporated in the form of a legislation to improve the prospects for effective implementation.

Reduce Post-retirement Temptations

Another area of reform relates to post-retirement bonanzas. The Fifth Pay Commission while recommending the age of superannuation as 60 years, suggested in the service rules complete abolition of the provision of extension. The State and central governments as well as PSUs should implement this particular recommendation and also avoid post retirement jobs to the civil servants as also the judiciary. If the talent of any particular individual needs to be used even after his retirement, it can be on a short term consultancy basis to meet a specific time bound requirement, at the end of which the contract should be terminated. In any case no officer above the age of 60 should get government housing or vehicle.

3.6 Reduce Administrative Fragmentation

Within GOI and in many States, the number of ministers, ministries and departments has proliferated far beyond any rational assignment of functions. The number of cabinet ministers for OECD countries has come down in recent years to an average of 14. GOI has today 50 ministries with about 140 departments. Most Indian States have between 35–40 cabinet departments, and some States such as U.P. can have over 70. Relatively weak mechanisms for policy coordination are further compounding the problem in many States; since most departments report directly through their own minister. Nor does fragmentation end with administrative structures. Budget heads are not always closely aligned with departments. The civil service is divided into dozens of cadres, each with its own service terms and conditions, whose controlling authorities are widely disbursed throughout the various departments. Rigid terms and conditions make it difficult to transfer staff between cadres where they can be better utilized. And State personnel departments, which should be maintaining an overall bird's eye view of the civil service, instead typically focus only upon transfer

policy for the top 2 percent. This makes it very difficult to obtain the type of integrated view of the civil service as a whole that is needed for rationalizing the deployment of staff across departments, and ensuring that recruits with the right skills are inducted and optimally deployed. Therefore, institutional reforms are needed to reduce the current administrative fragmentation, and align the size and structure of the civil service more closely with modern-day functions.

3.7 Rules vs Discretion

At the core of weak governance lies the confusion in the application of *rule-based vis-a-vis relation-based governance*. This confusion can result in such symptoms of government failure as corruption, political deadlock over policy, politicization of administrative decisions, sense of powerlessness of the civil service, unresponsive administration and friction between the civil servants and elected representatives. The government needs to adopt *fundamentally different institutional structures* for dealing with its citizens, depending on what is *appropriate to the specific task* before the government.

Rule-based structures are appropriate where the government must assume a neutral rule-making role in relation to stakeholders (e.g. procurement; award of contracts). *Relation-based structures* are appropriate where close and continuing cooperation and contact are needed for better quality (e.g. service delivery; generation of long term policy ‘vision’). One of the basic reasons for poor governance is that government departments come to accept styles, which are inappropriate to the task at hand. Both styles are needed depending on the task, and good governance means being able to deploy the styles appropriately. Hence a review of governance functions is recommended to determine how to combine rule-based and relation-based styles for best results.

Raising quality of output, whether in education or any other service sector, would need raising the discretion of government

supervisors to assess the quality, which is not possible in an environment of distrust and corruption. Unless government departments win the trust of the people and stakeholders through transparency, improved performance and social audit, giving more discretion to them is not a practical solution.

3.8 Reduction in the Size of the Cadre

In the long term, steps need to be taken to drastically reduce the number of meaningless posts in the IAS, so that only such posts where people can contribute meaningfully are retained. After the first 15 years in service, an average officer spends at least 50 percent of his time doing useless work on posts that call for no challenge. Chief Ministers in India have got used to be waited upon by a horde of politicians jockeying for power, and they have developed a mind-set of meting out similar treatment to civil servants—keep half of them under-utilized to make them pliable. The Indian government must be the only organization in the modern World where half of the top management is deliberately and consciously forced to waste its time on useless posts, both at the central and the State levels. Working much below their capability results in stagnation and low self-image, and many officers ultimately become ‘dead wood.’ The suggestions are:

- Retire 25 to 50 percent of the officers at the age of 52 to 55, as it is done in the Army;
- Drastically reduce the cadre as well as ex-cadre posts, especially in the supertime and above, leading to slower promotions;
- Encourage officers to join NGOs, educational and research institutes during mid-career. The DOPT should play a more active ‘placement’ role by maintaining a list of officers who wish to be out of the service for a

temporary period, and liaise with the desirous NGOs and other institutions;

- Increase the period an officer can be out of the system without losing his seniority from five to seven years; and
- Many posts in the government should be earmarked to permit lateral entry of people from NGO/professional institutions at various levels to bring in a fresh outlook.

4. Making the Civil Service E-Governance Friendly

There are several reasons why e-governance should figure prominently in any programme of administrative reform and modernization. First and foremost, technologies have advanced rapidly and cost effectively in recent years to bring e-governance applications within the reach of governments. Second, these applications are easier to implement today than many other types of administrative reforms. A lot of experience has now been gained with respect to their introduction. Technology can inject greater transparency, discipline in terms of deadlines, systematic monitoring and security of data that standard administrative systems are unable to enforce. Third, they can make the citizen-state interface much easier, reducing transaction costs and public dissatisfaction. Finally, e-governance is less threatening to those in authority in contrast to some of the complex administrative reforms that have remained dormant in official reports. An e-governance application may look simple and limited in scope, yet it may have far reaching implications for the operating culture and performance of governments.

Some 10 years ago it was difficult to find many software experts interested in e-governance applications in India. Today, there is not only interest in the subject among professionals, but also active involvement by them in several experiments in a number of States. As a result, it is possible now to review and assess where

the potential areas for scaling up are in the field of e-governance. E-governance is thus fast emerging as an important tool for achieving good governance especially with regard to improving efficiency, transparency and making interface with government user friendly.

Conventional administrative reforms in India have had a mixed record for several reasons. A major problem is in mobilizing the kind of political and administrative will, necessary to implement them. Vested interests are able to block many reforms and make it difficult to monitor the few that tend to get adopted. It could also be that people are not certain about the final outcome of some of these reforms. As a result, many ambitious reforms are proposed in official reports that are seldom acted on. Much time and money are wasted on exercises that produce no impact on the ground. Today, technology can be used to bypass these barriers, using a low key approach that need not be so threatening to many interest groups. We need not, therefore, wait till complex administrative reforms are accomplished to tap the potential that technology has to offer. E-governance applications are a good example of how the discipline of information and communication technologies could be used to compensate for the inherent difficulties in implementing organization intensive administrative reforms. They could in fact be used as short cuts to demonstrate 'quick wins' while the ground is being prepared for the more difficult administrative reforms. However, e-governance is not just about using ICT, it also has two critical aspects namely process re-engineering and change management, which are far more important than probably the use of ICT.

What are the expectations from e-governance? What has this approach achieved elsewhere? Developed countries are at the forefront in e-governance applications. They have used new technologies to streamline and speed up their interactions with and provide services to the public in almost all sectors of activity. They have also used IT in a big way in improving the internal management of their systems with respect to funds, personnel and assets (internal

housekeeping). Based on this experience, the benefits of e-governance can be summarized as follows:

- ▶ It improves government's overall productivity.
- ▶ It promotes greater transparency and public accountability.
- ▶ It simplifies and speeds up the delivery of a wide range of public services.
- ▶ It improves service quality and thus increases citizen satisfaction
- ▶ It aids dissemination of information and thus empowers people.

Technology has vastly improved in the last few years resulting in lower costs and increased affordability. Some of the features to be noted are: the feasibility of using open standards; scalability; improved system performance; increased security and access control to minimize abuses; and a convergence of factors that can drastically reduce the costs of installing and maintaining new systems.

4.1 Applications in India

Experiments in e-governance are under way both within governments and at the initiative of private entrepreneurs. Our focus here is on the applications by governments that improve service delivery and problem solving for the average citizen. Those listed below are applications of this kind that have been tested and institutionalized in different States.

1. Maharashtra

- ▶ Thane citizen facilitation centre for multiple services; with NGO involvement

- ▶ Similar centre in Ahmednagar; also with NGO cooperation
- ▶ Mumbai—Dahisar facilitation centre for urban services

2. Andhra Pradesh

- ▶ IT based system for land registration
- ▶ Mandals on line for services
- ▶ Vijayawada—municipal services on line

3. Karnataka

- ▶ Bhoomi—Record of land rights online—speedy and minimizes corruption
- ▶ F-Bas—Bangalore and Tumkur accounting systems modernized with IT

4. Madhya Pradesh

- ▶ Gyandoot: Gram mandi; land records; on-line registration of applications for certificates

5. Kerala

- ▶ FRIENDS: an integrated services centre that accepts payments/bills for all utilities/services. It operates in all 14 district headquarters. Back end IT links to the participating departments, however, these are yet to be established.

