



GOVERNANCE

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IMPORTANT ASPECTS OF GOVERNANCE

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1. Governance

1.1. What is Governance?

The **United Nations Development Programme (UNDP)**, 1997, defined governance as “the exercise of economic, political and administrative authority to manage a country’s affairs at all levels. It comprises the mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.”

In 1993, the **World Bank** defined governance as the method through which power is exercised in the management of a country’s political, economic and social resources for development.

In simple words, Governance is the process and institutions through which decisions are made and authority in a country is exercised. Governance can be used in several contexts such as corporate governance, international governance, national governance and local governance.

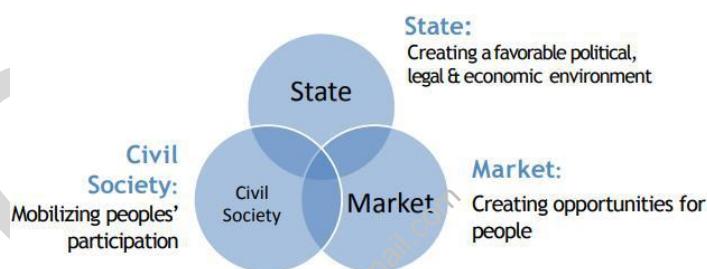
Thus governance focuses on the formal and informal actors and institutions involved in decision-making and implementing those decisions.

1.2. Stakeholders of Governance

Government is **one of the key** actors in governance. Other actors may include political actors and institutions, interest groups, civil society, media, non-governmental and transnational organizations. The other actors involved in governance vary depending on the level of government.

Governance: Goes beyond the Government

Typically, the stakeholders of governance at national level can be categorised into three broad categories – **State, Market and Civil Society**.



- The State** includes the different organs of the government (Legislature, Judiciary and Executive) and their instrumentalities, independent accountability mechanisms etc. It also consists of different segments of actors (elected representatives, political executive, bureaucracy/civil servants at different levels etc.)
- The Market** includes the private sector – organised as well as unorganised – that includes business firms ranging from large corporate houses to small scale industries/establishments.
- The Civil Society** is the most diverse and typically includes all groups not included in (a) or (b). It includes Non-Governmental Organizations (NGOs), Voluntary Organizations (VOs), media organisations/ associations, trade unions, religious groups, pressure groups etc.

1.3. Characteristics of Governance

Following are the few basic characteristics of governance:

- Accountability:** Governance lays emphasis on making all the organs of government accountable for the performance of functions. Most commonly it is witnessed during elections. The electorates if they are not satisfied with the performance of elected representatives in their constituencies, vote them out of power.
- People’s participation:** Governance aims at seeking the participation of people in various developmental activities. The Panchayati Raj Institutions (PHs) and the municipal bodies in India are locally elected representative bodies looking after the management of local affairs.

- 3) **Rule of Law:** Governance requires a well-drafted and fair legal framework that protects the interests of people and provides them justice.
- 4) **Transparency:** Administration in the traditional sense functioned on the principle of secrecy and it was quite secretive in letting out information to the people whom they serve. Now there is a change in the scenario. People, being participants in the governance process, are desirous of accessing information from the administration regarding matters that concern them.
- 5) **Effectiveness and Efficiency:** Governance is characterised by effective and efficient service delivery from any organisation. The government comes up with single window portals to fast track the approval mechanism of service requests.

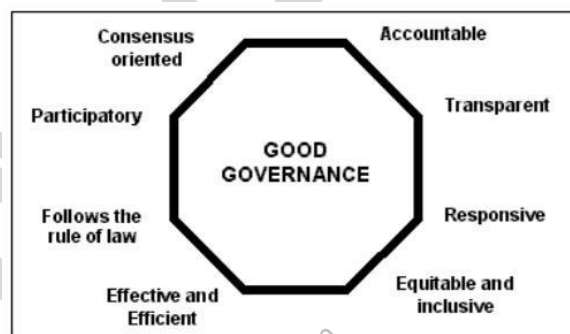
1.4. Good Governance

Governance by itself is a neutral term while 'Good Governance' implies positive attributes and values associated with the quality of governance. Good governance is a dynamic concept and there is much subjectivity involved in defining the aspects of good governance.



United Nations Development Programme (UNDP) recognizes eight core characteristics of good governance:

1. Participatory
2. Consensus oriented
3. Transparent
4. Accountable
5. Responsive
6. Effective and Efficient
7. Equitable and Inclusive
8. Follows the Rule of Law



Understanding the key terms:

Participation:	<ul style="list-style-type: none"> Participation of all section of society is cornerstone of good governance. Participatory governance <i>provides opportunities for citizens</i> to take part in <i>decision making, implementation and monitoring of government activities</i>. However, participation needs to be informed and organized. This includes <i>freedom of association and expression</i> as well as an organized civil society.
Consensus oriented	<ul style="list-style-type: none"> Good governance requires mediation of the different interests in society to reach a broad consensus on <ul style="list-style-type: none"> what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development.
Rule of Law	<ul style="list-style-type: none"> Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities and vulnerable sections of the society. <i>An independent judiciary and an impartial and incorruptible police force is sine qua non</i> for impartial enforcement.
Transparent	<ul style="list-style-type: none"> Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is <i>freely available</i> in <i>easily understandable forms</i> and <i>directly accessible</i> to those who will be affected by such decisions and their enforcement.

	<ul style="list-style-type: none"> It also means that enough information is provided and that it is provided in easily understandable forms and media. For example, in India the Right to Information (RTI) Act has been a powerful instrument in the hands of people to ensure transparency in the decision making process of executive.
Accountable	<ul style="list-style-type: none"> Accountability is the <i>acknowledgment and assumption of responsibility for actions, products, decisions, and policies</i>. The components of accountability are <i>answerability, sanction, redress and system improvement</i>. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law.
Responsive	<ul style="list-style-type: none"> Good governance requires that institutions and processes try to serve all stakeholders <i>within a reasonable timeframe</i>. <i>Redressal of citizen grievance, citizen orientation, citizen friendliness and timely delivery of services</i> are key component of responsive governance.
Effective and Efficient	<ul style="list-style-type: none"> Good governance means that processes and institutions produce results into the <i>optimum use of resources at their disposal</i>. Thus it also covers the <i>sustainable use of natural resources and the protection of the environment</i>.
Equitable and Inclusive	<ul style="list-style-type: none"> A society's wellbeing depends on ensuring that all its members feel they have a stake in it and <i>do not feel excluded from the mainstream of society</i>. This requires all groups, <i>particularly the most vulnerable</i>, have opportunities to improve or maintain their well-being.

Many sources include "Strategic Vision" as a **9th principle** of Good Governance.

Strategic Vision: A broad and long-term perspective on good governance and human development is required. There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded.

1.5. Strategies for good governance

- Reorienting priorities of the state through appropriate investment in human needs
- Provision of social safety nets for the poor and marginalized
- Strengthening state institutions
- Introducing appropriate reforms in the functioning of Parliament and increasing its effectiveness
- Enhancing Civil Services capacity through appropriate reform measures that matches performance and accountability
- Forging new alliances with civil society
- Evolving a new framework for government-business cooperation

1.6. The Worldwide Governance Indicators project – World Bank

As mentioned above, World Bank defines Governance as the process and institutions by which authority in a country is exercised.

Specifically, governance is:

- the process by which governments are selected, held accountable, monitored, and replaced;
- the capacity of governments to manage resources efficiently, and to formulate, implement, and enforce sound policies and regulations; and
- the respect of citizens and the state for the institutions that govern economic and social interactions among them

Governance Issues	Governance Components	Indicators
The Process by which Governments are selected, monitored, and replaced	<ul style="list-style-type: none"> Voice and Accountability Political Stability 	<ul style="list-style-type: none"> Extent of citizens participation in selection of governments Civil liberties , political rights Perceptions that the government in power will be destabilised by possible unconstitutional means
The Capacity of the government of effectively formulate and implement policies	<ul style="list-style-type: none"> Governance Effectiveness Regulatory Quality 	<ul style="list-style-type: none"> Perceptions of quality of public service provision, quality of bureaucracy, competence of civil servants, independence of civil service from political pressures, credibility of government's commitment to policies. The incidence of market unfriendly policies such as price controls
The respect of citizens and the state for institutions that govern economic and social interaction among them	<ul style="list-style-type: none"> Rule of Law Control of Corruption 	<ul style="list-style-type: none"> Success of the society in developing an environment in which fair and predictable rules form the basis for economic and social interactions Perceptions of the incidence of crime, effectiveness and predictability of judiciary and enforceability of contracts. Perceptions of corruption

'The Worldwide Governance Indicators project' – By World Bank ranks more than 200 countries on six key indicators of governance. The six indicators are:

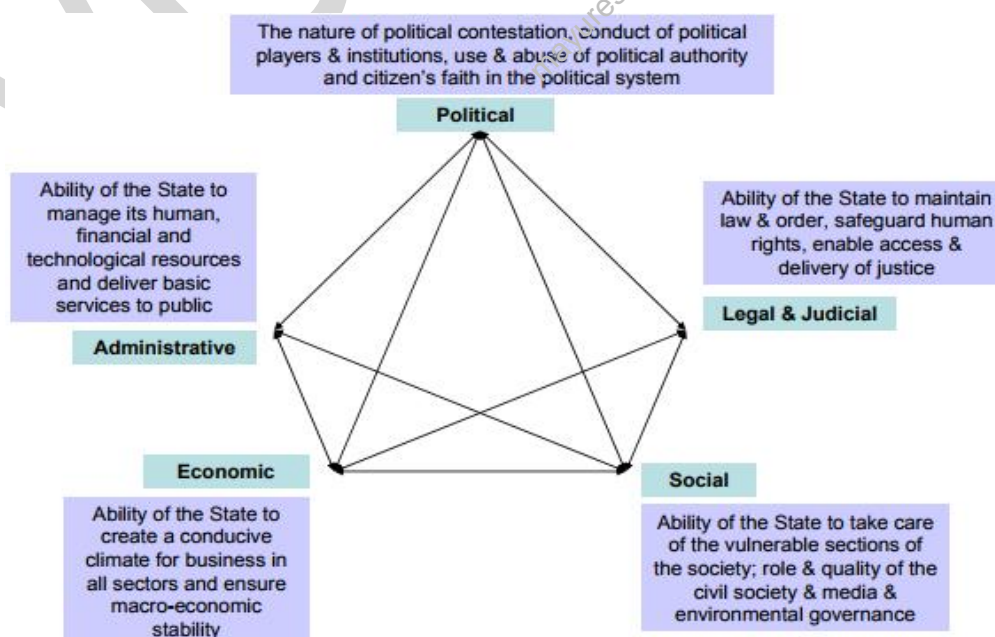
1. Voice and Accountability
2. Political Stability and Absence of Violence
3. Government Effectiveness
4. Regulatory Quality
5. Rule of Law
6. Control of Corruption

These aggregate indicators combine the views of a large number of enterprise, citizen and expert survey respondents in industrial and developing countries.

2. Governance in India

2.1. Dimensions of Governance in India

Department of Administrative reforms and Public grievances (DARPG) in its report "State of Governance – A framework of assessment" has broken down governance into five dimensions viz. **political, legal& judicial, administrative, economic and social & environmental dimensions.**



1. Political Dimension

It is the most essential aspect of governance that looks at the quality of political contestation, conduct of individuals and institutions representing the people, use and abuse of political authority, decentralization of powers and citizen's faith in the political system.

It has four key components:

- Exercise of franchise
- Profile and conduct of Political Representatives, Political Parties and the Political Executive
- Functioning of Legislature
- Political Decentralisation

2. Legal & Judicial Dimension of Governance

This dimension seeks to measure whether the state's exercise of power is within its boundaries. Also its ability to effectively maintain law and order, safeguard human rights and enable access to & delivery of justice.

It has four basic components:

- Law & Order and Internal Security
- Safeguard of basic rights
- Police Administration and Citizen-friendliness of the Police
- Access to Justice and Judicial Accountability

3. Administrative Dimension of Governance

This dimension determines the ability of government to deliver basic services to citizens by efficiently managing the human and financial resources. It also includes performance of the State on vigilance and anti-corruption matters as well as responsiveness and transparency in administration.

It has following four components:

- Citizen Interface and Engagement
- Managing Human, Financial and other resources
- Basic Service Delivery
- Corruption Perception, Vigilance & Enforcement

4. Economic Dimension of Governance

The economic dimension pertains to the ability of the state to ensure macro-economic stability and create conducive climate for economic activity to take place across different sectors of the economy. Economic Governance is also reflected in the state's ability to provide support to the primary sector.

It has three basic components:

- Fiscal Governance
- Business Environment
- Support to the Primary Sector

5. Social and Environmental Dimension of Governance

The social dimension pertains to the ability of the state to take care of the vulnerable sections of the society. It also seeks to assess governance by examining the role and quality of the civil society and media.

Environmental management as a separate component is also included due to its increasing importance in governance.

This dimension has three key components:

- Welfare of the Poor and Vulnerable
- Role of Civil Society and Media
- Environmental Management

2.2. Governance Issues in India

India faces a range of various governance related issues in political, economic, administrative, social and legal domain. Some factors attributable to poor governance are:

- **Political Issues:**
 - Criminalization of Politics
 - Misuse of political power
 - Decentralization more in letter, less in spirit
- **Legal and Judicial issues**
 - Delayed justice, issue of under trials
 - Lack of accountability in Judiciary
 - Threat to life and personal security
- **Administrative issues**
 - Lack of sensitivity, transparency and accountability in the working of State machinery
 - Bureaucratic Delays
 - Resistance to changes which promote transparency and accountability
 - Corruption
- **Economic issues**
 - Poor management of economy
 - Persisting fiscal imbalances
 - Regional disparities
- **Social and Environmental issues**
 - Denial of basic services to a substantial proportion of the population
 - Marginalisation and exclusion of people on account of social, religious, caste and gender affiliation
 - Existence of a significant number of voiceless poor with little opportunity for participation in governance; and
 - Deterioration of physical environment, particularly in urban areas.

2.3. Good Governance Initiatives in India

India has to make big leaps to improve its governance records. Multiple steps have been taken in this regard. For example, the two biggest initiatives which have been taken in India for empowering common man and effective functioning of governance include **Right to Information Act** and **E-governance measures**.