Initially, the rollout of government services through ICT was believed to benefit only the people who had access to computers and were acquainted with their usage. However, after the execution of projects such as Gyandoot and Bhoomi, the perception has been proven wrong. People who use these services can visit kiosks

for assistance and rest of the work is done by the officials in lieu of a nominal fee. With this, e-service delivery has become an effective mode of encouraging balanced regional development in the country (GOI 2012).

For instance, the Gyandoot project in Dhar district of Madhya Pradesh provides useful information to people in rural areas, and also acts as an interface between the district government and ordinary people. Overall awareness of Gyandoot in the villages surveyed was found to be slightly greater than 50 percent, which is a considerable achievement given the short time since its establishment. The main services used were to obtain government records or certificates of various kinds, to make complaints about the quality of government service and to obtain market information. Almost 80 percent of users were satisfied with the service obtained—for example over 60 percent of complaints were acted upon within one week. Charges for the services were predominantly seen to be reasonable. Opinions from within the district administration suggested that the mere fact that officials were aware that complaints could be made through Gyandoot had had a powerful effect on improving their performance—so that efficiency improvements were likely to be much higher than might be suggested by the currently limited use of the complaints service.

In Mumbai, the Municipal Corporation has set up a citizen facilitation centre because of which the time required to obtain a birth or death certificate, register a complaint, pay a utility bill, or get a shop license has been reduced to 15–20 minutes.

However, it should be remembered that mere computerization of forms and data will not be enough to achieve the objective; it would need redesigning the government processes keeping the citizen at the centre, providing for the enablement of citizens, businesses, producers and consumers, and replacing the old mistrust and control regime of the colonial past.

To illustrate, an applicant for old age pension has to apply in the prescribed form to the Block Development Officer (BDO), enclosing

an income certificate and a residence certificate, both issued by the village officer. It does not help the applicant that both these certificates have been computerized as the applicant still has to go to the village office to collect these before he or she can submit the application to the BDO. There is again further verification of the claim by the BDO office before the file is sent to the Social Security/Welfare Department. In spite of the application of IT, the applicant has to visit at least three departments—Revenue, Welfare, and Social Security.

The process can be simplified if one single agency in any of these departments is made responsible for receiving and sanctioning/rejecting the application. The agency should collect the clearances from other departments through the IT network without the applicant having to run around. Only such an integration of processes, focused on the delivery of each identified service, can benefit the common people (Ramachandran 2011).

It may be recalled that Singapore, in order to quickly address citizens' grievances, follows a 'No Wrong Door' policy. That is, if an agency receives application on an issue which is not under its charge, it must redirect the application to the right agency and ensure that the latter agency responds to the applicant; and if the application involves more than one agency, the agency receiving the application should coordinate a single consolidated response.

4.2 Redressal of Public Grievances

Villagers today spend a lot of time and money in sending petitions by registered post, and often they do not get any acknowledgement of their application. One could introduce a system of on-line receipt of such applications for which the petitioner needs to go only to a kiosk, and send his application by email. Even copies of documents can be scanned and sent along with the application. The applicant should immediately within seconds get an acknowledgement with a particular number so that he could trace the movement of his application on the computer itself. In a World Bank funded

programme on drinking water for poor localities of Hyderabad similar procedure was evolved where people did not send any written application, but they only had to dial a toll free number and get their complaint registered as well as trace its movement.

One of the prime reasons for the harassment of citizens by government agencies is the need of the people to approach State agencies for various requirements from time to time. It is not uncommon to hear from people complaints regarding harassment, waste of time and money, repeated visits to offices and institutionalized systems of informal payments which have to be made for getting services. A great deal of corruption and harassment can be reduced if these requirements can be met, without approaching the government departments, through single-window stations such as the TWINS, in Hyderabad, funded in the course of time by private operators. A beginning can be made by permitting payment of all government dues through banks and even post offices.

4.3 Creation of Individual Database through UID

At present, for getting various certificates, a citizen has to apply and furnish various details to support his claims. The village staffs do the enquiry and then issue necessary certificates. This consumes a lot of time. There is no comprehensive individual database available in the village office. It is suggested that a village level individual database should be created so as to cover a variety of purposes and certificates. Once the database is created, the same can be used effectively for fast and efficient service to the general public.

One may also mention here that a large number of government departments in the States collect information on the households. These are Social Welfare, Food and Civil Supplies and Rural Development, to name a few. These are parallel activities which consume a great deal of time, which can be reduced through proper coordination and sharing of information through computers.

5. Promoting Peoples' Empowerment

Economic well being of the marginalized people can be achieved in several ways. Growth, successful development project in health, education, or water can all mitigate their misery without empowering them, at least directly. Therefore, empowerment can be conceptualized as a strategy as well as a goal. It is desirable in itself, as it improves the confidence of the women and other marginalized groups in themselves, but also

- makes bureaucracy more accountable and hence improves the efficiency and effectiveness of government programmes
- improves their awareness and hence makes them better recipients of aid
- reduces repression and exploitation

We need empowerment in India because much of development effort in India is supply driven, top-down, do not involve people, non-transparent and hence full of leakages and not sustainable.

Empowerment is a political process. Historically it has been done by political parties or religious groups, such as Justice Party in Tamil Nadu, Erawah movement in Kerala, Arya Samaj movement in the north, or by Ambedkar in the north and western India. Recent examples would be the Swadhyay religious movement in Gujarat, BSP as a political party in U.P., Lok Jumbish and Saathin movement in Rajasthan and by some NGOs on specific issues in isolated places. In the recent years, empowerment has been one of the goals in many development projects but it has remained more or less a rhetoric, as an ideology without a methodology.

In addition to democratic decentralization, empowerment can also be facilitated by government through a series of policy measures described below.

5.1 Social Audit

Governments should introduce social audit by assessing the experience of the people whom the service providers are intended to serve. With community participation, the evidence should be collected from stakeholders, so as to promote accountability, equity, effectiveness and value for money. Such an audit will supplement conventional audit and will often provide leads to it. Financial audit aims at making organizations accountable to the government and to the legislature. The experience of introducing social audit in NREGS shows that it certainly makes field staff accountable to their stakeholders, especially in relation to the social objectives.

Box 1: Lack of Access to Documents is the Major Reason for Fraud!

A social audit in Bihar's Araria district showed that fake muster rolls, bills and vouchers were the most common ways to siphon money from the NREGA funds. The faults in the records were so glaring that it became obvious that the wrong doers had never braced themselves to face a people's audit exercise. For example names of about 50 people were found on the muster roll and investigation showed that these 50 did not even belong to the village (GOI 2012).

All activities in a scheme, ranging from planning to implementation, must be supported by adequate documentation. Some important documents that could be made mandatory are:

Financial documents—Budgets, Income-expense statements

Project documents—Meeting minutes, Progress reports, Issue registers

Operational documents—Staff registers, Inspection reports

Other documents—Applications, Tenders, Proposals, Contracts

Further, documents should be made easily accessible to the public, being preferably kept online (GOI 2012).

5.2 Citizens' Charter

All talk of improving performance is meaningless unless a bottom line of minimum acceptable standard of performance is stipulated. This has to be at two levels viz. organizational and individual. It is imperative that each ministry/department of the central and State governments and all departments and agencies under the district administration, have a well defined and spelt out criteria by which performance of their functionaries can be evaluated. For example the Railways/Airlines promise running of trains/planes as per the announced schedule. Non-adherence to this should entail adequate compensation for non-delivery of promised service. This concept could also be extended to other service sectors, such as urban bodies, Telecommunications and Post Offices.

Citizens' charters are one vehicle to empower the public in their dealings with service providers. The charter is essentially a statement on the part of government department on the levels of services which the citizen is entitled to, and which it is willing to guarantee to him. It is important, however, that such charters must be developed in consultation with major stakeholders and widely disseminated. NGOs can also play a vital role in collecting raw data, transforming it into usable information and disseminating it to a wider audience.

Many countries in the world have used concepts like the citizens' charter or service delivery agreements to attempt a prior specification of the service to be delivered. This ensures that the people who avail the services know what they can expect in terms of the quality and quantity of services. Therefore, each department should select some pilot institution which would draw up citizens' charters for specific activities under them. This would begin with the identification and selection of those activities, which impact the maximum number of people and use the largest share of resources allocated to improve that activity. Gradually the citizens' charters would be extended to cover more and more activities under each department or agency.

Finally performance in government can only be enforced if non-performance invites due sanctions and penalties and good performance comes in for recognition and reward. This calls for introduction of some clear-cut changes in the management of the civil service in the State. The people cannot be penalized for the inefficiency of the public service. Gradually this will foster a more pronounced commitment to act in accordance with the value and ethics of the civil service.

Most government offices present a shoddy, dusty and neglected look. From the moment a citizen enters a government office, he is put off by its appearance. Working in such environment adversely affects the efficiency, productivity and motivation of the staff. Therefore, adequate maintenance budget should be provided, and Heads of Departments should compete with each other in proper maintenance of the office premises.

With a view to make government functioning people-oriented and client centred, the selected departments should take the following steps:

- Introduction of a citizens' charter for each office that has a public interface, clarifying citizen's entitlement to timely delivery of public services. The citizens' charter thus issued should clearly define the standard for the services being rendered. It should also specify the remedial mechanisms available to the citizen.
- After promulgating citizens' civil charters the departments should ensure that the necessary changes have also been introduced in every aspect of the functioning of the department and at every level, to conform to the standards set in demand of these charters.

Set Service Standards and Inform Public about it

Government should inform the people for each village/locality the standards of service they can expect in due course. For instance, government should announce that although drinking water is available for X hours a day today, it will be Y hours after six months or a year. Government's failure to provide quality services is forcing common people to opt and pay for private provision, which is often only a shade better than what government provides.

All employees, including the senior ones, should wear name tags while on duty in their offices. There should be computerized attendance system to ensure that everyone attends office on time.

There should be periodical exit polls of all government offices which have large interface with public. Some of the questions could be: How long did it take to have his work attended to? Did he receive courteous and helpful treatment? Was he asked to pay any bribe? Etc.

During introduction of citizens' charters, it should be noted that merely notifying citizens' charters should not be an end in itself. Each department should organize large-scale capacity building programmes to bring in attitudinal change in their employees. Officials should interface with public on at least one fixed day in addition to routine interaction, so that a system is devised for ensuring a speedy disposal of grievances at all levels of governance.

The central government has taken an initiative to get citizens' charters framed by various ministries/departments/organizations. The centre has framed 61 such charters and six States/UTs have framed about 93. Some State governments have issued citizens' charters under pressure from the donors, but without any commitment to reforms. As the example of U.P. given in the box shows, such charters and transparency GOs remain only on paper and are not taken seriously in the absence of constant review and monitoring of such practices by the senior departmental heads.

Box 2: Making Governance Reforms Work: Transforming Ground Realities Remains a Significant Challenge

With the pursuance of the World Bank, 15 departments in U.P. introduced citizens' charters in 1999. An effort was made to verify the ground reality with respect to two important pieces of reform—the citizens' charter issued by a number of government departments and an order issued by the Panchayati Raj department to ensure transparency of functioning of the PRIs and giving people the right to obtain copies of muster-rolls, etc., at nominal costs ('Transparency GO').

In order to check whether citizens' charters were operational, two offices of the government—the office of the Senior Superintendent of Police and that of the Chief Medical Officer were visited in a district of the State. Functionaries in the police department were unaware of any citizens' charter having been issued for their department. In the health department, it was reported that an order with instructions to publicize the charter for their department had been received, but since there were no funds for the publicity, the order had been filed.

In order to analyse the implementation of the 'Transparency GO,' we made enquiries in a village Panchayat with the Pradhan, the Panchayat secretary and other villagers and asked them whether they were aware of such an order. The enquiry was then pursued upwards through the administrative chain right up to the District Development Officer and the Chief Development Officer. The answer at every level was 'No.'

Finally, officials of the Panchayati Raj department (the originator of the order) were asked. They also expressed ignorance. But the deputy director of the Panchayats was generous enough in directing the enquirer to two volumes of government orders on PRIs, and sure enough, one of these related to ensuring transparency!

(Saxena 2006)

However, nothing much has changed since the issuing of the GO regarding the charters. Both the political and administrative will has been lacking. Not much thought has been given as to what services can be guaranteed to the citizen and what would happen if these services are not provided.

An evaluation showed that the perception of citizens' charter among the officials remains entrenched in the ritualistic framework. There is little interest in the organizations to be led by their charter. It is viewed as a received document, which cannot be rejected, yet which invites little appreciation and interest of the

staff who has to carry it towards meaning. The officers and the staff look at the programme as imposition from outside, incapable of achieving any improvement in service quality without the requisite conditions of allocation of sufficient resources and delegation of decision-making authority. Most charters have, in fact, been framed by a small group of individuals within the organization, without involving the staff at the cutting edge level, which is instrumental in the implementation of the charter and without involving the stakeholders who should have a role in defining the standards as well as review and evaluation exercises (IIPA 2008).

5.3 Right to Public Services Laws⁶

Starting with Madhya Pradesh in 2010, another 10 State governments have so far enacted the Right-to-Public-Services (RTPS) Act, albeit under different names, with five declared intents: (a) assurance of the service, (b) service within a stipulated time frame, (c) holding designated officers accountable, (d) a system of grievance redressal by two stage appeal, and (e) a system of penalty and fine for delay/denial in service. These State governments are of Rajasthan, Delhi, Jammu and Kashmir (J&K), Bihar, Punjab, U.P., Himachal Pradesh, Uttarakhand, Karnataka and Jharkhand. Since the services that come under this Act are dependent on departmental willingness, their number varies from as low as 15 in U.P. to 124 in Rajasthan. Kerala's proposed legislation covers only 13 services.

The services may include documents (certificates, licences and permits), cash (pension, stipends) and kind (electricity, water connections). The nature of these services can be classified as regulatory (trade, licence), administrative (birth, caste certificate), basic (water, electricity), and welfare (pension, stipend) services. It is encouraging to note the enthusiasm of the State bureaucracy in pushing for its implementation. This is manifested in the fact that all these State

6. Based on Sircar (2012)

governments are taking proactive steps to digitize parts or the whole of the service delivery system connected with these services, with clear internal control and transparency built in it.

One good example is Bihar, where the designated monitor can track each application by name on her computer screen. The initial results are encouraging and Bihar has already received 99 lakh applications for various services, of which almost all have been attended to. The average rate of disposal seems to be 98 percent, an appreciable achievement indeed. Similarly, Madhya Pradesh has received more than 88 lakh requests and has attended to them all. The enthusiasm of the State governments, at a time when the political class and bureaucracy are suffering from low public credibility, is probably an indicator of a conscious political attempt to regain the faith of the middle class in the political and bureaucratic system. The Hindi heartland is now well known for its fractured polity and search for stable political allegiance. These rights-based legislations are clearly an attempt to regenerate faith in public administration.

To what extent they deliver is yet to be ascertained. GOI and the State governments should conduct an objective concurrent evaluation of the level of public satisfaction with the promised services.

5.4 PPP and Civil Society in India

The role of private sector in social sector is not sufficiently recognized in India. For instance, most health care is now given in the private sector and, for the poor, by very poorly or untrained practitioners. Rather than trying to replace private services, the government should try to improve the private market, with the carrot of training and the stick of public information. Public funds should be reallocated to combat communicable diseases.

In the urban areas of eight major States more than half of children in elementary schools were found to be in the private schools. The advent of private sector is not the result of an official policy, or a result of public-private partnership, but is a coping mechanism

for failing public services. However, many such schools get no government aid, although they may be catering to poor children. Often aid is given for paying a very high salary to teachers (who for their selection have to bribe those responsible for recruitment, as in Kerala and Maharashtra), but it does not result in improving either school infrastructure, or performance of students.

High wages with little accountability for actual service delivery makes public sector agencies and bodies an obvious target for patronage hiring, which results in massive over-staffing. The Mumbai Municipal Water Corporation has 35 workers per thousand connections whereas well functioning utilities have about three per 1000. It appears that government (including the left parties) is committed to public service providers, but not to public service provision. A radical change is called for.

For instance, to universalize elementary education, we should have three categories of schools: government schools, aided schools and unaided schools. Each school must seek registration, and should be affiliated to the Examining Body, if it is seeking a certificate for its students. Government in the aided category of schools should have a right to enforce its policy regarding admission to poor children and provide scholarships, etc. The amount of aid per student should roughly be the same what government spends on its own schools, if the management is able to produce outcomes that are better than what is achieved in government schools. Government aid to the aided schools should be purely based on its outcomes and infrastructure (play ground, computers, etc.), and teachers' emoluments should be decided by the management, and not by government. This policy may not be liked by the teachers, but the moot question is: are we for students or for teachers? To soften the blow, government should announce some sops for good teachers, as study leave provisions, scholarships to pursue higher education, etc.