Good governance initiatives can be summarized as following:

- Decentralization and People's Participation - 73rd and 74th Constitutional amendment Act (Covered in Polity section)
- Developing programs for weaker sections and backward areas (Covered in Social Justice section)
- Financial management and budget sanctity (Covered in Paper 3)
- Citizen's Charters
- Sevottam model
- Redressal of Citizen's Grievances
- E-Governance and use of ICT tools
- Public service morale & anti-corruption measures
- Transparency and Accountability measures
 - Right to Information (Covered in Paper 4)
 - Social Audits

2.4. Minimum Government, Maximum Governance

- It means a citizen friendly and accountable administration.

- It is done by simplification of procedures, identification and repeal of obsolete/archaic laws/rules, identification and shortening of various forms, leveraging technology to bring in transparency in public interface and a robust public grievance redress system.
- This will greatly reduce time and effort on the part of the both citizen and government officials in public offices.
- On these lines, **Digital India** has helped Ministry of Panchayati Raj move to 100% e-office.
- **Ease of Doing Business'** also focuses on ease of governance. The emphasis has been on simplification and rationalization of the existing rules and introduction of information technology to make governance more efficient and effective.
- **mygov@nic.in** and **india.gIov.info** are two citizen centric platforms to empower people to connect with the Government and contribute towards good governance.
- PMO website also seeks expert advice from the people, thoughts and ideas on various topics that concern India.

3. Citizen Charter

3.1. What is Citizen Charter?

According to 2nd ARC, Citizen Charter is public statement that defines the entitlements of citizens to a specific service, the standards of the service, the conditions to be met by users, and the remedies available to the latter in case of non-compliance of standards.

The Charter concept empowers the citizens in demanding committed standards of service. Thus, the basic thrust of Citizens' Charter is to make public services citizen centric by ensuring that these services are demand driven rather than supply driven.

3.2. Origin and the concept of Citizen Charter

The concept was first articulated and implemented in the United Kingdom by the Conservative Government of John Major in 1991 as a national programme. The basic objective of the Citizen's Charter is to empower the citizen in relation to public service delivery.

The six principles of the Citizen's Charter movement as originally framed were:

1. **Quality:** Improving the quality of services;
2. **Choice:** Wherever possible;
3. **Standards:** Specifying what to expect and how to act if standards are not met;
4. **Value :** For the taxpayers' money;
5. **Accountability:** Individuals and Organisations; and
6. **Transparency:** Rules/Procedures/Schemes/Grievances.

The programme was re-launched in 1998 by the Labour Government of Tony Blair which rechristened it "Services First". It includes the nine principles of Service Delivery (1998), which are as follows:-

1. Set standards of service;
2. Be open and provide full information;
3. Consult and involve;
4. Encourage access and the promotion of choice;
5. Treat all fairly;
6. Put things right when they go wrong;
7. Use resources effectively;
8. Innovate and improve;
9. Work with other providers.

3.3. Significance of Citizen Charter

- It makes a public institution transparent and accountable.

- It can be an effective tool to engage the civil society and to curb corruption.
- It aims at enhancing standards of service delivery.
- It makes government more responsive.
- It enhances people participation in governance process and the credibility of the government.

3.4. Citizen Charter in India

Department of Administrative Reforms and Public Grievances (DARPG), in the Ministry of Personnel, Public Grievances and Pensions, coordinates the efforts to formulate and operationalize Citizens' Charters. It provides guidelines for formulation and implementation of the Charters as well as their evaluation.

The DARPG set out a series of guidelines to enable the service delivery organisations to formulate precise and meaningful Charters to set the service delivery parameters. These were as follows:

- a) To be useful, the Charter must be simple
- b) The Charter must be framed not only by senior experts, but by interaction with the cutting edge staff who will finally implement it and with the users (individual organizations)
- c) Merely announcing the Charter will not change the way of functioning. It is important to create conditions through interaction and training for generating a responsive climate
- d) Begin with a statement of the service(s) being offered
- e) A mention is made against each service about the entitlement of the user, service standards and remedies available to the user in case of non-adherence to standards;
- f) Procedures/costs/charges should be made available on line/display boards/booklets/inquiry counters etc at places specified in the Charter;
- g) Indicate clearly, that while these are not justiciable, the commitments enshrined in the Charter are in the nature of a promise to be fulfilled with oneself and with the user;
- h) Frame a structure for obtaining feedback and performance audit and fix a schedule for reviewing the Charter at least every six months; and
- i) Separate Charters can be framed for distinct services and for organizations/agencies/attached or subordinate to a Ministry/Department.

Who is a 'Citizen' with reference to Citizen's Charter?

The term 'Citizen' in the Citizen's Charter implies the clients or customers whose interests and values are addressed by the Citizen's Charter and, therefore, includes not only the citizens but also all the stakeholders, i.e., citizens, customers, clients, users, beneficiaries, other Ministries/Departments/ Organisations, State Governments, UT Administrations etc.

3.5. Issues with Citizen Charters in India:

- **Absence of legal backing to charters.** The Citizen's Charter is not legally enforceable and, therefore, is non-justiciable.
- **Poor design and content:** Critical information that end users need to hold agencies accountable are missing in charters.
- **Lack of consultation:** End-users and NGOs are not consulted when Charters are drafted.
- **Inadequate groundwork:** Non-familiarity of the service providers with the philosophy, goals and main features of charters.
- **Lack of public awareness:** Effective efforts of communicating and educating the public about the standards of delivery have not been undertaken.
- **Resistance to change:** Vested interests work for stalling the Citizens' Charter altogether or in making it toothless.
- **Lack of review:** The review and updation exercise of charters have been very poor.
- **The needs of senior citizens and other special categories** including differently abled has largely not been factored in charter exercise.

- Charters haven't been prepared in **vernaculars**.
- **Details of public grievance officer** are not provided in many charters.

3.6. Recommendations of 2nd ARC report

To address the above issues and to make these Charters effective tools of accountability in public service, the 2nd ARC has given following recommendations:

- **Internal restructuring should precede Charter formulation**- There has to be a complete analysis of the existing systems and processes within the organization and, if need be, these should be recast and new initiatives adopted.
- **One size does not fit all** - Therefore formulation of Citizens' Charters should be a decentralized activity with the head office providing broad guidelines.
- **Wide consultation process**- It should be formulated after extensive consultations within the organization followed by a meaningful dialogue with civil society with a firm commitment.
- **Redressal mechanism in case of default**- It should clearly lay down the relief which the organization is bound to provide if it has defaulted on the promised standards of delivery and citizens must also have recourse to a grievances redressal mechanism.
- **Periodic evaluation of Citizens' Charters** preferably through an external agency.
- **Benchmark using end-user feedback**- Its systematic monitoring and review is necessary even after it is approved and placed in the public domain. In this context, end-user feedback can be a timely aid to assess the progress and outcomes of an agency that has implemented a Citizens' Charter
- **Hold officers accountable for results**- The monitoring mechanism should fix specific responsibility in all cases where there is a default in adhering to the Citizens' Charter.

4. Sevottam Model

4.1. What is Sevottam Model?

The Sevottam model has been developed with the overarching objective of improving the quality of public service delivery in the country. It is a combination of two words Seva (service), Uttam (excellence).

It provides a framework for organizations to assess and improve the quality of service delivery to citizens. The model was suggested by 2nd ARC in its 12th report Citizen centric administration.

The model has three modules:

1. Citizen Charter
2. Public Grievance Redress mechanism
3. Service Delivery Capability

The model prescribes seven steps:

1. **Define** services and identify clients.
2. **Set** standards and norms for each service.
3. **Develop** capability to meet the set standards.
4. **Perform** to achieve the standards.
5. **Monitor** performance against the set standards.
6. **Evaluate** impact through an independent mechanism.
7. **Continuous** improvement based on monitoring and evaluation.



Organizations adopting Sevottam model for service delivery need to comply with seven steps and ensure formulation of three modules.

Implementation of Sevottam framework in the government departments was started in 2009. Later, Sevottam has been launched as a certification scheme which provides for the award of the Sevottam symbol of excellence to public service organizations that implement and are able to show compliance to a set of management system requirements that have been specified in a specially created standard document. This standard, known as **IS 15700:2005**, was developed by the Bureau of Indian Standards (BIS) based on the objectives of Sevottam.

4.2. Significance of the Model

- It is a Quality Management framework applicable to the activities of public service delivery organizations at the point of interface with service recipients.
- The framework is a tool in the hands of implementing organizations.
- It guides them through systematic initiatives for sustainable improvements in service delivery
- The framework enables implementing organizations to undertake a systematic, credible and authenticated self-assessment (or 'gap analysis') for citizen-centric service delivery.
- Using this analysis, practical solutions are gradually and systematically incorporated into the organization's day-to-day routine thereby ensuring sustainable results.

4.3 Components of the model

1. The first component requires **effective charter implementation** thereby opening up a channel for receiving citizens' inputs into the way in which organizations determine service delivery requirements.
2. **Public Grievance Redress** requires a good grievance redress system operating in a manner that leaves the citizen more satisfied with how the organization responds to grievances, irrespective of the final decision.
3. **Excellence in Service Delivery**, postulates that an organization can have an excellent performance in service delivery only if it is managing the key ingredients for good service delivery well, and building its own capacity to continuously improve delivery.

4.4 Time Bound Delivery of Services

To ensure Right of Citizens for Time Bound Delivery of Goods and Services, "***the Right of Citizens for Time-bound Delivery of Goods and Services and Redressal of their Grievances Bill, 2011***", was introduced in the Lok Sabha in 2011, but it lapsed with the term of the last House.

The need of the hour is to identify delivery of services as a matter of right and bring legal provision for time bound delivery of services.

Highlights of "the Right of Citizens for Time-bound Delivery of Goods and Services and Redressal of their Grievances Bill, 2011":

- Every public authority was required to publish a Citizens Charter within six months of the commencement of the Act.
- A citizen may file a complaint regarding any grievance related to:
 - a) citizens charter;
 - b) functioning of a public authority; or
 - c) violation of a law, policy or scheme.
- The Bill required all public authorities to appoint officers to redress grievances.
- Grievances were to be redressed within 30 working days.
- The Bill also provided for the appointment of Central and State Public Grievance Redressal Commissions.

- A penalty of up to Rs 50,000 to be levied upon the responsible officer or the Grievance Redressal Officer for failure to render services.

Some states have brought legislation to guarantee the right to public services delivery, but a Central law is required to provide an overarching framework across the country.

5. Social Audit

5.1. What is Social Audit?

Social audit is a process in which details of resources used by public agency for development initiatives are shared with people often through public platforms, which allows end users to scrutinize the impact of developmental programs.

Social audit serves as an instrument for the measurement of **social accountability** of an organization. It gained significance after the 73rd amendment of the constitution relating to Panchayat Raj institutions.

Difference with other audits

Financial Audit	Operational Audit	Social Audit
Directed towards recording, processing, summarising and reporting of financial data.	Establishing standards of operation, measuring performance against standards, examining and analysing deviations, taking corrective actions and reappraising standards based on experience are the main focus.	Social Audit provides an assessment of the impact of a department's non-financial objectives through systematic and regular monitoring on the basis of the views of its stakeholders.

A conventional financial audit focuses on financial records and their scrutiny by an external auditor following financial accountancy principles. Social audit covers a wide horizon of stakeholders as its reports revolve around ethics, labor, environment, human rights, community, society and statutory compliances.

5.2. Need of Social Audit

The investment of large amount of funds and resources by the Government of India and various national and international agencies, since independence in social development programmes, has not been justified by the impact it has made.

The major focus by the Government hitherto has been in the supply side of the Programme Delivery System. While improvement of the SUPPLY SIDE is a long term process strengthening the DEMAND SIDE, may be a short run process, which will improve the effectiveness of the total delivery system much faster.

There is a need to strengthen the DEMAND SIDE on a priority basis through:

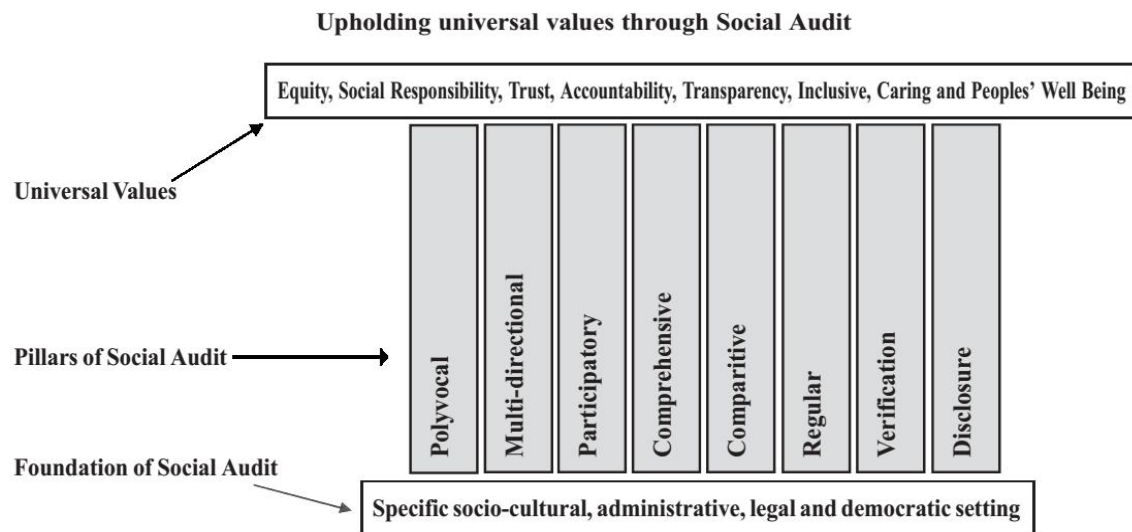
- a) Creating a culture of Social Audits of Development Programmes, and
- b) Strengthening the Gram Sabhas, the closest institution to the Beneficiaries.

5.3. Principles of Social Audit

Eight specific key principles have been identified from Social Auditing practices around the world:

1. **Multi-Perspective/Polyvocal:** Reflect the views of all the stakeholders.
2. **Comprehensive:** Report on all aspects of the organisation's work and performance.
3. **Participatory:** Encourage participation of stakeholders and sharing of their values.
4. **Multidirectional:** Stakeholders share and give feedback on multiple aspects.

5. **Regular:** Produce social accounts on a regular basis so that the concept and the practice become embedded in the culture of the organisation covering all the activities.
6. **Comparative:** Provide a means whereby the organisation can compare its performance against benchmarks and other organisations' performance.



7. **Verified:** Social accounts are audited by a suitably experienced person or agency with no vested interest in the organisation.
8. **Disclosed:** Audited accounts are disclosed to stakeholders and the wider community in the interests of accountability and transparency.

These are the pillars of Social Audit, where socio-cultural, administrative, legal and democratic settings form the foundation for operationalising Social Audit.