The unaided schools should be left totally free to decide their policies, subject to conditions imposed in registration and affiliation, and 25 percent of their seats meant for those from poorer

background. On the other hand, government schools must set a very high standard in both teaching as well as outcomes (ethical behaviour, examinations, etc.).

The central and State governments, while replicating or adapting these concepts in its settings, will need to pay close attention to the prerequisites for its success. One of the areas where public-private partnerships can be introduced in the States is in the running of care homes. Asking government servants to run such homes is expensive (as salary and pension burden in government is two to three times what the civil society pays to corresponding levels), and they lack the skills and motivation to provide care to the elderly or the disabled. Transferring such homes to the NGOs is cost-effective, as well as will ensure better services. Some other areas where GO-NGO (and of course, Panchayat) partnership can be effective in making administration citizen friendly are:

- People's participation in natural resource management
- Community health and sanitation
- Monitoring primary education
- Village development schemes

Yet, despite the enormous burden posed by mal-governance, civil society action has been weak. This could be a reflection on the general state of civil society in the country and its priorities, but largely it is because government has unwittingly promoted bogus or pliable organizations, and has either ignored or has hostile relations with those NGOs that wish to speak for the poor and empower them.

Government's efforts to nurture and bring into its fold good NGOs have been constrained partly due to the ineffectiveness of the eligibility criteria to debar a number of so called NGOs, whose activities are more akin to commercial ventures, to get assistance from government. A very large number of organizations funded by the Government of India (especially from CAPART) are such who

are basically promoting themselves rather than helping the poor. Even non-existent NGOs can get funding from government, if they could manipulate a favourable report from the lower level officials or from manipulative consultants. This procedure of blindly relying on the report generated by the low level officials rather than on reputation of NGO in the field and face-to-face discussion with them encourages a very large number of self seekers to apply for grants. Instances are not wanting where the previous contractors, on finding drying up of State budgets for buildings and construction, floated their NGO organizations under a fancy name and succeeded in cornering government funds.

It must be recognized that improvement in governance would take place only when countervailing forces in society develop confidence and autonomy to oppose inefficiency and corruption in government. Therefore, in addition to promoting genuine organizations, the Home Ministry should relax FCRA provisions so that NGOs have access to independent funding.

Given the relatively low levels of human capital in certain States in India, NGO's and other groups will also have to play a leading role in mobilizing pressure to empower citizens in a fashion similar to the work of MKSS in Rajasthan or Parivarthan in Delhi (on the subject of public distribution of foodgrains) to improve access to information and combat corruption at the local level. Without citizen participation and involvement, there is always the risk that even the most carefully crafted reforms might eventually run out of steam and stall altogether. However, the experience of CAPART and the Ministries of Social Justice and Empowerment and Tribal Affairs shows that government looks upon giving of grants to NGOs as a source of patronage at its best, and a source of commissions at its worst. Government has thus corrupted the NGO sector or encouraged crooks to float NGOs, and thus given it a bad name.

Since it is not possible to change the work culture of the ministries and departments dealing with the NGOs, I suggest that GOI through the Planning Commission (which is the nodal agency for

dealing with NGOs) make a direct contribution of, say, 100 crore to the recognized trusts, such as NFI, Ratan Tata Trust, Actionaid, who should be dealing with grassroots NGOs, without the direct intervention of government officials in sanction of grants. The Trust could have government officials on its board to safeguard the interest of the public money.

Several programmes, such as IEC (information, extension and communication) for sanitation are run by the NGOs. However, there is a great deal of wastage, as often the procedure to screen out undesirable NGOs is not in place. Therefore, GOI and the State governments should establish a system of grading of the NGOs based on their commitment and performance. A study may assist governments in framing new guidelines which would help the districts in identifying good NGOs in an objective manner, so that assistance is extended only to those NGOs who have a good track record and proven competence in: (i) community mobilization, (ii) implementation of development projects through people's participation including expenditure through people's committees, and those (iii) who have worked for the empowerment of the socio-economically disadvantaged people. It is of utmost importance that the process of selecting NGOs be completely transparent.

If government wishes to continue funding NGOs, it must do so in a transparent manner. GOI and the State governments should establish a system of grading of the NGOs based on their commitment and performance into four categories as follows:

1. NGOs that more than adequately meet the eligibility criteria—grade A.
2. NGOs which adequately meet the eligibility criteria—grade B
3. NGOs about which government does not possess adequate knowledge—grade C.
4. NGOs whose work was not found satisfactory in the past—grade D

Care would be taken to ensure that smaller but committed NGOs with new ideas and enthusiasm are not ignored in this process. They should find their due place either as Grade A or Grade B. Government grants should generally be limited to the NGOs of grade A and B only.

5.5 Realizing Potential of Panchayati Raj

Creation of Panchayats raised hopes initially, as decentralization was expected to achieve higher economic efficiency, better accountability, mobilization of larger resources, lower cost of service provision and higher satisfaction of local preferences. But studies show that although some village level Panchayat leaders have done commendable work, PRIs too on the whole have not benefited the people to the extent of funds provided by government. Their record in empowering the excluded people is even more disappointing.

Rural decentralization and PRIs are a profound change in the Indian rural institutional scene. They may ultimately offer a better option for rural development and poverty alleviation. Disadvantaged jurisdictions could then be the main winners. It is an important opportunity. However, it was a mistake to think that PRIs will emerge as caring institutions in an environment of rent-seeking politics and unresponsive and inefficient bureaucracy. If district level civil servants and politicians are indifferent to public welfare, it is too much to expect that village and block level politicians will be any different.

Thus, there are big risks in premature promotion of PRIs. Past attempts at decentralization failed in India, in part because of resistance of the vested interests of the bureaucracy and State level politicians. These vested interests remain. Steep deterioration in political morality as well as in governance has further distorted the scene. If not carefully designed, sequenced and implemented, decentralization can increase the fiscal burden on the States and lead to a break-down

in service delivery,⁷ in particular to the poor. We describe below the reforms that are specific to Panchayats and decentralization.

Change Financing System

Considerable amount of funds flow to the Panchayats from the government. Panchayats hardly raise internal resources such as land revenue and irrigation dues, revenue from common pool resources, etc., and instead depend upon funds from outside. The current system of funding is reinforcing the dependency on government funding and is the source of much corruption in local institutions. It is necessary to reconsider the current funding system. More emphasis should be put on Panchayats generating more internal revenue at all the three levels with matched funding from the government. This would also introduce more flexibility in the way the Panchayats use their resource.

In addition of receiving a share in taxes and central grants the Panchayats should have the right to levy and collect taxes on their own in order to reduce their dependency on State and central governments. For instance, Tamil Nadu collects land tax through government machinery and then transfers 85 percent to the Panchayats. It will be more cost effective if the entire burden of collection is shifted to the village Panchayats, and they transfer 15 percent to the State government. Today the PRIs hesitate to levy and collect taxes, as they prefer the soft option of receiving grants from GOI. This must be discouraged and the local bodies be encouraged to raise local resources for development and then receive matching grants from the centre/States. The more dependent a PRI is on the mass of its citizens for financial resources, the more likely it is to use scarce material resources to promote human development and

7. A cynic remark is that PRIs have only succeeded in decentralization of corruption.

reduce poverty. External funds with no commitment to raise internal funds make PRIs irresponsible and corrupt.

Therefore, Panchayats should not only collect taxes on land, irrigation, drinking water, power and houses, but also be given the authority to levy taxes on politically unpopular subjects such as agricultural income tax on large holdings. Even if 1 percent Panchayats start doing it, the fear that collecting such taxes is a political liability will disappear.

State grants should be given to them only when the PRIs are able to collect a minimum percentage of the taxes assigned to them. Flow of funds from the State/GOI should also be dependent on good work or mobilization done by them. For instance these could be linked to the efforts made by Panchayats in population and disease control, cleanliness, school attendance of females and their performance, and negatively with hunger deaths, crime and civil and revenue suits.

Other suggestions to make Panchayats more effective are summarized below in a sequence; those that are high up in the list should be implemented first.

1. One should start decentralizing administrative and financial functions after putting in place some of the critical accountability mechanisms, so that decentralization does not lead to favouritism, nepotism and corruption, or abdication of responsibilities.
2. States need to increase the share of fiscal transfers to PRIs as untied grants. Through a carefully designed methodology, it is quite possible to measure the performance of Panchayats, and to what extent they are inclusive and participative. It may be added that similar rankings can be evolved to judge the accountability of administration, especially to people, and districts/States should be incentivized on the basis of their rankings.
3. The formula of transfer to PRIs should no doubt give weightage to population and poverty, but also to efficiency.

The quality of work done by Panchayats should be closely monitored by a team of journalists, civil society members, Panchayat leaders from the neighbouring districts (who have already done excellent work) and stakeholders. Based on these reports, Panchayats should be graded, and future funds should be linked with their grade.

4. The best way to put pressure on the States to devolve funds to the PRIs would be to link this transfer with the devolution that the State receives from the centre via the central FC. This argument applies not only for transfers to Panchayats, but for general transfers to the States too.
5. The number of CSSs needs to be curtailed drastically so that systems for their monitoring can be developed. Reduce the number of CSS without hitting at the outlay of the ministries by way of convergence and weeding out. In future, no ministry should be allowed to run more than three or four CSS (this figure could be higher for large ministries) and the outlay for each scheme should not be less than 400 crore a year.
6. Local bodies receive mostly tied and inflexible funds, giving little scope for tailoring to local needs and conditions. Even when they receive untied grants from the central and State FCs, its expenditure is subject to several controls, placing the Panchayats in a subordinate position vis-a-vis the bureaucracy. This should change and PRIs should get more untied funds.
7. At the level of the Gram Panchayat, transparency could be improved by prominently displaying information on the walls of the Panchayat. This could include information about beneficiaries lists, amounts spent on various schemes, services offered by the Gram Panchayat, etc.
8. State governments should make appropriate amendments in their State Laws/Acts so as to bring them in tune with the Central Act called PESA for the central tribal areas.

9. No programme that aims at generating social capital can be successful in isolation in the long run unless a significant number of development programmes follow the community approach. Therefore, development programmes should aim at both—institution building as well as economic security for the poor—and develop multi-sectoral indicators for judging how well it has performed.
10. Strengthen *Gram Sabha's* control over village Panchayats. The Gram Sabha should be energized as a platform where balance sheet of the Panchayat should be discussed with the citizens. In addition to Gram Sabhas being given sufficient powers over the Panchayats, monitoring mechanisms should be put into place to be sure that Gram Sabhas do meet regularly.
11. Gram Sabhas should be given sufficient powers, such as right of recall, over the Panchayats, and monitoring mechanisms should be put into place to be sure that Gram Sabhas do meet regularly. Additionally, institutionalization of Social Audit through Gram Sabhas is essential for improving service delivery and ensuring compliance with laws and regulations.
12. Village bodies should be able to spend funds on their own (at least upto a certain limit) without having to take technical approval from government officials.
13. At present wide powers of control over PRIs have been vested in the State bureaucracy, which takes away the essential characteristic of PRIs as elected representative bodies. PRIs should enjoy reasonable degree of autonomy.
14. The transfer of sectoral, administrative and fiscal responsibilities to PRIs has not taken place in most States. However, the mere devolution of functionaries is not sufficient because PRIs do not have any administrative powers over them. Deputed staff members are accountable only to the

State government, which retains the power to hire, fire and compensate. Consequently, PRIs are given functions but have little or no effective control over the people expected to carry them out. This should change and PRIs should have their own cadre.

15. The creation of local cadres through administrative and legislative measures is essential so that Panchayats can function effectively, execute schemes and are accountable to the people. This would also reduce staff costs.
16. Attendance and work of important field level functionaries whose work touches the lives of almost every person in the village, such as teachers, doctors, ANMs, anganwadi workers, agricultural assistants, veterinary doctors and electricity department linemen should be monitored by Gram Panchayats, regardless of the tier to which they answer.
17. The MPLAD funds should be deposited with the *Zila Parishad* as untied funds. MPs may indicate their preferences for schemes/programmes to the zila parishad or block Panchayats or Gram Panchayats which should be implemented by Panchayats as a part of the overall village/area/district plan.
18. There ought to be a system of representation of village Panchayat presidents in the block Panchayat with the direct election of block Panchayat president. Then there will be no need of having directly elected members at the intermediate level, as all members will be ex-officio village presidents.
19. Delays in financial sanctions are inherent in the very process of annual budget formation. It would be useful to take Parliament sanction of expenditure once for two to five years, so that continuity in releases is maintained. The annual budget could only be for receipts and taxation and for new schemes in expenditure.

20. As Panchayats are institutions of local self-government, CBOs will have to function as one of their implementing organs. For instance, school committees work much better when they consist of the parents of the actual school going children. Giving the authority over the school to the *Sarpanch* or Panchayat often results in weakening accountability. All such parallel bodies should be required to report periodically to the Gram Sabha(s) so that the community as a whole is kept informed of the activities of parallel bodies. In fact these should be constituted as sub-committees of the Gram Sabha.
21. It is suggested that for each function of the GP, the Gram Sabha should be the forum where people can volunteer or be selected to be a part of the committee looking after a specific function, e.g. Mid-day meals (MDM), PDS, NREGA, health, anganwadi, lights, water, etc.

In sum, by creating institutionalized spaces for participation and accountability, the 73rd amendment has ushered in an unprecedented opportunity for participative, accountable governance. However, the mere presence of these spaces does not implicitly result in participation by citizens and the establishment of an accountable system. The dynamics of participation and accountability are clearly more complex and require a number of institutional reforms that facilitate participation and make it more meaningful. Crucially participation will foster in an environment where decentralization is real and meaningful. What the last 15 and more years of experience with local governance in India highlights is that strong local governments do have the potential to significantly transform our politics. Empowered local governments can create empowered citizens and accountable government. The challenge lies in making this happen (Aiyar 2009).

Village committees have been constituted for sanitation, education and health programmes, but their effectiveness and interest is uneven across the States. A study of their powers and functions will perhaps suggest how to make them more effective. The local institutions may be able to tackle absenteeism and ensure accountability of the service personnel. Decentralization of purchase of supplementary nutrition to village groups, as is being done in Bihar, will reduce grand corruption and improve quality.

The crux of what has gone wrong in our health and nutrition care system is the neglect done to the community as a rich potential resource and partner. The new approach has to shift fundamentally to place the community centre-stage, and build competencies and partnership within it for low-cost and affordable, people-centred, preventive and curative health and nutrition services.

Linking MLAs with Block Panchayats

There is a nebulous domain of executive powers into which MPs, MLAs and the PRIs all foray, each one working in this space by legitimate or illegitimate means. Today many assemblies meet only for 10–20 days in a year, as MLAs are not interested in legislative functions; they all want a share in the executive! Most of the time they are interfering in the role of other wings of government with no sense of accountability, but they have the nuisance value for back-door influencing in decision making. Such back seat driving promotes irresponsible decision making and encourages corruption. Therefore, why not legitimize the hunger for power of the MLAs and make them block (taluk Panchayat) president, by making their constituency co-terminus with the intermediate tier? By giving a role to MLAs in the Panchayat system, one would make them strong supporters of delegation of functions and funds to the Panchayats. To hold that the directly elected MLA is wily, corrupt and irresponsible, while the indirectly elected *Adhyaksha* or taluk president can be trusted with crores, is honest and committed to

public welfare is neither a good theory, nor is empirically valid. Both are products of the same system, and their desire for exercising power must be recognized and provided for.

To sum up, effective Panchayats/civil society groups would also require effective district and block level administration. Hence efforts towards better accountability and performance from local bureaucracy should go simultaneously along with building local PRI capabilities; otherwise the elected PRI leaders would not change their perception of the State being an ‘open treasury.’ Thus, civil service reforms that would strengthen district administration must go hand in hand with empowerment of Panchayats and discouraging of manipulative NGOs. Professional and responsive public administration will be an asset for both social sector as well as for enabling Panchayats and civil society groups to play the important role that is mandated for them.

6. Reducing Corruption through Policy Reforms

Honesty at lower levels was as rare in the colonial past as it is now. The British appeared to believe that as long as the man at the top was honest, corruption at lower levels would not really do much damage and would remain confined within manageable limits. As corruption today is increasing even in higher echelons of bureaucracy, the fear in the minds of lower level officials against making money has disappeared, and corruption at all levels has become a ‘low risk and high reward’ activity. Corruption at the top has emboldened lower level officials who now openly exploit the masses with impunity.

Reducing corruption is not easy, particularly once it becomes ‘part of the system.’ A three pronged approach encompasses most of the recommended policies:

- Reducing opportunities for corruption by deregulation and privatization, placing greater reliance on competition to ensure low prices and good quality.

- Improving incentives for good performance and disincentives for corrupt practices in government.
- Improving administrative procedures to reduce the opportunity for corruption by increasing accountability, transparency and the role of citizen's voice.