5.4. Significance of Social Audit

The significance of social audit for social sector programmes can be understood from the following points:

- **Enhances reputation:** Social Auditing helps the legislature and executive in identifying the problem areas and provides an opportunity to take a proactive stance and create solutions.
- **Alerts policymakers to stakeholder trends:** Social Auditing is a tool that helps managers understand and anticipate stakeholder's concerns.
- **Affects positive organisational change:** Social Auditing identifies specific organisational improvement goals and highlights progress on their implementation and completeness.
- **Increases accountability:** There is a strong emphasis on openness and accountability for government departments. Social Auditing uses external verification to validate that the Social Audit is inclusive and complete. This leads to reduction in wastages and corruption.
- **Assists in re-orienting and re-focusing priorities:** Social Auditing could be a useful tool to help departments reshape their priorities in tune with people's expectations.
- **Provides increased confidence in social areas:** Social Audit can enable departments/institutions to act with greater confidence in social areas that have been neglected in the past or have been given a lower priority.

In recent years due to the steady shift in devolution of funds and functions to the local government, the demand for social audit has grown. In flagship schemes such as **MGNREGA**, the Union Government is promoting social audit to check corruption.

Similarly, various state governments such as Rajasthan and Andhra Pradesh have taken the initiative to incorporate social audit as part of their monitoring systems through Gram Sabhas and in partnership with a consortium of NGOs.

5.5. Limitations of Social Audit

- The scope of social audits is highly localised and covers only certain selected aspects.
- Social audits are often sporadic and ad hoc.
- Monitoring is informal and unprocessed.
- The findings of social audit cannot be generalised over the entire population.
- Individual programs present their own unique challenges. For example literacy program for adults require data on migration.
- Several problems require a package of programme to be implemented simultaneously. For example, rural health requires convergence between water supply, education, sanitation, nutrition etc. Social audit may therefore need a more holistic approach.
- Absence of trained auditors.
- Lack of action on audit reports and findings.

5.6. Way Forward

- For empowerment of the Demand System, investment in education and awareness of Public/ Gram Sabha members is required.
- Institutional capacity need be increased at PRI, Block, and DRDA level, in terms of information Storage and distribution mechanism
- Support may be provided to committed and competent NGOs to play the catalytic role including conducting Social Audit.
- Media need be more Rural and Development focussed
- Recognise and Reward the members who have contributed to the process of strengthening Demand System and improved service delivery
- Develop an INSTITUTIONAL FRAMEWORK for, organising PRI Accounting Audit and Social Audits and putting them on the INTERNET
- Promoting proactive disclosure of information to facilitate social audits.

6. E-Governance

6.1. What is E-governance?

According to **the World Bank**, “E-Governance refers to the use by government agencies of information technologies (such as Wide Area Networks, the Internet, and mobile computing) that have the ability to transform relations with citizens, businesses, and other arms of government”. These technologies can serve a variety of different ends:

- better delivery of government services to citizens
- improved interactions with business and industry
- citizen empowerment through access to information
- or more efficient government management

The resulting benefits can be less corruption, increased transparency, greater convenience, revenue growth, and/or cost reductions. E- Governance is method to transform the the existing government and brings in SMART Governance viz:

- **S - Simple:** Simplification of rules and procedures of Government making it user-friendly.
- **M-Moral:** Infusing ethics and morals into officers again since anti-corruption and vigilance agencies improving.
- **A- Accountable:** ICT helps set standards of performance and efficiently measures it.
- **R- Responsive:** Efficient service delivery and government that is in tune with the people.

- **T - Transparent:** Information confined to secrecy is out in the public domain bringing equity and rule of law in public agencies.

6.2. Potential of e-governance

- **Fast, Convenient and Cost Effective Service Delivery:** With the advent of e-Service delivery, the government can provide information and services at lesser costs, in reduced time and with greater convenience.
- **Transparency, Accountability and Reduced Corruption:** Dissemination of information through ICT increases transparency, ensures accountability and prevents corruption. An increased use of computers and web based services improves the awareness levels of citizens about their rights and powers. It helps to reduce the discretionary powers of government officials and curtail corruption.
- **Expanded Reach of Governance:** Expansion of telephone network, rapid strides in mobile telephony, spread of internet and strengthening of other communications infrastructure would facilitate delivery of number of public services.
- **Empowering people through information:** Increased accessibility to information has empowered the citizens and has enhanced their participation. With easy access to the government services, the faith of the citizens in the government increases and they come forward to share their views and feedback.
- **Improve interface with Business and Industry:** Industrial development in India has been hampered in the past with complex procedures and bureaucratic delays. E-governance aims to expedite the various processes important for industrial development.

6.3. Models of e-governance

E-Governance services can be shared between citizens, businessman, government and employees. These four models of e-governance are:- Government to citizen (G2C), Government to government (G2G), Government to businessmen (G2B) and Government to employees (G2E).

6.3.1. Government to Citizen (G2C)

This model of e-governance refers to the government services which are shared by the citizen. This model strengthens the bond between government and the citizen. Type of services which are provided by this model:

- Payment of online bills such as electricity, water, telephone bills etc.
- Online registration of applications
- Online copies of land-record
- Online filling of complaints
- Availability of any kind of online information

6.3.2. Government to Government (G2G)

This model refers to the services which are shared between the governments. There is lots of information that need to be shared between various government agencies, department and organizations. These types of services or information are:

- Government document exchange which includes preparation, approval, distribution, and storage of all governmental documents is also done through e-governance.
- Most of the finance and budget work are also done through e-governance.

6.3.3. Government to Businessmen (G2B)

Through this model, bond between private sector and government strengthens. They share information through this model like:

- Collection of taxes
- Rejection and approval of patent

- Payment of all kind of bills and penalty
- Sharing of all kind of information, rules and data
- Complaints or any kind of dissatisfaction can be expressed

6.3.4. Government to Employees (G2E)

This model increases the transparency between government and its employees and thus strengthens their relationship. Information that can be shared by this model:

- All kind of data submission(attendance record, employee record etc.) from various government offices
- Employee can file complaints and dissatisfaction
- Rules & regulation and information for employees can be shared
- Employees can check their payment and working record

6.4. E-Governance Initiatives in India

The Government of India is implementing the '**Digital India**' programme with the vision to transform India into a digitally empowered society and knowledge economy. Digital India is an umbrella programme that covers multiple Government Ministries and Departments and is being coordinated by **MeitY** (the Ministry of Electronics and Information Technology).

Various e-Governance initiatives taken by Government under Digital India programme are as follows:

- Under the **National e-Governance Action Plan (NeGP)** which is now subsumed under Digital India, core infrastructure components are being implemented such as
 - State Data Centres (SDCs),
 - State Wide Area Networks (SWANs),
 - Common Services Centres (CSCs),
 - State e-Governance Service Delivery Gateway (SSDGs),
 - e-District and Capacity Building
- **e-Kranti (Electronic delivery of services)**: The focus of the e-Kranti is to transform the e-Governance services by expanding the
 - portfolio of Mission Mode Projects (MMPs) in e-Governance under various Government Departments,
 - undertaking Government Process Reengineering (GPR),
 - work flow automation,
 - introducing latest technologies such as Cloud and mobile platform and
 - focus on integration of services.

Following are some of the successful e-governance initiatives which are being implemented in India.

6.4.1. Government to Citizen (G2C) Initiatives:

- **Computerisation of Land Records (Department of Land Resources)**: A pilot project on computerization of Land Records, which was 100% centrally-sponsored started in 1994-95 onwards.
- **Bhoomi Project in Karnataka (Online Delivery of Land Records)**: Bhoomi is a self-sustainable e-Governance project for the computerized delivery of 20 million rural land records to 6.7 million farmers.
- **Gyandoot (Madhya Pradesh)**: It is an Intranet-based service delivery with the twin objective of providing relevant information to the rural population and acting as an interface between the district administration and the people. The services offered through the Gyandoot network include: daily agricultural commodity rates (mandibhav), income certificate, public grievance redressal, BPL family list etc.

- **Lokvani Project in Uttar Pradesh:** Its objective is to provide a single window, self-sustainable-Governance solution with regard to handling of grievances, land record maintenance and providing a mixture of essential services.
- **Project FRIENDS in Kerala:** FRIENDS (Fast, Reliable, Instant, Efficient Network for the Disbursement of Services) is a Single Window Facility providing citizens the means to pay taxes and other financial dues to the State Government.
- **MyGov:** It aims to establish a link between Government and Citizens towards meeting the goal of good governance. MyGov encourages citizens as well as people abroad to participate in various activities i.e. 'Do', 'Discuss', 'Poll', 'Talk', 'Blog', etc.
- **Digital Locker System:** It serves as a platform to enable citizens to securely store and share their documents with service providers who can directly access them electronically.

6.4.2. Government to Business (G2B) Initiatives

- **e-Procurement Project in Andhra Pradesh and Gujarat:** To reduce the time and cost of doing business, to realize better value for money spent through increased competition and to standardize procurement processes across government departments, this project was started.
- **SWIFT initiative:** As a part of the "Ease of Doing Business" initiatives, the Central Board of Excise & Customs, has taken up implementation of the Single Window Project to facilitate the Trading Across Borders in India. The Single Window Interface for Trade (SWIFT), would reduce interface with Governmental agencies, dwell time and the cost of doing business.

6.4.3. Government to Government (G2G) Initiatives

- **Khajane Project in Karnataka:** The project has resulted in the computerization of the entire treasury related activities of the State Government and the system has the ability to track every activity right from the approval of the State budget to the point of rendering accounts to the government.
- **Public Finance Management System (PFMS):** It is a web-based software application developed and implemented by the Office of Controller General of Accounts (CGA). The primary objective of PFMS is to facilitate a sound Public Financial Management System for the Government of India (GoI) by establishing an efficient fund flow system as well as a payment cum accounting network. It provides various stakeholders with a real time, reliable and meaningful management information system and an effective decision support system.
- **E – Samiksha:** The portal is designed to enhance efficiency, bring transparency, increase accountability, and improve the communication between Government to Government, Business to Government and vice versa. It is used for tracking the progress on projects & policy initiatives and follow up actions of various ministries by cabinet secretary and Prime Minister on a real-time basis
- **UPAAI App** - UPAAI (unified planning and analysis interface) or 'solution' in English. It will provide an integrated platform for data on infrastructure and social indices for each constituency. It will help the members of parliament to track the development work in their states. It will be monitored by PMO and is in line with Digital India initiative.

6.5. Challenges

There are a large number of obstacles in implementation of e-Governance in India. These can be categorized under the following:

6.5.1. Environmental and Social Challenges

- **Non local Language:** e-Governance applications are written in English language which may not be understandable to many of the people.
- **Low IT Literacy:** Literacy level of India is very low and even among literate, most of the people in India are not aware about the usage of Information Technology.

- **User friendliness of government websites:** Users of e-Governance applications are often non-expert users who may not be able to use the applications in a right manner.
- **Digital divide:** It is the separation that exists between the individuals, communities and businesses that have access to Information Technology and those that do not have such access. People who are living below poverty line cannot afford a computer and internet connection for themselves to take the benefits of the e Government and other on-line services. Digital divide may also be caused by the lack of awareness among the people.
- **Resistance to Change:** The struggle to change phenomenon can explain much of the hesitation that occurs on the part of the constituents in moving from a paper-based to a web-based system to interact with government.

6.5.2. Economic Challenges

- **Cost:** In developing countries like India, cost is one of the most important obstacles in the path of implementation of e-governance projects. A huge amount of money is involved in implementation, operational and evolutionary maintenance tasks.
- **Applications must be transferrable from one platform to another:** e-governance applications must be independent from hardware or software platforms.
- **Maintenance of electronic devices:** As the Information Technology changes very fast and it is very difficult for us to update our existing systems very fast. Maintenance is a key factor for long living systems in a rapidly changing technical environment.

6.5.3. Technical challenges

- **Interoperability:** Interoperability is the ability of systems and organizations of different qualities to work together. The e-Governance applications must have this characteristic so that the newly developed and existing applications can be implemented together.
- **Multimodal Interaction:** Multimodal interaction provides the user with multiple modes of interfacing with a system. An e-Government application can be really effective if its users can access it using different devices.
- **Privacy and Security:** A critical obstacle in implementing e-Governance is the privacy and security of an individual's personal data that he/she provides to obtain government services.
- **Connectivity to backward areas:** A very large part of India is far away from the basic necessities of life. The connectivity of e-governance to these areas will be challenging task for the government.
- **Local language:** The e-governance applications must be written in local language of the people so that they may be able to use and take advantage of these applications.
- **Lack of human resources:** India is working hard towards creating better technicians day by day. But still, there is lack of matured technicians in the country to look after e-governance projects.

6.6. Recommendations of 2nd ARC on e-governance

Following are some of the important recommendations of 2nd Administrative Commission on e-governance:

- **Building a Congenial Environment:** Building a congenial environment is a sine-qua-non for successful implementation of e-Governance initiatives. This should be achieved by:
 - Creating and displaying a will to change within the government
 - Providing political support at the highest level
 - Incentivising e-Governance
 - Creating awareness in the public with a view to generating a demand for change.
- **Business Process Re-engineering:** Governmental forms, processes and structures should be re-designed to make them adaptable to e-Governance, backed by procedural, institutional and legal changes.

- **Capacity Building and Creating Awareness:** Capacity building efforts must attend to both the organizational capacity building as also the professional and skills up gradation of individuals associated with the implementation of e-Governance projects.
- **Developing Technological Solutions:** Develop a national e-Governance 'enterprise architecture' framework as has been done in some countries.
- **Monitoring and Evaluation:** Monitoring of e-Governance projects should be done by the implementing organization during implementation. It should be done in the manner in which project monitoring is done for large infrastructure projects.
- **Public-Private Partnership (PPP):** Several components of e-Governance projects lend themselves to the Public-Private Partnership (PPP) mode. In all such cases (PPP) should be the preferred mode. The private partner should be selected through a transparent process. The roles and responsibilities of government as well as the private partner should be clearly laid down in the initial stage itself, leaving no room for any ambiguity.
- **Protecting Critical Information Infrastructure Assets:** There is need to develop a critical information infrastructure assets protection strategy. This should be supplemented with improved analysis and warning capabilities as well as improved information sharing on threats and vulnerabilities.
- **The Common Support Infrastructure:** The State Data Centres (SDCs) should be maintained by Government agencies such as NIC as it involves handling of sovereign data. Further, all data centres at the State level should be subsumed in the SDCs.
- **Mission Mode Project on Computerization of Land Records:** Surveys and measurements need to be carried out in a mission mode utilizing modern technology to arrive at a correct picture of land holdings, land parcels and rectification of outdated maps. This needs to be accompanied by an analysis of the existing mechanism for updating land records – which varies from State to State – to be supplanted by an improved and strengthened mechanism which ensures that all future transactions in titles are immediately reflected in the land records.
- **Legal Framework for e-Governance:** A clear road map with a set of milestones should be outlined by Government of India with the ultimate objective of transforming the citizen-government interaction at all levels to the e-Governance mode by 2020.
- **Knowledge Management:** Union and State Governments should take proactive measures for establishing Knowledge Management systems as a pivotal step for administrative reforms in general and e-Governance in particular.