The experience of Karnataka shows that an active and well-endowed Lok Ayukta can effectively deter corruption even at the highest level, and offer credible channels of grievance redressal.

Implementation of a comprehensive anti-corruption strategy should also include:

- Immediate compulsory retirement of officials whose record and reputation is tainted, and prosecution against those whom there is evidence of corruption
- Strengthening of powers of the State Vigilance Departments, Lok Ayukta and the anti-corruption branch of the State police enabling them to effectively initiate and pursue investigations independently of government direction
- Guaranteed protection of civil servants who expose corrupt practices. Governments should in each department institute annual awards for recognition of the contribution made by such persons in exposing wrong-doings in the government.

In addition, each State (Bihar has already done it) should be asked to pass the Corrupt Public Servants (Forfeiture of Property) Act, already drafted by the Law Commission. This will ensure that the illegal wealth of the corrupt is confiscated and is not enjoyed by them. There is already a law called, the Benami Transaction Prohibition Act 1988. Under this Act *benami* properties (bought in someone else's name to avoid declaring the source of income) can be confiscated. The States should be asked to frame rules and procedure for this law. The number of cases prosecuted under this law should be monitored.

Action against corrupt officers cannot be initiated in many States as the power to sanction prosecution is vested in State governments. Often State governments do not respond to the requests for prosecution by CBI. There should be a rule that if no order is received from the State government within a specified time period, it will be presumed that permission has been given.

Role of the CAG and Audit in Enforcing Accountability

Independent audits by the CAG are a major institutional mechanism to ensure accountability of the executive. Lately this admirable institution has been able to unearth several cases of mismanagement of expenditure. The CAG audit, however, focuses mainly on financial irregularities and while systems or performance appraisals are carried out, these fall short of management audits and do not indicate how management can be strengthened. Also, physical inspection is rarely undertaken. CAG should involve social scientists and professional experts in auditing schemes and programmes by physical verification of the stated works.

Among the many challenges facing civil service in India, corruption remains one of the most pervasive and the least confronted. Corruption and rent-seeking shrink the range of opportunities available to the country as investments become less productive, the cost of capital increases and private investment, foreign direct investment and foreign aid all decline. Finally, corruption imposes the heaviest burden on those who are economically the weakest.

Corruption flourishes because of two elements in our culture of governance. The first is the lack of transparency. We must use extensively information technology to bring in transparency. Some success has been achieved in States like Andhra Pradesh. The second element is delay. This delay is also partly because of the tendency of our public servants not to take decisions. While the corrupt are prepared to take even the most brazenly illegal decisions propelled by the viagra of the right amount of bribe, many

honest public servants contribute only delay by not taking decisions at all. After all, we had a Prime Minister who reportedly said that not taking a decision itself was a decision!

Even more problematic is the failure to punish or weed out corrupt or incompetent officers. The process of sanctioning malfeasance or mal-administration is fraught with multiple review and appeals stages, resulting in years of delay and only a minority of cases where criminal or administrative sanctions are imposed.⁸ As a result, the average Indian civil servant has little to motivate him or her to better performance beyond their innate professional ethic, and faces only a minute risk of punishment for unlawful or inappropriate behaviour.

A recent evaluation of ICDS in Gorakhpur by the National Human Rights Commission (http://nhrc.nic.in/Reports/misc/SKTiwari_Gorakhpur.pdf) showed that despite Supreme Court orders to provide hot cooked meals, all centres supplied only packaged ready-to-eat food, which had only 100 calories, as against a norm of 500 calories, and 63 percent of food and funds were misappropriated. The food being unpalatable, half of it ends up as cattle feed. The AWWs are deeply involved in corruption and share ₹2,000 per centre every month with their supervisors routinely. However, such reports, though few, are never discussed in the State assemblies, as these meet now for less than 30 days a year which are mostly spent in shouting and slogan-mongering. We need a new

8. In this regard, the comparison of Uttar Pradesh (U.P.) with Hong Kong's Independent Commission Against Corruption (or ICAC, arguably the most effective anti-corruption agency in Asia) is highly instructive. The average Hong Kong citizen is 39 times more likely to institute a complaint; the ICAC is over 240 times more likely to investigate a case during the year in which the complaint is made; and a Hong Kong civil servant is 24 times more likely to be charged with a crime than his or her counterpart in U.P. Furthermore, disciplinary cases in U.P. can wind through the courts for as long as 20 years, and a large majority ultimately end in acquittal [India: Sustaining Reform, Reducing Poverty; World Bank Report No. 25797-IN, 14 July 2003].

law making it compulsory for Parliament and assemblies to meet for at least 150 days a year.

On the recent debate on Lokpal, I think it should be a lean organization dealing only with GOI ministers and bureaucracy above the level of joint secretaries, so as to concentrate on grand corruption in federal government, rather than petty corruption, which should be the headache of State-level institutions, such as Lok Ayukta and Vigilance Departments. At the same time the main investigative agencies—CBI, ED, State Vigilance—should all be freed from direct government control (Subramanian 2011).

7. Summary of Recommendations

To sum up, despite good achievement on the growth front, India faces significant challenges and needs to revamp its social policies so as to provide more funds for sectors affecting the poor. In addition to resources, India needs pro-poor attitude of bureaucracy, better policies and sound delivery mechanisms. Mere increase in the social sector expenditure would not be enough, unless it is linked with outcomes directed to the socially excluded groups, and effectively monitored.

Civil service reforms must be aimed at improving transparency, accountability, honesty, efficiency and sensitivity in public administration at all levels. The solution to the problem of corruption has to be more systemic than any other issue of governance. Merely shrinking the economic role of the State by resorting to deregulation, liberalization and privatization is not necessarily the solution to address the problem. All such procedures, laws and regulations that breed corruption and come in the way of efficient delivery system will have to be eliminated.

Some of the important recommendations made in this paper are being summarized below:

- Improve incentive mechanism by linking fund transfer with performance. The concept of good governance needs

to be translated into a quantifiable annual index on the basis of certain agreed indicators, and devolution of funds should be linked with this.

- Government must encourage transparency as it builds external demand for reform and makes administration more responsive and performance oriented. As an experiment, all muster rolls in employment schemes should be put on the internet in at least one block of a district where internet facilities exist. The Official Secrets Act should be repealed and replaced with a less restrictive law. Property and tax returns of all senior officers and politicians should be available for scrutiny by the public. Land records should be made available on-line through a web-site.
- Improve monitoring mechanisms so that authentic information is available to planners about the quality of implementation for all important schemes. It is not enough that the central government departments and the State governments use professional and academic organizations to undertake impact studies from time to time. Their findings must be publicized and discussed with key stakeholders so that improvements in design and delivery can be effected at the earliest. Dissemination of results is critical for use.
- All ministries/departments should collect quantitative data on absenteeism of both service providers and service receivers (students in classrooms, or women turning up for institutional deliveries) as it throws a great deal of light on the quality of service. Through a carefully designed methodology, it is quite possible to measure the performance of all service providing agencies, such as police stations, health and anganwadi centres, Panchayats, etc, and to what extent they are responsive, efficient and participative.
- Budgetary procedures should be improved and the expenditure budget should be valid for three years so that funds

do not lapse. Reasons for poor utilization of funds by States should be studied and remedial action taken.

- All departments and ministries should publish the action taken on CAG's findings in the last two years in their Annual Reports.
- Governments should introduce social audit by assessing the experience of the people whom the service providers are intended to serve. With community participation, the evidence should be collected from stakeholders, so as to promote accountability, equity, effectiveness and value for money. Such an audit will supplement conventional audit and will often provide leads to it.
- Introduce a citizens' charter for each office that has a public interface, clarifying citizens' entitlement to timely delivery of public services. The citizens' charter, thus, issued should clearly define the standard for the services being rendered. It should also specify the remedial mechanisms available to the citizen.
- Government aid to the aided schools should be purely based on its outcomes and infrastructure (play ground, computers, etc.), and teachers' emoluments should be decided by the management, and not by government.
- A committee should be set up to identify specific laws and rules which hamper entrepreneurship. A systematic review needs to be undertaken to review the areas in which government must withdraw, albeit in a phased manner, and departments which need to be wound up should be defined. On the whole, one should aim at reducing face-to-face citizens' contact with government, and rely more on internet-based services.
- There are too many meaningless posts in the all India Services whose number should be drastically reduced, so that only such posts where people can contribute

meaningfully are retained. GOI should also reduce the number of boards and commissions it has created.

- In most States, about 70 percent of all government employees are support staff unrelated to public service—drivers, peons and clerks. Key public services—education, health-care, police and judiciary—are starved of people, whereas many wings are overstaffed. Efforts should be made to identify surplus staff, set up an effective re-deployment plan and devise a liberal system for exit. There should be incentives for clerks and educated Class IV staff to become teachers and constables.
- Powers of transfers of all Class II officers and below should be with Head of the Department, and not with government.
- Amend the all India Services Rules to control the flourishing transfer industry in the States. At least for higher ranks of the civil services e.g. chief secretary and DGP, postings may be made contractual for a fixed period of at least two years (as is being done in GOI for secretaries in the Ministries of Home, Defence and Finance).
- Stability index should be calculated for important posts, such as secretaries, deputy commissioners and district superintendent of police. An average of at least two years for each group should be fixed, so that although government would be free to transfer an officer before two years without calling for his explanation, the average must be maintained above two years. This would mean that for each case of short tenure someone else must have a sufficiently long tenure to maintain the average.
- Retire 25 percent to 50 percent of the officers at the age of 52 to 55, as it is done in the Army.
- Drastically reduce the cadre as well as ex-cadre posts, especially in the supertime and above, thus, leading to slower promotions.

- Encourage officers to join NGOs, educational and research institutes during mid-career. The DOPT should play a more active ‘placement’ role by maintaining a list of officers who wish to be out of the service for a temporary period, and liaise with the desirous NGOs and other institutions.
- Increase the period an officer can be out of the system, without losing his seniority, from five to seven years.
- Many posts in the government should be earmarked to permit lateral entry of people from NGO/professional institutions at various levels to bring in a fresh outlook.
- Home Ministry should relax FCRA provisions so that NGOs have access to independent funding. GOI through the Planning Commission (which is the nodal agency for dealing with NGOs) should make a direct contribution of, say, 100 crore to the recognized trusts, such as NFI, Ratan Tata Trust, Actionaid, who should be dealing with grass-roots NGOs, without the direct intervention of government officials in sanction of grants. The Trust could have government officials on its board to safeguard the interest of the public money.
- Reducing corruption is not easy, particularly once it becomes ‘part of the system.’ A multi-pronged approach encompasses most of the recommended policies:
 1. Reducing opportunities for corruption by deregulation and privatization, placing greater reliance on competition to ensure low prices and good quality.
 2. Improving incentives for good performance and disincentives for corrupt practices in government.
 3. Improving administrative procedures to reduce the opportunity for corruption by increasing accountability, transparency and the role of citizen’s voice.

4. Immediate compulsory retirement of officials whose record and reputation is tainted, and prosecution against those whom there is evidence of corruption.
 5. Strengthening of powers of the State Vigilance Departments, Lok Ayukta and the anti-corruption branch of the State police enabling them to effectively initiate and pursue investigations independently of government direction.
 6. Guaranteed protection of civil servants who expose corrupt practices. Governments should in each department institute annual awards for recognition of the contribution made by such persons in exposing the wrong-doings in the government.
- In addition, each State (Bihar has already done it) should be asked to pass the Corrupt Public Servants (Forfeiture of Property) Act, already drafted by the Law Commission.
 - The number of CSSs needs to be curtailed drastically so that systems for their monitoring can be developed.
 - PRIs should get more untied funds. In addition of receiving a share in taxes and central grants the Panchayats should have the right to levy and collect taxes on their own in order to reduce their dependence on State and central governments. Today the PRIs hesitate to levy and collect taxes, as they prefer the soft option of receiving grants from GOI. This must be discouraged and the local bodies be encouraged to raise local resources for development and then receive matching grants from the centre/States.
 - In addition to Gram Sabhas being given sufficient powers over the Panchayats, monitoring mechanisms should be put into place to be sure that Gram Sabhas do meet regularly.
 - Finally, we must also remember that we are not talking about creating a bureaucracy on a clean slate *ab initio*. We have inherited a bureaucratic system which has its own

compulsions and culture. Our challenge today is how out of this we shape a new bureaucracy and in that sense ‘create’ a bureaucracy that works. Perhaps shaping a bureaucracy that works may be a more accurate description of our exercise. We are somewhat like the managers of a fitness club knocking people into shape.

A good civil service is necessary but not sufficient for good governance; a bad civil service is sufficient but not necessary for bad governance. Thus, a dilapidated civil service has been a key factor in Africa’s economic decline. Conversely, a strong civil service is one of several reasons why in several east Asian economies, especially Japan, Singapore and South Korea, authoritarianism has co-existed with excellent economic performance. It can be argued that the link between authoritarianism and economic decline, so evident in Africa, has been inoperative in these Asian countries largely because of their strong civil service. Greater responsiveness and openness can legitimately be demanded of public administrations in many East Asian countries. Clearly, civil service systems in most East Asian countries cannot be considered a problem; they are, rather, an important part of the solution to these countries’ other problems.

Unfortunately in many States in India politics has become a business. Politicians put pressure on the system with a view to maximize private gains. Governance reforms are intractable under such ‘kleptocracy’ that exploits national wealth for its own benefit and is, by definition, uninterested in transparency and accountability. A pliable and unskilled civil service is actually desirable from its point of view—public employees dependent on the regime’s discretionary largesse are forced to become corrupt, cannot quit their jobs and reluctantly become the regime’s accomplices. Providing financial assistance from the Government of India to such States without linking it with performance and reforms would be a waste of resources. In all other cases, reform is manageable, albeit difficult, complex and slow.

8. Annexure: How are the Social Sector Programmes Doing?

According to the Planning Commission 30 percent of India's population lived below the poverty line in 2011. In absolute terms the number of poor has gone up from 27 to 36 crore during 1999–2011. Today the number of the poor is more than our total population in 1950, when the Planning Commission was set up. Internationally, India is shown to be suffering from alarming hunger, ranking 67 out of the 81 developing countries studied. What is worse, India is one of the three unfortunate countries where the hunger index in the period 1996–2011 has gone up from 22.9 to 23.7, whereas 78 out of the 81 developing countries studied, including Pakistan, Nepal, Bangladesh, Vietnam, Kenya, Nigeria, Myanmar, Uganda, Zimbabwe and Malawi have all succeeded in improving their scores (IFPRI 2011).

A Planning Commission study (2005) finds that about 58 percent of the subsidized foodgrain issued from the Central Pool does not reach the BPL families because of identification errors, non-transparent operation and corrupt practices in the implementation of TPDS. Over 36 percent of the budgetary subsidy on food meant for the BPL households is siphoned off the supply chain and another 21 percent reaches the APL households. Only about 42 percent of subsidized grain issued from the Central Pool reaches the target group.

Despite satisfactory economic growth, the NFHS-3 data shows that malnutrition in the age group 0–3 years has declined only by 1 percentage point in the eight years from 1998–2006. Immunization rates have remained stagnant. India's maternal mortality ratio (MMR) of 230 deaths per 1,00,000 live births is unacceptably high. It is significantly higher than the MMR reported by Thailand (36), China (41) and Sri Lanka (43). The decline in the juvenile sex ratio over the last decade, visible in the data from Census 2011, is an indication that the Constitutional assurance of freedom and equality for women is still far from being fulfilled.

The argument that the Indian state has become indifferent to the poor after liberalization appears weak in the face of vast increases in central sector allocations by the Government of India in the last decade through several flagship programmes in the social sector, as shown in Table 5.

Table 5: Central Plan Outlay in crore Rupees (1m \$ = 5.5 crore ₹)

	1999–00	2012–13
Rural Development	8,552	73,221
Elementary Education	2,852	45,969
Health and Family Welfare	4,182	27,127
Women and Child Development	1,250	18,500
Water and Sanitation	1,310	14,005
Total of these sectors	18,146	178,822

Source: Various Budget documents of GOI.

Thus, the allocation for subjects assigned for the States has gone up by almost 10 times, though the price index⁹ only doubled during the period 1999–2000 to 2012–13. Apart from signifying a radical change in the centre-State fiscal relations (discussed later in this paper) the increased interest of the centre in social subjects which are constitutionally in the States' domain has presented a unique opportunity to accelerate social development and to cover the gap between the desired MDGs and their present levels. However, unless bottlenecks impeding programme delivery at the State and cutting edge level are identified and remedial action taken, attaining the goals by 2015 is unlikely.