6.7. Ease of Governance

- The idea of ease of governance was mooted very recently by the Minister of Personnel, Public Grievances and pensions.
- As per this idea, the main aim of e-governance should be 'ease of governance' leading to 'ease of living' of people. This is essential for the emergence of a 'New India'.
- Ease of Governance essentially means Ease of access to governance where public policies are people centric with empathetic and responsive government mechanism with ear on the ground and connects far more effectively.
- One example of such governance is swift move by the Ministry of aviation to ask airline operators to do away with high cancellation fee on flight booking. Cancellation fee up to Rs. 3000 were quite high and even sometimes, more than actual cost of the ticket.

7. Previous Year UPSC Questions

1. Discuss the utility of e-governance in the Indian context. (2004).
2. E-governance initiatives by the Union Public Service Commission (UPSC). (2011)
3. Though Citizens' charters have been formulated by many public service delivery organizations, there is no corresponding improvement in the level of citizens' satisfaction and quality of services being provided Analyse. (2013)
4. 'A national Lokpal, however strong it may be, cannot resolve the problems of immorality in public affairs.' Discuss. (2013).
In the light of Satyam Scandal (2009), discuss the changes brought in the corporate governance to ensure transparency and accountability. (2015)
"Effectiveness of the government system at various levels and people's participation in the governance system are inter-dependent". Discuss their relationship in the context of India. (2016)
5. E-governance in not only about utilization of the power of new technology, but also much about critical importance of the 'use value' of information. Explain. (2018)

8. Vision IAS GS Mains Test Series Questions

1. ***"The citizens, who are at the receiving end, are the best judge of the quality and quantity of services administered for their benefit. But they have hardly any means to hold the administration accountable." Examine.***

Approach:

- Public Service Delivery as a part of governance
- Importance of accountability factor in delivery of public services.
- Reforms thereon

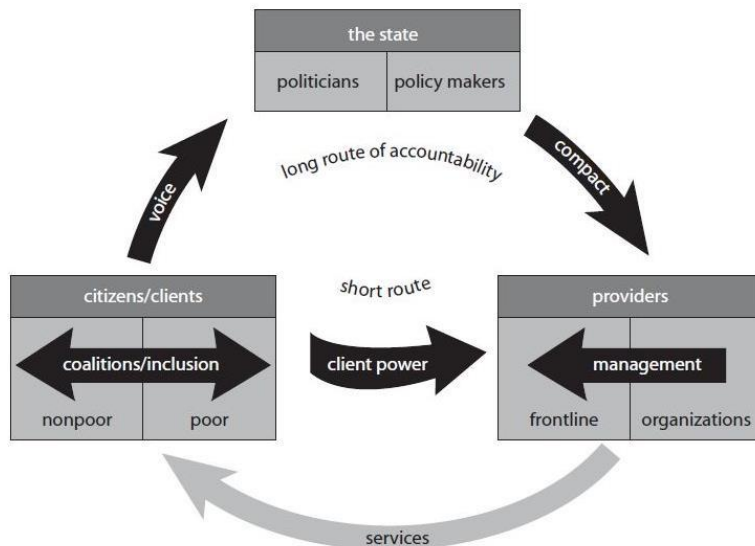
Answer:

From the perspective of service delivery, governance can be understood as the set of incentives, accountability arrangements, and rules that affect the way key actors including policy makers and provider organizations and their managers and staff are held accountable for their behaviors and ability to deliver high-quality services with efficiency and responsiveness.

In many low and middle income countries, dismal failures in the quality of public service delivery are demonstrated by leakages of public funds, non delivery of goods intended for social assistance benefits. These failures have driven the agenda for better governance and accountability. Governments, civil society, and donors have become increasingly interested in the idea that citizens can contribute to improved quality of service delivery by holding policy makers and providers of services accountable.

This idea of holding accountability has been shaped by the influential 2004 *World Development Report: Making Services Work for Poor People*. The WDR defined a framework for analyzing accountability relationships among policy makers, providers, and citizens. Within this framework, accountability can be implemented through either a "long route," whereby citizens influence policy makers who in turn influence service delivery through providers, or a "short route," through which citizens individually and collectively can directly influence, participate in, and supervise service delivery by providers.

Figure 1.1 Accountability Relationships in Service Delivery



Source: World Bank 2003.

Keeping the two methods in mind following measures have been introduced for holding accountability of actors:

- **Grievance Redress Mechanisms:** Grievance redress mechanisms (GRMs) provide people with opportunities to use information to influence service delivery.
- Single Window System for Delivery of Services to avoid delays in delivery
- **Public Service Delivery Guarantee Acts:** in various states like Madhya Pradesh Bihar, J&K, Delhi, Rajasthan, Uttar Pradesh (to be referred as Right to Public Services Acts, RTPS Act) that guarantee time-bound delivery of selected services to the citizen. The Acts are significant as they place the onus of delivery on the service provider with penalties for delays in service provision.

These initiatives can go a long way in improving the quality of public services and fixing the accountability at individual level.

2. **Discuss what constitutes good governance in the context of India. Also mention some aspects of social justice and discuss how good governance can act as a facilitator towards securing justice.**

Approach:

- First discuss what good governance means. Try to explain the concept holistically. Then taking India as a point of departure, discuss what good governance means in the specific context of India. While doing so, keep in mind the main challenges that we face as a nation and scrutinize whether good governance should be one that help us deal with those challenges as a nation.
- Next, explain the concept of social justice. Keep the difference between western and Indian notions of social justice in mind and bring out clearly how these differ.
- Finally, explain how various aspects of social justice would be relevant only if they can be secured. Here discuss how good governance can act as a facilitator towards securing justice and how securing justice is itself an important aspect of good governance.

Answer:

- Jawaharlal Nehru, in his famous 'tryst with destiny' speech had articulated our main challenges as 'the ending of poverty, ignorance, disease and inequality of opportunities'. India's democratic experience of the past six decades has also

Student Notes:

clearly established that our central challenges still relate to social opportunities and mass poverty.

- Good governance, as a concept, is much larger than mere administrative reforms as understood in the conventional sense of the term, to the extent that it covers much more ground and substance. It relates to ethical grounding of governance and must be evaluated with reference to specific norms and objectives of a particular society.
- Moreover, the concept of good governance is applicable to all sections of society such as the government, legislature, judiciary, the media, the private sector, the corporate sector, the co-operatives, societies registered under the Societies Registration Act, duly registered trusts, organizations such as the trade unions and lastly the non government organizations (NGOs).
- In the context of India, good governance can be defined as that system of governance, which helps in securing justice, leads to empowerment of people, provides employment and ensures efficient delivery of public services. These aspects are relevant to the extent that they help us deal with our central challenges effectively. Thus, first and foremost, good governance must aim at expansion of social opportunities and removal of poverty.
- The concept of social justice, on the other hand, is mostly interpreted as “poverty alleviation for the working poor”, in both formal and informal sectors, the employed and underemployed.
- However, in the specific context of India, ensuring social justice means not only to address poverty, distribution of material goods and social exclusion, as it is in western societies, but also to remove social discrimination of the ex-untouchables.
- But these aspects of social justice will hold relevance only if they can be secured and accessed as well as ensured through rule of law.
- It is in this context that good governance becomes important. Securing justice is in fact, an important aspect of good governance, not only in India, but throughout the world. For instance, it is only through good governance that security of life and property, an important public good, can be ensured. Securing justice is based upon the basic principle that people should be able to rely upon the correct application of law. It is only through good governance that such access to justice can be ensured. Moreover, rule of law, which is another important aspect of securing justice, is related to good governance. This is because it is only good governance that can ensure that no one is above the law.
- Thus good governance and social justice not only strive towards the same goals, but securing justice is also an important facet of good governance.

3. *Digital India programme has the potential to not only transform the citizen service delivery, but also provide the much needed impetus for key social and industrial sectors. Examine.*

Approach:

- The question should be structured to spell the aims and objectives of digital India Programme, highlighting in the process its potential impact on Citizen Service delivery, Social Sector and Industrial Sector.
- Answer should comprise three parts:
 - Aims and objectives of Digital India Programme
 - Its potential or intended impact on Citizens service delivery, Key Social and Industrial Sectors
 - Limitations and challenges should be highlighted, especially keeping in mind the experience of previous government initiatives in this area.
- Conclude by mentioning the provisions that address those challenges.

Answer:

Student Notes:

The Digital India programme, aims to promote e-governance and transform India into a digitally empowered society and knowledge economy. This programme has been envisaged by Department of Electronics and Information Technology (DeitY) and will impact ministry of communications & IT, ministry of rural development, ministry of human resource development, ministry of health and others.

It emphasises thrust to nine pillars of growth areas. If the vision behind the programme comes to fruition it can bring transformative changes in a wide range of areas such as.

Transformation in Citizens Service Delivery: Digital India aims to ensure that Government services are available to citizens electronically. It would also bring in public accountability through mandated delivery of government's services electronically; a Unique ID and e-Pramaan based on authentic and standard based inter-operable and integrated government applications and data basis. Digital empowerment of citizens will pay emphasis on universal digital literacy and availability of digital resources/services in Indian languages.

Transformation of Key Social Sectors:

Through the application of technology the Digital India programme has the potential to bring transformation in areas such as education- distance education, tele-education, e-literacy. Similarly, in the health sector it would promote tele-medicine, use of ICT in health service delivery, awareness as well as grievance redressal. With its thrust on rural and agriculture sectors the programme can have transformative effects in these areas as well. Besides these the programme is expected to create 17 million direct and 85 million indirect jobs.

Transformation of Key Industrial Sectors:

With a planned expenditure in tune of Rs 1 lakh crore the digital India programme can also prove to be a catalyst in promoting industrial growth through both backward and forward linkages. IT/ITeS, telecom, electronics manufacturing sectors would be benefit from Digital India. Apart from these experts believe the programme would also have positive impact on other industry sectors such as Power Sector and Banking and Financial Services.

However, learning from the past initiatives, the obstacles of rural urban digital divide, last mile connectivity, and capacity building both in terms of infrastructure and human resources, and huge investment requirements has to be surmounted. The Digital India programme envisages creating synergy and linkages between various existing programmes and initiatives. In this direction involvement of private sector through PPPs as well as clear delineation of specifics would go a long way in achieving the stated objectives.

4. *Why is redressal of public grievances important for a democracy? Critically evaluate the functioning of various instruments for redressal of public grievances in India.*

Approach:

- Introduce by explaining the concept of Grievance
- Write its importance in democracy
- Write steps taken to resolve the grievance and assessment of these
- Whats more need to be done

Answer:

Student Notes:

Grievance as an expression of dissatisfaction made to an organization related to its products, services and/or process, where a response or resolution is explicitly or implicitly expected. The basic principle behind this is that if the promised level of service delivery is not achieved or if the right of a citizen is not honored, then the citizen should be able to take recourse to a mechanism to have his grievance redressed.

Why to have Grievance redressal

- The poor record of most public agencies in the areas of prompt and effective redressal of public grievances is a major cause of public dissatisfaction and since the Government being a service provider, it is bound to meet people's needs and aspirations.
- Effective and timely redressal of public grievances is a hallmark of responsive and responsible governance
- Accessible and effective grievance mechanism are necessary component of accountability
- There cannot be any fruitful enjoyment of services unless facility is provided for providing remedies in case of violation of those rights conferred to citizen. In the absence of the remedial system the rights become infructuous.

Measures being taken to redress grievance:

- The Central Government, State Governments as well as various organizations under them have set up grievance redressal mechanisms to look into the complaints of citizens, example being of online portals like CPGRAMS at central level, Sugam in Rajasthan etc.
- Besides, there are other institutional mechanisms like the CVC, and the Lokayuktas which have the mandate to look into the complaints of corruption and abuse of office by public servants.
- Many organizations, for example, the Reserve Bank of India, have set up Ombudsman to look into grievances.
- Institutions such the National and State Human Rights Commissions, National and State Women's Commissions, the National Commission for Scheduled Castes, and the National Commission for Scheduled Tribes also look into the complaints from the public in their prescribed areas.

But there has been many problem associated with these measures. In general the problems are: lack of awareness to people and official as well about these mechanism, no proper monitoring of grievance redressal mechanism, public grievance cells often suffer from shortage of staff and resources, long delay in disposal of grievance etc.

Way Forward

- Wide publicity of these mechanism through national, regional and local media as well as through electronic media.
- Grievance-handling system should be accessible, simple, quick, fair, responsive and effective.
- Behavioural reform: There is a need to bring about a total change in the attitude/behaviour of public servants or in other words, the mindset towards redressal of public grievances at all levels and to pinpoint responsibility for action against grievances of the people.
- The laws and regulations militating against the interest of the weaker sections of the society and the poor are required to be urgently amended.

5. *Despite increasing awareness of beneficiaries, social audits have not played a significant role in reducing malpractices and detecting irregularities. Discuss. How can social audits be made more effective?*

Approach:

- Firstly, write a brief introduction about social audits, its benefits in improving the delivery of services. Further linking it with possible benefits, focus on the role of community participation and compare it with traditional approach to audit.
- Secondly, provide drawbacks focusing on socio-institutional issues and provide suggestions addressing these loopholes

Answer:

Social Audit refers to the social control over withdrawal and usage of funds drawn from the state exchequer for programs and policies aimed at the benefit of people. It allows people to enforce transparency and accountability, thereby providing the ultimate users an opportunity to scrutinize the development initiatives.

Benefits of Social Audit

- Social Audit facilitates transformation of citizens from a passive recipient to a demanding client, thus making the Government answerable.
- They help raise awareness about entitlements.
- These Audits allow beneficiaries of different schemes to lodge complaints regarding malpractices.
- Involvement of people in developmental activities ensures that money is spent where it is actually needed.
- Unlike the traditional forms of audit, social audit is a continuous process.
- Helps in reduction of wastages & corruption.
- Promotes integrity and a sense of community partnership among people & improves the standard of governance.

The loopholes in the implementation of Social Audits can be best understood through the example of MGNREGA where it has been implemented across states.

- Very few states have actually instituted social auditing mechanism despite mandatory provisions in acts like MGNREGA.
- The involvement of local representatives in malpractices has sometimes resulted in resistance to social audits.
- The audits are yet to result in effective redressal. While a modest decline in administrative complaints related to the non-provision of work was observed, there was an increase in complaints of missing records on material expenditures.
- The impact of audits on other programme outcomes — employment generation, targeting of the SC/ST population — is often absent.
- The follow-up and enforcement of punishments are weak. Also, there is absence of establishment of vigilance cells in most of the cases.
- Relative lack of expertise among local bodies and social dynamics sometimes make it naming and shaming exercise.

Suggestions

- Ensure institutionalisation of social audits across all states making it enforceable and credible “contract” allocating responsibilities, defining timelines and ensuring prompt penalty to the guilty.
- Capacity building to facilitate beneficiary-led-audits keeping in mind local circumstances and empowering local participation.

- Adequate institutional support and adequate budgetary provisions to ensure the viability of Social Audits.

Learning lessons and adopting measures to address all programme outcomes i.e. ensure impact of social audits in future course correction.

6. The reasons for failure of e-Governance projects are anything but technological. Discuss in the context of India.

Approach:

- Cover e-Governance in its various dimensions
- Reasons for lack of success should cover these dimensions. Give examples wherever possible.

Answer:

Citizens contact government for various reasons such as trying to influence public policy, to addressing personal concerns that they have, conducting government transactions, and finding information on benefits and services that government offers. e-Governance is one such channel of public service delivery. E-governance is much more than a technological initiative but is made of a complex set of relationships between the stakeholder's commitment, structured developmental processes and adequate infrastructural resources.

Reasons for e-governance projects falling short of expectations:

- E-governance is **seen more as computerisation**, office automation and inventory management rather than as a means of good-governance.
- E-gov was supposed to transform citizens from passive to active participants in governance. While there are successful incidents such as citizen feedback on net-neutrality being incorporated in final policy, such examples are few.
- **Citizens do not associate much value addition** to the e-gov projects. For example in departments which maintain land records, especially in rural areas, the details regarding land ownership, cropping patterns etc. were computerized but no legal sanctity was given to the output generated by such systems in absence of a commensurate change in the statutes.
- **Lack of horizontal integration** means that e-governance projects continue to deliver services in a fragmented and unsatisfactory fashion resulting in the end users having to approach a multitude of government agencies, thus defeating the promise of 'less government'.
- Lack of attention to issues relating to the confidentiality of data such as personal details of citizens in some cases.
- **Digital Divide:** There is always the risk of the implementation of e-governance projects being so prioritized as to benefit only a certain section(s) of the society.

Successful e-governance implementation is about four main components: Identification of needs of end-users, Business Process Modification, use of IT, and Government intent. Deficiencies in any of these would result in e governance projects failing to achieve their objectives.

According to ARC, achieving the desired results would require full political backing, a determined and resolute approach by all organizations and departments of Government as well as active and constructive participation by the public. It would require providing institutional and physical infrastructure for taking e-Governance initiatives across our cultural and regional diversities and the creation of an environment that would encourage the adoption of ICT. Thus, apart from the technical

requirement, success of e-Governance initiatives would depend on capacity building and creating awareness within government and outside it.

Student Notes:

7. *Though digital tools can help achieve transparency, efficiency and accountability in governance, meeting these objectives requires much more than just building a large digital infrastructure and mere connectivity. Discuss.*

Approach:

- Explain the idea behind digital tools and e-governance.
- Give some examples of such initiatives.
- Elaborate upon what else the government needs to do to make digital tools effective.

Answer:

Digital tools are aimed at reforming the functioning of the government. The advantages they bring with them are transparency, efficiency and accountability in governance, making the government citizen-friendly.

It makes use of platforms and services such as Aadhaar, payment gateways, Mobile Seva platform, databases, IT infrastructure and more. E-Kranti and National e-Governance Program are aimed at usher in an era of e-governance.

Putting these tools in place requires ICT infrastructure and connectivity in the form of internet. But, implementation of such projects, globally, is witness to the fact that these alone are not enough.

For these tools to be effective, the following steps are need too:

Improving work culture in government offices

- A **strong will and political commitment** to the vision of e-governance is needed from within the government to utilise these tool effectively
- The government staffs needs to imbibe the **values of transparency, accountability and efficiency**. Then digital tools can be efficiently used to usher good governance.
- **Training and capacity building** on the use of these tools in terms of necessary skills and knowledge to conceptualise, initiate, implement and sustain these initiatives.
- Digital tools need to be encouraged in **local governments** as they are closest to citizens
- The **IT Act 2002** need to be suitably amended so as to encourage use of digital tools – emails, SMS for speedy communication among offices and with public.
- The public offices should make **proactive disclosure of information** as mandated in RTI act using digital tools like websites so as to usher transparency.
- Adoption of **quality as a mission** in government offices, as was done in Japan
- Demonstrating potential benefits in strengthening processes to enhance citizen satisfaction and thus **overcoming resistance** to change from various quarters
- Developing **performance measures** that demonstrate how these tools help achieve transparency, efficiency and accountability.

Empowering citizens

- **Digital Divide** needs to be bridged by ensuring that every citizen is e-literate.
- **Local Language:** Creation of contents, kiosks in the local language will help wider participation of people, especially in rural areas.

- **Awareness:** Raising awareness among public through media, NGOs and demonstrations about digital tools will help greater utilisation
- Adequate and effective **grievance redressal mechanism** is required so that digital tools can be used by citizens to bring accountability in the government offices
- **Incentivise** the adoption of new processes among individuals and entities
- **Ensuring access**, especially for people with disabilities.

While developing various infrastructures and ensuring connectivity is the foundation of implementing digital tools for e-governance, it is not the end of the exercise. Taking the above-mentioned steps will complete the puzzle for effective use of these tools for achieving transparency, efficiency and accountability in governance.

8. According to the World Bank, while digital technologies have spread rapidly in much of the world, resulting digital dividends have lagged behind. Analyse in the context of India.

Approach:

- Write briefly about increased use of digital technology in India.
- Highlight expected potential benefits.
- Discuss causes for poor realization of digital dividends.
- Suggest measures to reap digital dividends.

Answer:

Digital technologies are making inroads in the remotest parts of India owing to various government efforts and tech-inspired business initiatives of private sectors. No sectors of Indian economy and public sector is left untouched by the digital revolution. The government has made significant efforts to strengthen digital ecosystem in India through initiatives like Bharat Net, Digital India, National e-governance Plan.

Digital dividends

Growth, jobs and services are the most important returns to digital investments. By reducing information costs, digital technologies greatly lower the cost of economic and social transactions for firms, individuals, and the public sector. They promote innovation when transaction costs fall to essentially zero. They boost efficiency as existing activities and services become cheaper, quicker, or more convenient. And they increase inclusion as people get access to services that previously were out of reach.

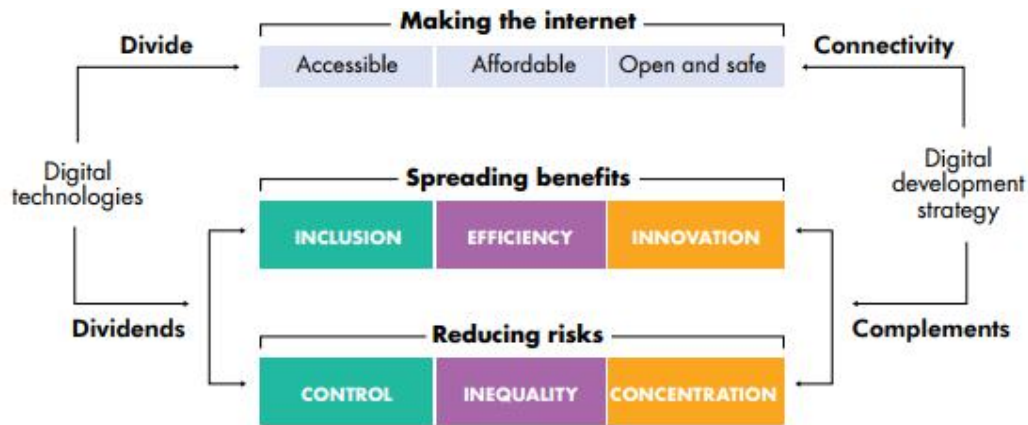
In India, it is expected that wide scale use of digital technologies would usher good governance, bring ease of doing business, create India as knowledge economy and empower people of India, especially vulnerable section of society.

However, the World Bank in its recent report highlighted that digital dividends are not spreading rapidly.

- Almost 1.063 billion Indians are offline and they cannot participate in the digital economy in meaningful way.
- There exist digital divides across gender, geography, age, and income dimensions.
- Approximately 40% population is living below poverty line, illiteracy rate is more than 25-30% and digital literacy is almost no-existent among more than 90% of India's population.

Not surprisingly, the better educated, well connected, and more capable have received most of the benefits—circumscribing the gains from the digital revolution.

What can be done reap digital dividends?



Source: WDR 2016 team.

- Making the internet universally accessible and affordable should be a global priority.
- Rapidly expand digital infrastructure and ensure its cyber security to imbibe confidence for digital technologies among people of India
- To maximize the digital dividends requires better understanding of how technology interacts with other factors that are important for development
- The digital economy also requires a strong foundation consisting of **regulations**, that create a vibrant business climate and let firms leverage digital technologies to compete and innovate; **skills** that allow workers, entrepreneurs, and **public servants** to seize opportunities in the digital world; and **accountable institutions** that use the internet to empower citizens.

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ROLE OF CIVIL SERVICES IN A DEMOCRACY

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1. Introduction

In the process of governance, which involves several sets of activities to deliver effective services to people, civil services play a pivotal role in providing shape to policies that reflect people's needs and put their suggestive, analytical and informative roles to implement the policies. It is recognized that civil services play a crucial role in all societies. In the modern administrative state, public administration has become so significant that our development, upliftment and progress depend mainly upon the efficient functioning of civil services that are the bedrock of public administration. Civil services have assumed more important role in democracy to ensure good governance, both in developing and developed countries.

Civil Services form a part of bureaucracy, wherein the roles of civil servants are determined by written rules. It's an **impersonal system** operating on the basis of calculable rules and staffed by full time appointed officials. Usually, the civil servants are selected on basis of their **technical qualifications**, receive fixed salaries, have a **defined sphere of competence** and work under a clearly defined **hierarchy of offices**.

2. Role of Civil Services in Governance

A Civil Service in any country have the following roles in general-

2.1. Basis of Government

Civil services form the basis of the governments. No government can exist without administrative machinery. All nations, irrespective of their system of government, require some sort of administrative machinery for implementing policies. E.g. Democracies like **India** and Communist countries like **China** have their own forms of civil services.

2.2. Policy Making & Implementation

The role of Civil Servants across the domains of policy making and policy implementation is critical to the development process. They assist in identifying major policy areas such as preparing major policy proposals, analyzing various alternatives and solutions to societal problems requiring urgent attention, dividing the major policies into sub-policies, determining program of action and suggesting modification in the existing policy on the basis of its experience on the implementation front.

- They engage in **collection of relevant data** and information in order to identify core issues. The **type** of information required, the **extent** of substance in the information so collected and **assimilation** of the information is the task of the Civil Servants. They then assist the government in terms of providing relevant data for substantiating policy proposals.
- Owing to their enormous administrative expertise and capability of the civil services, they are privy to various **problems and issues** facing the country. Their knowledge and experience so acquired is then put to use by assuming the role of the '**think-tank**' of the **government**. The Civil Servants assist the political executive in identifying policy issues by suggesting the nature of problems and the need for taking them up for consideration at higher levels.
- The civil service engages itself in examining the issue taken up for **policy formulation**, it frames and reframes policy proposals keeping in view its viability, future prospects, resources available, acceptability, etc. It is also the responsibility of the civil services to analyze policy proposals in relation to the provisions of the Constitution, the laws framed by the Parliament, and other existing rules and regulations. In this way the civil services help in framing sound and effective policies.
- Civil servants are responsible for **implementing the laws and policies of government**. By carrying out laws, it regulates the behaviour of the people in society. The ideals and objectives of government may be very popular, the plans for national development may be extremely progressive and the resources of the country may be abundant, but without civil

services, not much can be achieved. An efficient civil service can avoid waste, correct errors, limit the consequences of incompetence or irresponsibility while implementing laws and public policies.

2.3. Providing Services to People

Public administration run by civil servants **provides a large number of services to the people** such as:

- **Protective Functions:**
 - They protect the life and property of the people by **maintaining law and order**. The survival and progress of human beings depend on the proper enforcement of laws against lawbreakers. E.g. Preventing and controlling **organized crime in any region**.
 - In recent times, **protection of the environment** is added to the protective functions of the government. As a result of rapid industrialisation, there is the problem of environmental pollution which threatens our lives. Now almost all the governments are making efforts at the enhancement of environmental quality. E.g. Ensuring that industries **abide by the air, water, solid waste and other norms** under the various acts enacted in the country.
- **Management of public enterprises:** Civil servants are also managing public enterprises and public utilities in the interest of socio-economic justice. Public utilities are either publicly owned or strictly regulated in most countries. Government also imposes controls over private economic and business activities in the public interest. E.g. Former IAS Officer **Dr. P. D. Shenoy** optimized the performance of the **Karnataka State Road Transport Corporation (KSRTC)**, which had made losses continuously for 13 years until he became its Managing Director and in that year the corporation made profit.
- **Welfare services:** The welfare services provided for the people include social security, old age pensions, welfare of the weaker sections, poverty alleviation etc. E.g. Various efforts by civil servants are being appreciated in the management of **COVID-19 pandemic** in India.

2.4. Maintain Continuity in Administration

Civil services carry on the governance when governments change due to elections etc. Ramsay Muir has remarked that while governments may come and go, ministers may rise and fall, the **administration of a country goes on forever**. It is needless to say that civil services form the backbone of administration. E.g. In India, when the **President's Rule** is imposed in a state, the Governor runs the state **through the Chief Secretary and other civil servants**.

2.5. Other functions performed by Civil Services

- **Assisting ministers** in fulfilling their responsibilities towards the parliament and its committees.
- Handling **financial operations** of the state.
- Reforming and improving administration through **O and M** (i.e. organization and methods).
- Performing the role of **administrative adjudication**, which is a quasi-judicial function. The civil servants settle disputes between the citizens and the state. For this purpose, the Administrative Tribunals, with civil servants as judges are established. For example: **the Income Tax Appellate Tribunal**.