The Planning Commission (2009) evaluated quantity and quality of service delivery in rural public health facilities under NRHM in four States, U.P., Bihar, Rajasthan and AP. Its finding was that the human resource gap remains the singular most important challenge

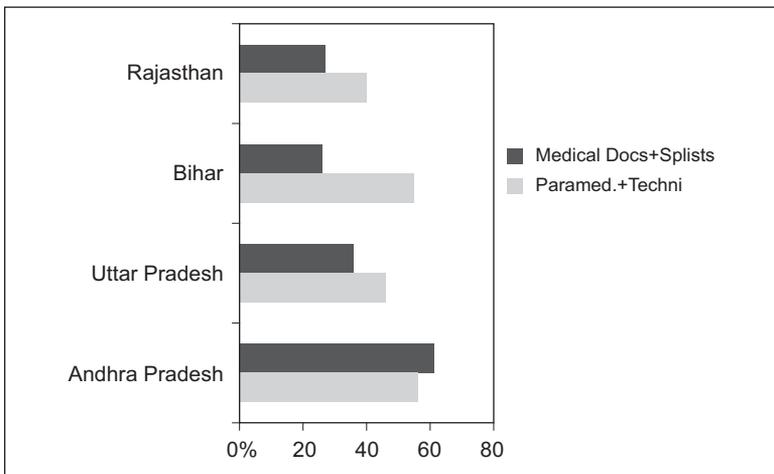
9. Wholesale price index (1993–94=100) rose from 158 in 1999–2000 to 308 in June 2012 (Economic Survey, 2012 and *EPW* 4 August 2012)

in strengthening the public health system and meeting the NRHM goals. Medical professionals available in the country, especially specialists, are not joining the public services. Some specialities, such as anaesthesia and psychiatry, have very few professionals being produced in the country. Nursing colleges are far short of requirements, and ANM training centres have been non-functional for about a decade in several States, leading to non-availability of staff nurses and ANMs for recruitment. Paramedical personnel such as laboratory technicians are again too few, or not trained and registered as per standards. Few of the cadres have an orientation or training in public health planning and management.

Why does India continue to have poor health indicators? There are several reasons. Rural health care in most States is marked by unfilled staff vacancies, absenteeism of doctors/health providers, low levels of skills, shortage of medicines, poor management, inadequate supervision/monitoring and callous attitudes. There are neither rewards for service providers nor punishments for defaulters.

Figure 1 describes the physical availability of staff present at the time of visit at the Community Health Centres (CHCs).

Figure 1: Percentage of Staff Found on Duty at the Time of Surprise Visit to CHCs



If the Medical Officer in Charge is not present to monitor the attendance of those operating under him/her in public health facilities (including not just paramedical staff but also technicians and pharmacists), it is more likely that they too will abscond from their duties altogether.

We seem to be doing badly even when compared to countries poorer than us, such as Vietnam and Bangladesh as shown in Table 6.

Table 6: Social Indicators in Selected Countries

		India	Bangladesh	Myanmar	Vietnam	Bhutan
Infant Mortality Rate	1990	84	103	84	39	91
	2009	50	41	55	20	52
Underweight children under five		43	41	30	20	14
Immunized against measles		71	89	87	97	98
Rural population with adequate sanitation		31	53	81	75	65
Attendance ratio of girls to boys in secondary school (net) (%)		83	116	94	93	107

Source: UNICEF (2011)

8.1 Social Exclusion

The second major weakness in the economy is that the growth is not sufficiently inclusive for many groups, especially Scheduled Castes (SCs), Scheduled Tribes (STs), urban poor, single women (widowed, divorced, or just abandoned) and minorities. Their economic deprivation derives from lack of productive assets like land and water, and access to credit. These chronically poor tend to remain in poverty for much of their lives, passing on the tragic legacy of deprivation and exclusion to their children. The brutal expulsion of those who most need it, from support and succour, from care and rights—often by their own families (as in the case of

women), by local communities, but most importantly by the State—is one of the most profound public crimes of our time. It is important, therefore, to identify those classes, social categories and local communities, who are destitute and socially expelled.

Excluded groups are disadvantaged in many ways. They are victims of prejudice, are ignored, and are often treated as less than human beings by the village elite and government officials. They live in remote hamlets and are thus geographically separated from the centres of delivery. Their hamlets are scattered so that the cost of contacting them is higher. Finally it is their extreme poverty that prevents them from taking advantage of government schemes, whether it is free schooling (children are withdrawn because their labour is needed at home or for work), or immunization (they migrate along with their parents and, therefore, not present in the village when ANM visits). The crux of such a hopeless situation for them lies in their inability to access and retain their rightful entitlements to public goods and services due to institutionalized structures and processes of exploitation.

There are also serious problems in identification of the poor. For instance, despite three BPL surveys (1992, 1997 and 2002) the errors of exclusion and inclusion in the list remain above acceptable limits. Errors of exclusion are those that misclassify the poor in the non-poor category, while errors of inclusion include the non-poor in the poor category. These errors can be calculated using the 61st round (2004–05) of consumer expenditure data of the National Sample Survey Organization, as shown below.

Thus, more than half of the poor either have no card or have been given APL cards, and are thus excluded from the BPL benefits. These must be presumably the most poor tribal groups, women headed households and people living in remote hamlets where administration does not reach. Thus, the people most deserving of government help are deprived of such assistance. On the other hand, 25 percent of the households belonging to the non-poor category possess BPL or Antyodaya cards (Himanshu 2008).

Table 7: Possession of Ration Cards by Type, and Socioeconomic Status, 2004–05

	% of HH that possess ration card	% of HH that possess BPL/AY card	% of HH that possess APL card
Poorest	77.3	49.1	28.2
Q2	81.6	43.2	38.4
Q3	83.3	41.8	41.6
Q4	84.9	32.2	52.7
Richest	87.5	17.4	70.1
Rural	84.8	41.6	43.2
Urban	78.8	21.8	57.0

Source: World Bank (2007)

In summary, social exclusion frequently reflects the powerlessness of the most vulnerable and is a direct function of their weak political bargaining power as a collective entity in a democracy. Our inability to include them in State programmes in the last 60 years is a severe indictment of public policy and its implementation.

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About National Social Watch

National Social Watch (NSW) is the national secretariat of National Social Watch Coalition (NSWC), which is a broad based network of civil society organizations and citizens. The social watch process intends to analyze the performance of the institutions of governance and their commitment towards citizens and practice of democratic values. The major objectives of NSW are:

1. To become a key agenda setter for the government.
2. Redefine the politics of knowledge and usher in a new dynamics in the process and quality of governance.
3. Ensure the centrality of the people at various levels—national, state and the Panchayats—in process of governance.

The major functions of NSW are: (1) Research, (2) Advocacy, and (3) Networking. Under research, NSW conducts rigorous research with major focus on ‘Institutions of Governance’, vis-a-vis the Parliament, the Executive, the Judiciary, the Local Self Governance and other constitutional and statutory organization. NSW brings out its research in the form of annual citizens’ report on ‘Governance and Development’, perspective papers, focus papers, research briefs and monthly bulletins. Under advocacy, apart from dissemination of its research output through web posting and publication, NSW organizes regularly policy dialogues and annual grand release function of the citizens’ report. Under network, it partner’s with like minded national resource organizations,

promote and support state level social watch coalitions and collaborate with the International Social Watch, commonly known as Social Watch.

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Public administration, especially the top bureaucracy, plays a crucial role in making up of the welfare state. Its role cannot be overemphasized in the good governance. The pamphlet points out that it is not due to lack of resources, but due to the poor governance and administration, the country is still plagued by the poverty, starvation, malnutrition, diseases, unhygienic and wretched living conditions, etc. It is due to the inability of the administration to deliver the quality services and good governance, the politicians are forced to adopt the shortcut to remain in the power and become powerful. This pamphlet has an excellent analysis of the wide ranging issues such as the bureaucracy, administration, governance, politics, civil society, etc. and has brilliant insights for the administrative reforms for good governance.

N.C. Saxena's brilliance and contributions in Indian development and governance do not need any introduction. With Ph.D. from the Oxford University, brilliant career in the India Administrative Service (IAS), which includes as the Director of the Lal Bahadur Shastri National Academy of Administration, Mussoorie and as Secretary, Planning Commission; and rich experience in a host of national and international organizations, including U.N. organizations and NGOs, he has highest scholarship and wide range of exposure. Dr. Saxena represents the finest traditions of the scholar-administrator. His voice as a public intellectual of exceptional integrity and social conscience is heard with great respect. He nurtures a deep commitment to social and economic equity, and environmental sustainability. He was appointed by the Supreme Court as the National Commissioner on Food Security. His report on the Vedanta Bauxite environmental clearance is well known. Presently he is a member of the UPA's National Advisory Council (NAC), and also involved in many other organizations in different capacities. Recently, he has prepared a very interesting and useful research report on Singapore Bureaucracy. He is the most sought after scholar by many including the media.



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