3. Importance of Civil Services in Modern Day Democracy

A **number of factors** have contributed the **increasing importance of civil service in modern day democracy**:

- **The scientific and technological development:** They have led to revolutionary changes in transportation and communication system. The invention of **telephone, telegraph, railways** and airways has made big government and large-scale administration possible.

- **Industrial revolution:** It brought about certain changes in society. It led to the growth of large-scale industries and factory production, over-crowded industrial towns and urban slums. The factory system also resulted in certain evils such as growth of capitalism, large-scale unemployment, exploitation of labour etc. In the interest of socio-economic justice, governments in the developed and developing countries have to assume new responsibilities to set right the bad effects of the above evils. The tasks and responsibilities as well as the importance of civil service have thus vastly increased.
- **Economic Planning:** Modern governments have resorted to planning as a method of achieving economic development and goals of welfare state. The new responsibilities relating to planning activities, i.e., plan formulation and implementation and creation of elaborate necessary administrative machinery have naturally widened the scope of public administration. However, in the new liberalized economic reforms, planning as a method of economic development and the administrative functions relating to it are gradually getting diminished.
- **Calamities and crisis:** Natural calamities such as **earthquakes, floods, droughts and cyclones** have also enhanced the importance of civil services. In the event of occurrence of such natural calamities, the public administrators have to act quickly and undertake rescue operations in order to prevent loss of life and property of the affected people. Thus, crisis management is an important function of public administration.
- **Population and the problems of metropolitan cities:** The rapid growth of population in almost all the countries of the world, especially in developing countries, has complicated the problems of providing food, shelter, education, health and sanitation etc. to the people. Also, the growth of metropolitan cities has created certain problems peculiar to them. Some of the problems include **congestion, growth of slums, housing scarcity, insufficient water supply, increasing urban crime rate** etc. The responsibility for tackling these acute social and economic problems has resulted in the increase in the sphere of activity of civil service.
- **Emergence of welfare state:** As a welfare state, governments have to perform major functions such as **dispenser of social services, a provider of essential commodities**, a manager of key industries and banking services and a controller and regulator of private economic enterprises and activities. This has naturally increased the importance of civil service.

Civil Servants play pivotal role in modern day democracies in the following ways-

3.1. Interface between State & Citizenry:

The citizen has become the focal point of the administrative and development discourse. As one of the foremost agents of governance, the Civil Services form the connecting bridge between state and the society. This interface is critical to both administration of programs and acquiring inputs as feedback. This gains currency especially since policy areas are interlinked in multiple ways and citizen has become the core focus. Most government programs are today managed by the civil services and allow citizens access to quick and personalized grievance redressal mechanisms. Hence, they assume importance particularly in terms of eliminating the gulf between expectations of the electorate and the outcomes of government initiatives. E.g. They participate in public hearings, framing of citizen charters among others.

3.2. Critical Role in developing countries

The developing nations like India are mostly traditional and poor agricultural societies without adequate basic amenities of good life. These nations are struggling to achieve modernisation of society and economic development and realize welfare goals. The state is called upon to achieve these goals. These objectives have placed challenging tasks on public administration such as formulation of economic plans and their successful implementation to economic growth and social change. The accomplishment of these goals requires honest and competent civil servants. The civil servants perform the following functions:

- Setting right **developmental goals** and **priorities** in areas of education, health, communications etc.
- Formulation and implementation of **strategies and programmes** for the development and modernisation of the nation. E.g. Formulation of plans at district, state and national levels.
- Creation of **new administrative organisations** and improving the capacity of the existing ones for the developmental purposes.
- To **develop agriculture**, civil servants have to properly manage community resources such as land, water resources, forests, wetlands and wasteland development. E.g. the District Collector of Dewas, Umakant Umrao helped the farmers in Madhya Pradesh to fight against drought by **constructing over 16,000 ponds**.
- To facilitate **industrial development**, infrastructural facilities such as roads, electricity, communications, market centres etc. have to be provided. In these countries, the civil service manages government owned business, industrial enterprises and public utility services. E.g. IAS officer Ritu Maheshwari, **installed new electricity smart meters** to tackle the prevalent electricity theft in Kanpur.
- Development and mobilisation of **natural, human and financial resources** and their proper utilization for accomplishing developmental objectives. E.g. P Narahari, as district collector in Madhya Pradesh, worked towards building a **barrier-free environment that ensures that people with disabilities** can move about safely and independently.
- Securing the **support of the people for developmental activities** by involving them in the process of development by creating appropriate attitude towards the socio-economic changes that are taking place in society. E.g. IAS Officer, Smita Sabharwal, popularly known as 'the people's officer', launched a campaign called "**Fund Your City**" in Warangal. She appealed to residents to help her build the infrastructure of Naxal-affected areas, which resulted in the construction of traffic junctions and foot over-bridges.

Some instances of role played by civil servants in the country



1 Eco-villages in Odisha



- An Indian Forest Service (IFS) officer, **Anshu Pragyan Das**, worked to develop **Muduligadia** into the first village in Odisha to attain self-sustainability with zero-waste and 100% eco-friendly initiatives of livelihood.
- Through active awareness and education, the community was persuaded to set up toilets in their houses and turned their village Open Defecation Free in 2019.
- Previously, household garbage would be thrown astray at the roadsides or even into the Mahanadi river, leading to abject pollution. Now, the villagers themselves have decided on a "No-Litter" policy and installed several common public dustbins along the village roads.

2 North Eastern Region Community Resource Management Project

- An Indian Administrative Service (IAS) officer, **Devansh Yadav**, has empowered local self-help groups (SHGs) to start endeavours like sanitary pad making unit and a bamboo furniture unit.
- The people employed in these SHGs are making sofa sets, plates, office stationery items, cups, tables, study lamps, water jugs and various household items made of cured bamboo. These units are currently tying up with local shopkeepers and selling their produce to locals.
- As a result, the state government, in partnership with NERCOMRP, also started to mobilize people into cluster farming. In every MLA constituency, there are two-three clusters, and within them, the SHGs will be producing their farm produce in bulk. The state government is also offering agriculture input support to these SHGs.



3 'Chuppi Todd' Campaign



● An Indian Police Service (IPS) officer, Arif Shaikh, has started this initiative to show how a small intervention can make a difference in the lives of those suffering from abuse at home amidst the COVID lockdown.

● Under the 'Chuppi Todd' (Break the Silence) initiative, a WhatsApp number was rolled out, where women can lodge complaints with the police and seek help.

Once the complaint is made, the police visit the victim's house instead of calling her to the police station. The aim is to take preventive measures and action against the culprits instantly.

- To spread awareness and sensitise people about the movement, the police team used social media and rolled out a toll-free number.
- Within the first ten days, nearly a hundred women reported violence over the phone, and action was taken immediately through counselling or registering official complaints. Next, they unearthed all 1,500 cases of domestic violence registered in the last three years.

Lastly, one of the critical roles played by civil services in democracies is that of **developing a sense of nationhood**. Several **divisive forces** such as communal and ethnic conflicts, caste feuds and regional rivalries often threaten the national unity. In order to develop a sense of nationhood among the people of these countries, the civil servants have to resolve the sub-national and sub-cultural differences among the people.

4. Relationship between Civil Services and Democracy

The relationship between civil services and democracy is **both paradoxical and complementary**.

4.1. How are they paradoxical?

The relation is paradoxical because on one hand, civil services are typically conceptualized as necessary for the effective administration of public programs, but as being **legalistic and largely indifferent to the wishes and demands** of individual citizens. Whereas, on the other hand, representative democratic institutions are assumed to be **responsive to the wishes of the public**, and to be attempting to map those preferences of the public into positive outcomes for their citizens.

Further, civil services also tend to be associated with **hierarchical and even authoritarian forms** of governing with a **conservative outlook**. They work on the basis of institutionalizing a form of governing which seeks to ensure equal treatment of citizens, and to provide authorities with records and justifications for the decisions being made about them within the public sector. On the other hand, democracy is associated with **participation, consensus making** and an **accommodative outlook**. Taking all the sections in account requires one to have some flexibility, dynamism without limitation of much rules and regulations.

Democracy in theory demands a **principle of change**, whereas the **civil services** in theory demands principles of consistency and regularity, which automatically **limits the civil servant's capacity to adapt to changing circumstances**.



Conflict in Minister-Civil Servant Relationship

Given their nature of functioning, various areas of potential conflict have been observed such as-

- ④ **Violation of neutrality principle:** Many civil servants are seen as affiliated to one or the other political party.
- ④ **Advisory role of civil servants in policy making:** Civil servants have to make a trade-off between opposing goals such as long-term social payoffs versus short term political gain for the political executive.
- ④ **Interference in the statutory roles of the civil servants:** Senior functionaries, both in the civil services as well as elected representatives, put pressure on civil servants, which leads to friction between them.
- ④ **Principle of subsidiarity is not followed:** By this principle power should be delegated, but due to ministerial responsibility, there is an increasing tendency in government departments to centralize authority and interfere in decision making.
- ④ **Appointments/Transfers and postings of civil servants:** Arbitrary and questionable methods of appointments, promotions and transfers of officers by political superiors also leads to corrosion of the moral basis of independence of civil servants.

Key recommendations of different commissions-

- ④ All major decisions of the government, with reasons, **should be reduced to writing**. This should be followed especially when there was a difference of opinion between the minister and civil servant.
- ④ Ministers should try to develop a **climate of fearlessness** and fair play.
- ④ Ministers should **not interfere in day-to-day administration** except in cases of grave injustice, serious default or maladministration on part of the officer.
- ④ Civil Servants should show **greater sensitivity to and better appreciation** to the minister's difficulties.

The relationship between ministers and civil servants should be one of mutual dependence. The parliamentary democracy shall flourish only if both ministers and civil servants endeavour to understand each other's point of view, objectives and requirements. In India's case, this is essential because it has embarked on the reforms process.

4.2. How are they complementary?

Bureaucracy & Democracy may appear to be antithetical, but they are **both necessary for providing effective and responsive governance**. They provide complementary benefits for society. The responsiveness of democratic governing must be balanced with the predictability and impartiality, which assumed to exist within bureaucratic institutions.

The civil services are required to **minimize the arbitrary actions** in which governments might otherwise be tempted to engage for their vote banks. Likewise, the democratic process is important to **confer legitimacy on the governing process**. Elected representatives of people uphold the accountability of civil servants through various means.

Lastly, the emphasis on efficiency and use of market in public service delivery underlines the extent to which the values of formalized bureaucracy may be important for the effective functioning of a democracy.

5. Evolution of Civil Services in India

5.1. Civil Services in Ancient India

The Indian civil service system is one of the oldest administrative systems in the world. It had its origin in the **Mauryan period** during ancient India. **Kautilya's Arthashastra** lays down the principles of selection and promotion of the civil servants, the conditions of loyalty for appointment to the civil service, the methods of their performance evaluation and the code of conduct to be followed by them.

5.2. Civil Services in Medieval India

In medieval India, the **Mughals** set up their own civil service systems which centred on the management of land revenue, administration of government factories and establishment of the patrimonial state. During this period, **Akbar** founded and nurtured the civil service. During his period, he initiated land reforms (1457 AD), and established the land revenue system which later became a major constituent of the Indian taxation system. His civil service had welfare and a regulatory orientation.

5.3. Civil Services in Colonial Era

The East India Company had a civil service specifically responsible for carrying out commercial functions. They were detached from the common people. Initially it was part of the police state with its main task being that of carrying out law and order functions. The office of the **District Collector** was created for the first time in **1771** by **Lord Warren Hastings**. However, it was **Lord Cornwallis**, who is regarded as the founding **father of modern Indian Civil Services**. He created police service, judicial service and revenue services, formulated the **code of conduct** for civil servants and laid down the procedure for their promotion. Indians were barred from high posts from very beginning.

In **1800** **Lord Wellesley** founded the **Fort William College** to train civil servants. However, from 1806, the Fort William College was replaced by **Hailey Bury College** in London to train civil servants. The **1813 Charter Act** the office of civil servants as the civil service with an annual salary of 500 pounds. **Lord William Bentinck** restored, and revived magisterial powers of district collector which was divested by Lord Cornwallis. **Charter act of 1853** ended the companies' patronage and provided for open competition in recruitment. Although theoretically it was made open, but the relevant provisions were never really implemented until 1858.

The British government set up the Indian civil service in 1911. Initially the recruitment to the Indian civil service was confined only to the British. However, due to pressures and demands raised by the Indian National Congress in 1921, Indians were allowed to take the examination. In 1935 the British government decided to establish interim rule in the various provinces of India, which resulted in an exodus of the British subjects as civil servants and as a result, the number of Indian subjects in the Indian civil service increased tremendously. Though initially the British government set up only the Indian civil service, later on they added a statutory civil service and central civil services. In the course of time the statutory civil service was weeded out and there remained on the scene only the remaining two services, namely, the Indian Civil Service and the central civil services.

5.4. Civil Services in Independent India

At the time of independence, besides the Indian Civil Service there were nine central civil services in the country. The independence of the country posed new challenges to the civil servants. They were no more expected to perform the role of a police state. The welfare of the

Indian subjects was viewed as the central task to be performed by the Indian state and hence they were to be an instrument to carry out welfare functions which, among other things, included the settlement of refugees and providing minimum conditions for their day-to-day living, safeguarding the national borders from external aggression and promoting conditions responsible for internal peace.

Under this concept, civil service posts are grouped into distinct homogenous cadres under a common Service named on the basis of specific functions attached to the posts in question.

The various Civil Services at the Union and State levels can be **classified in different ways**.

- **Firstly**, they can be categorized into three broad groups –**Central Civil Services, All India Services and the State Civil Services**. The Central Services function under the Union Government and are generally engaged in administering subjects which are assigned to the Union under the Constitution. All India Services are common to the Union and the States and the State Services function only under the State Governments respectively.
- **Secondly**, the Union and State Services can be classified into **Group A, B and C categories** based on their role and responsibilities.
- **Thirdly**, these can also be classified into **technical and non-technical services**. E.g. Indian Administrative Service as non-technical and Indian Economic Service as technical service.

6. Role of Civil Services in the Post-Liberalisation era in India

The years before liberalisation were marked by “Licence Raj”, stagnation of economy, inefficiency of public sector, heavy regulations and bureaucratic hurdles for private entrepreneurs. The failure of mixed economy to combat the twin problem of poverty and economic backwardness, ushered in the **era of deregulation and economic liberalization**.

Liberalisation was brought in to remove unnecessary controls and restrictions. Efforts were made to create an economic environment in which the industrial and business enterprises could be enabled to work smoothly and contribute in the process of economic and social development.

In the context of economic liberalization, the civil **services should act as a facilitator, coordinator and catalyzer of change** in order to:

- Facilitate **progressive integration with the global economy** and aggressive participation in it.
- Move away from over-extended and inefficient public sector in commercial activities **towards a clearly focused public sector**, performing the core functions of defence, health and education among others.
- Ensure **well-functioning market** and allow a more efficient private sector to take up the growth momentum
- Provide space for the **budding of the entrepreneurs**
- Provide for ‘**Ease of doing business**’ and ‘easy exit’. For e.g. bankruptcy laws’ have provided space for risk taking and new ventures by private players.
- The **73rd and 74th Amendments** to the Constitution have brought about a major change. Rural and urban local governments have to be enabled to become institutions of self-government.
 - Though more than twenty-five years have passed, the progress remains very slow and local governments are ‘local’ only in ‘form’ but are ‘central and state in content’.
 - To bring this about, the existing system of administration at the district level has to undergo fundamental changes.
- With the passage of time, the **role of civil society organisations**, in governance, has increased with demands for better governance. The same can be said of the private sector,

which is increasingly providing services in several areas, which hitherto were the exclusive preserve of the public sector.

Student Notes:

There is need to shift from **pre-eminence of government** to **effective governance** with a focus on decentralization and citizen-centricity. Consequently, civil servants are expected to view civil society organisations and the private sector as **partners in the process of the country's governance**.

7. Issues with Civil Services in India

It is widely recognised that the civil services have contributed to stability in terms of maintenance of peace, the conduct of fair elections, managing disasters and the preservation of the unity of the nation, providing stability and maintaining order in a vast country prone to various conflicts – ethnic, communal, regional etc.

Nonetheless, various committees including the Second Administrative Reforms Commission (ARC II) have pointed out that, there are **certain criticisms with respect to the performance of the civil services**, towards realizing a results-oriented government. Some of them are:

- **Systemic Rigidities-** The **over-centralization** in the policy and management structures within which the civil service functions are **too complex** and often too constraining.
 - The structures are based on hierarchies and there are a **large number of veto points to be negotiated** for a decision to eventually emerge.
 - To compound it, the size and the number of ministries and departments have both **overloaded the decision-making system** and diminished the capacities of the individual civil servants to fulfill their operational responsibilities.
- **Political Interference-** There has been regular political interference in the functioning of civil servants to further narrow political agenda, which undermines the public welfare at large.
 - Fear of **transfer** and lure of **promotion** sometimes impairs judgement of civil servants making them **politically compliant**. e.g. IAS Officer, Ashok Khemka, has been transferred 53 times in 28 years.
 - The recommendation on **Civil Services Board** has not been followed by many states.
- **Disproportionate Representation-** It has been observed that in recent decades, appearing in the English medium now dominate the selection numbers, though students can appear in all the languages, recognised by the Constitution.
- **Transparency and Accountability-** Various committees and surveys have observed that the **corrupt practices** have become prevalent in the civil services and there is a loss of public perception in terms of their uprightness, neutrality and honesty. E.g. the former Chief Secretary of Uttar Pradesh was **convicted by a CBI court in 2012**, for corruption and possessing disproportionate assets.
- **Lack of openness-** There is a **culture of secrecy/ closedness** rather than culture of openness.
 - The civil servants are found to be hesitant towards a **collaborative governance**, with inputs from members of civil society, private sector, think tanks, universities, other states.
- **Lack of dynamism-** It has been pointed out that the Civil Service in India is **more concerned with the internal processes** than with results.
 - Rapid and fundamental changes are taking place in the country in terms of rapid economic growth, urbanization, environmental degradation, technological change and increased local awareness and identity. The **response time to adapt to these changes is much shorter** than it used to be. As instruments of public service, civil servants have to be ready to manage such change.

- On the other hand, the perception is that **civil servants resist change** as they are wedded to their privileges and prospects and thereby have become ends in themselves.

Student Notes:

8. Lateral Entry- Debate of Generalists vs. Specialists

Lateral Entry refers to the direct induction of domain experts at the middle or senior levels of administrative hierarchy, rather than only appointing regular civil servants through promotion.

- The **debate of generalists vs. specialists** has been an old one in the discussions of governance reforms.
 - Various professionals, commissions and political commentators have argued in favour of Lateral Entry in India.
- Earlier in India, experts have been brought by the Government of India, at specific posts such as the Reserve Bank of India, Chief Economic Advisor, NITI Aayog among others. But till now it has not become an institutionalised mechanism of recruitment. E.g. **Montek Singh Ahluwalia, Raghuram Rajan, E. Sreedharan**.
 - The Government of India recruited **nine joint secretaries** from the private sector in 2019.
- Now there is a proposal to hire as many as 400 directors and deputy secretaries in Government of India through the process of lateral entry

8.1. Need of Lateral Entry

- **Bring new dimensions and fresh talent in Policy Making**- It is essential to have people with specialized skills and domain expertise in important positions as policy making is becoming complex in nature.
 - The IAS officers see the government only from within, lateral entry would enable government to understand the impact of its policies on stakeholders — the private sector, the non-government sector and the larger public.
- **Increase in efficiency and governance**- Career progression in the IAS is almost automatic which could put officers in comfort zone. Lateral entrants could also induce competition within the system.
 - NITI Aayog, in its Three-Year Action Agenda for 2017-2020 had said that sector specialists be inducted into the system through lateral entry as that would “**bring competition to the established career bureaucracy**”.
- **Increasing complexity in governance**- requires specialists and domain expertise, due to emergence of new issues like globalisation, digitalisation of governance, financial frauds, cybercrime, organized crime, terrorism, climate change among others.
- **Fill the vacancy gap of officers**: According to a report by Ministry of Personnel, Public Grievances and Pensions there is a **shortage of nearly 1,500 IAS officers** in the country. The **Baswan Committee** (2016) had also supported lateral entry considering the shortage of officers.
- **Entry and retention of talent in Government**- Justice BN Srikrishna-headed Sixth Central Pay Commission report (2006) said lateral entry could “ensure entry and retention of talent in the government even for those jobs that have a high demand and premium in the open market”.
- **Will help widen the talent pool for appointment**- Recruitment of IAS officers at very young age makes it difficult to test potential administrative and judgment capabilities. Some who are potentially good administrators fail to make it, and some who do make it, fall short of the requirements.

8.2. Challenges faced with Lateral Entry

- **Scope of utility-** i.e. how far the government can leverage the expertise of entrants. Much will depend on how far the political executive is willing to facilitate the functioning of these external experts and whether an enabling environment is created for utilizing their full potential.
- **May face resistance from the Bureaucracy-**
 - **Lack of cooperation-** as existing officials might resist functioning with outsiders and inevitable tensions between generalists and specialists may surface.
 - **Difficulty in adjusting to the bureaucratic work culture-** including manners of addressing each other, speed of working, knowledge of rules, punctuality among others.
 - **May demotivate them the existing officials-** as they won't have reasonable assurance of reaching top-level managerial positions from now on. By suggesting a contract-based system for positions of joint secretary and above, the signal would be sent out that only mid-career positions would be within reach in about 15-18 years of service and there would be considerable uncertainty about career progression thereafter.
- **Transparency in Recruitment-** Political interference in the Selection process may occur and it may promote Nepotism and Spoils System (an arrangement that employed and promoted civil servants who were friends and supporters of the political group in power).
- **Lack of long-term stakes-** The advantage with the current civil service is that policy makers have long-term interests in government.
- **Difficult to ensure responsibility and accountability-** for the decisions taken by the private people during their service, especially given the short tenures of 3 to 5 years.
- **Lack of field experience-** Officers who will join might score on domain knowledge, but they may fall short on the experience of working in the "field".
- **Issue of Reservation-** It is unclear whether there would be reservation for recruitment through Lateral Entry or not.

9. Civil Services Reforms in India

A number of Committees and Commissions were set up to make recommendations on various aspects of civil services. These recommendations are included in the

- Report on Public Administration by **A.D. Gorwala**, 1951;
 - Report on the Public Services (Qualifications for Recruitment) Committee, 1956 – also known as **Dr. A. Ramaswami Mudaliar Committee Report**;
 - Report on Indian and State Administrative Services and Problems of District Administration by **V.T. Krishnamachari**, 1962;
 - Report on Personnel Administration by the **Administrative Reforms Commission I**, 1969;
 - Report of the Committee on Recruitment Policy and Selection Methods, 1976 – also known as the **D.S. Kothari Committee Report**;
 - Report of the Committee to Review the Scheme of the Civil Services Examination, 1989 – also known as the **Satish Chandra Committee Report**;
 - Report of the Civil Services Examination Review Committee, 2001, also known as **Professor Yoginder K. Alagh Committee Report**;
 - Report of the Committee on Civil Service Reforms also known as the **Hota Committee Report**, 2004.
- Report on Refurbishing of Personnel Administration & Scaling New Heights by the **Administrative Reforms Commission II**, 2008.

9.1. Recruitment

Reforms are required in the field of recruitment of civil servants so that right people could be recruited who can ensure smooth functioning of democracy.

Recommendations of ARC II

- A **National Institutes of Public Administration** should be established to run bachelor's degree courses in public administration/ governance/management.
 - Selected Central and other Universities should also be assisted to offer graduate level programmes in these courses which will produce graduates to further expand the pool of eligible applicants to the civil services. These graduates would be eligible for appearing in the Civil Services Examinations.
 - Further, graduates in other disciplines would also be eligible to appear in the Civil Services Examination provided they complete a 'Bridge Course' in the core subjects mentioned above.
 - **Structure of Examination:** Either of the following two models may be adopted for compressing the examination cycle.
 - The Preliminary and Main Examinations for the Civil Services Examination would be conducted together on two to three consecutive days. Evaluation of papers for the Main Examination should be done in case of only those candidates who have secured a threshold level of marks in the Preliminary Examination. The personality test would follow thereafter.
- OR
- Based on the results of the Preliminary Examination, candidates eligible for taking the main examination and the personality test would be short listed in accordance with their rankings. Only these short-listed candidates would be eligible for appearing in the Main Examination, which would be conducted within two months of the Preliminary Examination. The short list would be limited to about two to three times of the number of vacancies available. Thus, it would be possible to start the Personality Test and the Main Examination almost simultaneously.
 - The **induction of officers of the State Civil Services** into the IAS should be done by the UPSC on the basis of a common examination.

Other Recommendations

- The **Yoginder K. Alagh Committee** favored testing the candidates in a common subject rather than on optional subjects.
- The **Hota Committee Report, 2004** recommended that aptitude and leadership tests may be introduced for selection, and that probationers may be allowed one month's time after commencement of training to exercise their option for services.
- The **Basawan Committee (2016)** recommended appropriate norms for determining IAS cadre strength. A meaningful assessment should be done about the requirement of IAS officers every year to send a realistic requirement of Direct Recruits to the Government of India each year, and to monitor the vacancies under the promotion ceiling.
- To fulfill the requirement of IAS officers for the next 10 years, the intake through the civil service examination will need to be limited to a certain number to maintain quality and to balance the demand of different cadres. This number should be fixed on a realistic basis according to the cadre gap.

9.2. Training

Training of civil servants should be able to bring about behavioural and attitudinal changes.

Recommendations of ARC II-

- Every government servant should undergo a **mandatory training at the induction** stage and also periodically during his/her career. Successful completion of these trainings should be a minimum necessary condition for confirmation in service and subsequent promotions.
- A monitoring mechanism should be set up for overseeing the implementation of the **National Training Policy**.

- The objective of **mid-career training** should be to develop domain knowledge and competence required
- Public servants should be encouraged to **obtain higher academic qualifications** and to write papers for reputed and authoritative journals.
- The composition of governing bodies of the national training institutions such as the LBSNAA, SVPNPA, IGNFA and also the State Administrative Training Institutes should be broadened by inducting eminent experts.
- A **National Institute of good governance** may be set up by upgrading one of the existing national/state institutes. This institute would identify, document, and disseminate best practices and also conduct training programmes.

Other Recommendations-

- The **Yugandhar Committee, 2003** recommended the need for three mid-career training programmes in the 12th, 20th and 28th years of service. Trainings at these 3 stages was suggested as there is a “major shift” in the nature of work of the officer, at these stages of their career.

The Government of India has made the training mandatory for all government servants at induction stage as well as at mid-career stages. Further, the National Training Institutes have been provided with greater autonomy.

9.3. Domain Expertise

- The **first ARC** classified higher civil service posts into two categories: posts in the field, and (b) posts at headquarters.
 - The field posts were held by the members of the ‘**functional**’ services which included not only the various engineering services but also services such as accounts and income tax. The first ARC noted that the only service that was not functional but occupied most of the higher posts in the civil services was the IAS.
 - The first ARC recommended that the IAS should be converted into a functional service.
- The **Surinder Nath Committee Report, 2003** suggested the **following 11 domains** - Agriculture and Rural Development; Social Sectors (Education, Health, Tribal Welfare, etc.); Culture and Information; Natural Resources Management including Environment (green side); Energy and Environment (brown side); Communication Systems and Connectivity Infrastructure; Public Finance and Finance Management; Industry and Trade; Domestic Affairs and Defence; Housing and Urban Affairs; Personnel and General Administration.
 - The Committee suggested that officers may be assigned to a maximum of three domains out of the eleven listed.
- **The Hota Committee** had recommended that domain assignment should be introduced for civil servants to encourage acquisition of skills, professional excellence and career planning.
- **The ARC II** recommended that in posting officers in Government of India, the primary consideration should be to select the **most suitable person for the post** that is on offer.
 - Domains should be assigned by the **Central Civil Services Authority** to all officers of the All India Services and the Central Civil Services on completion of 13 years of service.
 - State Governments should take steps to constitute State Civil Services Authorities on the lines of the Central Civil Services Authority.

The Government of India accepted the recommendations, however decided that, domain assignment should be done at **completion of 18 years of service as it may not be possible to identify domains during the first 13 years of service**, as most of the officers are on the field assignments in the first 10 years of career. All services should be identifying the domains where specialization is needed, and **domain assignment should be done in consultation with the officers**. While placing officers in Government of India, efforts should be to match experience and specialization with job requirements.

9.4. Autonomy

- The second ARC suggested that there is a need to **safeguard the political neutrality and impartiality** of the civil services. The onus for this lies equally on the political executive and the civil services. This aspect should be included in the Code of Ethics for Ministers as well as the Code of Conduct for Public Servants
- It reiterated its recommendation made in context of the definition of corruption under the Prevention of Corruption Act, 1988. It recommended that “abuse of authority unduly favouring or harming someone” and “obstruction of justice” should be classified as an offence under the Act.
- It also recommended **risk profiling of jobs** and officers in a more systematic and institutionalised manner in all government organizations.
- It further recommended each Department/Ministry to undertake a review of the particular service of which it is the **Cadre Controlling Authority** to ensure that officers of the service are used optimally, promotion prospects for them are adequate and skill levels of officers are upgraded periodically.
- Civil servants should be encouraged to move laterally to nongovernment organizations
- The Central Civil Services Authority should review the adoption, adherence to and **implementation of the Civil Service Values** in the departments or organizations under the Central Government and send reports to the Central Government; formulate norms and guidelines for appointments at ‘Senior Management Level’ in Government of India etc.

9.5. Efficiency

There has been a succession of Committees that were asked to recommend measures for increasing the efficiency of the civil services.

- **The Appleby Report** (1953) contained recommendations relating to the establishment of O&M machinery and an Institute of Public Administration. These two recommendations were implemented by Government.
- The **Fifth Central Pay Commission** (2000) stressed upon the need to optimise the size of the government machinery.
- **The Expenditure Reforms Commission** (2001) emphasised on a drastic downsizing of the government staff strength for securing modern and professional governance and also reducing the increasing salary bill of the Government of India.
- The **Hota Committee**, 2004 emphasised the use of information and communication technologies (ICT) to transform Government by making it more accessible, effective and accountable. It stressed on the need to recognise that e-governance is about discarding old procedures and transforming the process of decision making and that technology is merely a tool and a catalyst for such transformations.

9.6. Accountability

- The Committee on Prevention of Corruption (**Santhanam Committee**) made a range of recommendations to fight the menace of corruption.
 - It recommended the constitution of the **Central Vigilance Commission**, and administrative vigilance divisions in all Departments and major organizations of the Government.
 - **Changes were also suggested in Article 311** of the Constitution of India for conducting disciplinary proceedings against government servants. It was also recommended that offering of bribes should be made a substantive offence.
- The **first ARC** recommended that the departments and organizations which were in direct charge of development programmes should introduce performance budgeting.

- It also recommended the establishment of two special institutions, the **Lok Pal** to deal with complaints against the administrative acts of Ministers and Secretaries to the government at the Centre and the **Lok Ayuktas** to deal with such complaints in States.
- **The Hota Committee** recommended that Sections 13 (1) (d) and 19 of the Prevention of Corruption Act and Section 197 of the Code of Criminal Procedure may be amended to protect honest civil servants from malicious prosecution and harassment.
 - It also recommended that a **Code of Ethics** should be drawn up for civil servants incorporating the core values of integrity, merit and excellence in public service. Another recommendation of the Hota Committee was that each department should lay down and benchmark services to be delivered, methods of grievance redressal and public evaluation of performance.
 - It also recommended that a **Model Code of Governance** should be drawn up benchmarking the standards of governance to be made available to the citizens.

9.7. Performance Appraisal

- The **Surinder Nath Committee, 2003** recommended that - performance appraisal should be primarily used for the overall development of an officer and for his/her placement in an area where his/her abilities and potential can be best used.
 - Only those who can **demonstrate a credible record** of actual performance and possess the necessary knowledge and skills required for higher responsibilities should be promoted.
 - There is **no benefit in retaining officers who lack demonstrated competence**, or who are unqualified, or of doubtful moral or financial integrity or who are in unacceptably poor health.
- **The Hota Committee** on Civil Services Reforms, 2004, recommended replacing the ACR with a system of performance assessment in which greater emphasis is placed on objective assessment against agreed work plans.
- In the case of **disciplinary proceedings**, consultation with the UPSC should be mandatory only in cases involving likely dismissal or removal of a government servant.

9.8. Cadre Policy

- The Government of India, finalised the **new Cadre Policy** for the All India Services in 2017.
- Earlier, the officers of the three All India Services were allocated a cadre state or a set of states to work in.
- However, **various concerns** were raised against it such as-
 - Some states such as Nagaland, Assam-Meghalaya, Manipur, Tripura, Sikkim received less officers.
 - The distance of assigned cadre from home cadre had decreased.
- The major reason behind this was the highly correlated preferences of officers over state cadres they would like to serve in, and the differences across state cadres' successes at producing exam toppers.
- In the new policy, the existing 26 cadres were divided **into five zones**, as follows-
 - **Zone-I**- It consists of AGMUT (also known as Arunachal Pradesh-Goa-Mizoram and Union Territories), Jammu and Kashmir, Himachal Pradesh, Uttarakhand, Punjab, Rajasthan and Haryana.
 - **Zone-II**- It consists of Uttar Pradesh, Bihar, Jharkhand and Odisha.
 - **Zone-III**- It consists of Gujarat, Maharashtra, Madhya Pradesh and Chhattisgarh.
 - **Zone-IV**- It consists of West Bengal, Sikkim, Assam-Meghalaya, Manipur, Tripura and Nagaland.
 - **Zone-V**- It consists of Telangana, Andhra Pradesh, Karnataka, Tamil Nadu and Kerala.
- This policy will ensure **national integration** of the civil servants from different parts of the country as officers will get a chance to work in a state which is not their place of domicile.

10. Civil Services in India- Going Ahead

Various reforms apart from **institutionalised lateral entry** are the need of the moment such as:

- **Greater Convergence-** There is a need to break down the silos within Government to unlock productivity and outcomes.
 - The focus should be accorded on **cross departmental working**, inter-departmental engagements, and lateral communication among and within departments.
 - **Shared services model** may be adopted for services such as IT, Finance, procurement etc. so that there is no duplication in effort and cost.
- **Connected Civil Services-** There is a need for the civil servants to be connected within and globally to imbibe the best practice.
 - Need to be **globally connected** with the counterpart organizations and have horizontal networks across the world. **Understanding global best practices** will help our civil servants to develop world class acumen.
 - **Horizontal Connectivity between the State Departments**, where they share the learning and best practices with their counterparts in other states.
- **Lateral Entry and Exit-**
 - **Need to learn from earlier experiences:** The past experience of inducting private-sector managers to run public-sector enterprises has not been particularly satisfactory. For e.g. Air India, Indian Airlines etc.
 - **Move towards longer tenures of lateral entrants-** to allow them sufficient time to settle, learn and implement their approach, blueprint for work.
 - **Deputation to Private Sector-** A Parliamentary panel has recommended deputation of IAS and IPS officers in private sector to bring in domain expertise and competition.
 - **Remove the non-performers-** The civil servants who are found to be non-performing should be dismissed or given pre-mature retirement. This will help curb complacency, harness competitive spirit and develop efficient & result oriented outlook in the civil servants. E.g. Recently, the Government of India, has compulsorily retired 27 senior officers from the prestigious Indian Revenue Service (IRS) under **Fundamental Rule 56 (j) of Central Civil Services (Pension) Rules, 1972**, which provides for compulsory retirement of government staff in public interest on account of corruption or bribery.
- **Longer tenure of Secretaries-** Currently, by the time an officer is promoted from Additional Secretary to Secretary, usually she has two years or less left before retirement. This feature creates two important inefficiencies. One, with a time horizon shorter than two years, the officer is hesitant to take any major initiatives. Two, and more importantly, to the extent that any misstep may become the cause for charges of favouritism or corruption post retirement, the officer hesitates to take decisions on any major project.
- Set up **public administration universities** for aspiring and serving civil servants: It can create a large pool of aspiring civil servants as well as enable serving bureaucrats to attain deep knowledge of the country's political economy, increased domain expertise and improved managerial skills.
- **Institutionalize goal setting and tracking** for each department- Each Ministry and government agency should set outcome-based goals with a clear timeline.
- **Implement an HR system for government employees-** Human Resource Management needs to be a strategic function in the government. It should be implemented through a unified single online platform that covers employees from the time they are hired to when they leave service.
- **Continuous skill upgradation-** The civil servants in a modern day democracy also require be sufficiently trained and evolve themselves in the contemporary domains like the Industrial Revolution 4.0, Climate Change, Circular Economy, Cyber Security among others.

11. Important Articles related to Civil Service

Article 308	Interpretation
Article 309	Recruitment and conditions of service of persons serving the Union or a state
Article 310	Tenure of office of persons serving the Union or a state
Article 311	Dismissal, removal or reduction in rank of persons employed in civil capacities under the Union or a state
Article 312	All-India Services
Article 312A	Power of Parliament to vary or revoke conditions of service of officers of certain services
Article 313	Transitional provisions
Article 314	Provision for protection of existing officers of certain services (Repealed)

12. Civil Services Board

12.1. Introduction

The Civil Services Board (CSB) is a panel, headed by the cabinet secretary at the national level and chief secretaries at the state level, formed to **regulate transfers and postings of higher ranking civil services officers in the country**. The Department of Personnel Rules 2016 made it mandatory for all states to setup such boards, following the recommendations of the Hota Committee (2004), 2nd ARC and Supreme Court (SC) judgement in **T S R Subramanian and others v. Union of India case, 2013**.

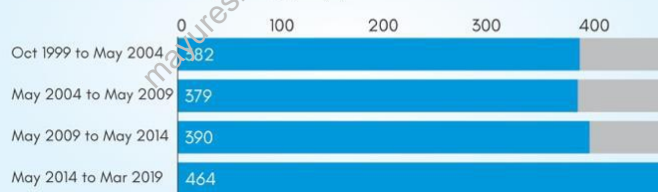
12.2. Issue of frequent transfers of civil servants

The problem of frequent transfers of civil servants continues to be one of the most vexatious governance problems facing India. Its magnitude is highlighted by following facts:

- Number of IAS officers spending less than a year in their respective postings has ranged from 48 to 60 per cent of the total strength of the IAS over the years (1978-2006).
- On the contrary, the number of IAS officers who spend more than three years in their respective postings is consistently less than 10 per cent of the total strength of the IAS (1978-2006).
- An IAS officer is still averaging only about 15 months in a posting, which is a considerable distance away from the standard of three to five years that is commonly spoken of in organizational and human resource contexts.
- IAS officers like Ashok Khemka, Durga Sakthi Nagpal and Kuldip Narayan, among others, have allegedly been victims of arbitrary suspensions and transfers.

At an all-India level, bureaucrats are seeing longer average spells in a posting, but it is still only about 15 months

Median duration of posting (days)



Source: Supreme database of Department of Personnel and Training, Government of India

12.3. Drawbacks of frequent transfers

- It **adversely affects governance** because civil servants are not allowed to stay in a position long enough to acquire adequate knowledge and experience of their job, and an understanding of the culture in which they have to function and the problems they need to redress.
 - Civil servants are **unable to build the required mutual confidence and understanding**, which takes time to develop and is necessary for administrative leadership.
 - Absence of a fixed tenure for officials is one of the important reasons for **tardy**

implementation of government policies.

- Frequent transfers and postings lead to **lack of accountability and corruption**.
- It prevents civil servants from staying in a position long enough to institute or sustain reforms and it is both **demoralizing and demotivating** when civil servants are not in a position long enough to see the fruits of their efforts which could be a source of enormous satisfaction to them.
- The Civil Services Survey report noted that frequent transfers adversely affected civil servants' **job satisfaction, children's education, and family togetherness** and placed officers at the mercy of corrupt influences.

12.4. Views of various expert committees/commissions

- **National Commission to Review the Working of the Constitution (2000)** made the observation that "arbitrary and questionable methods of appointments, promotions and transfers of officers by political superiors led to corrosion of the moral basis of its independence."
- **Surinder Nath Committee (2003)** - The Committee recommended that Parliament may enact a Civil Services Act setting up a Civil Services Board for the Union Government which will perform functions presently being done by the Central Board presided over by the Cabinet Secretary.
- **P C Hota committee (2004)** - It also recommended the establishment of civil service boards/establishment boards comprising senior civil servants. It urged that a Civil Services Act be enacted to make these boards at the Centre and states as statutory bodies. In its proposed set-up at the Centre, an appointments committee of the cabinet would be the final authority on the transfer of administrative personnel who came under the central staffing scheme.
- **2nd Administrative Reforms Commission (ARC)** – It points out that the trend of frequent transfers can be said to have taken root in the country, especially in recent years. When a new government is formed after an election, one of the first actions the political executive carries out is transferring civil servants. These transfers are often made on the basis of caste or community reasons or for monetary considerations. This leads to an **erosion of morale in the bureaucracy** and, more worryingly, reinforces caste and communal divisions within it.
 - It held all issues to do with personnel policy, including placements, promotions, transfers, and fast-track advancements, be managed by **autonomous personnel boards**, which would function on the lines of the Union Public Service Commission.

12.5. Supreme Court directives

In 2011, a public interest writ petition was brought by over 80 retired bureaucrats before the SC requesting it to order the government to implement three specific recommendations that had been put forward by a number of expert committees over the years that were **aimed at reforming the civil services**:

- Create an **independent civil service board** at the Centre and in the states for promotions and transfers of bureaucrats;
- Provide **fixed tenure** in postings to civil servants (to give them some protection against indiscriminate or biased transfer by politicians);
- Require all civil servants to **record all directions** they receive from their administrative superiors, and also from political authorities or business interests."

The Supreme Court Bench, in T S R Subramanian and others v. Union of India case, 2013, asked the Parliament to enact a **Civil Services Act under Article 309** of the Constitution setting up a CSB, "which can guide and advise the political executive in transfers and postings, disciplinary action, etc." The Bench directed the Centre, state governments and the Union Territories to

constitute such Boards, if not already constituted, till the Parliament brings in a proper legislation for setting up CSB.

- The SC expressed that though the **views of CSB also could be overruled by the political executive**, but by recording reasons, which would ensure good governance, transparency and accountability in governmental functions.
- Deprecating repeated transfers, the SC Bench said **minimum assured tenure** ensures efficient service delivery and also increased efficiency.
- The Court directed that civil servants **respond to only recorded instructions** and refrain from acting on oral instructions of political bosses, except in certain exceptional circumstances.
 - By acting on oral directions, not recording the same, the rights guaranteed to the citizens under the RTI Act could be defeated and would give room for favoritism and corruption.
 - If the civil servant is acting on oral directions or dictation of anybody, he/she will be taking a risk, because he/she cannot later take the stand that the decision was in fact not his/her own.
 - Recording of instructions, directions is, therefore, necessary for fixing responsibility and ensuring accountability in the functioning of civil servants and to uphold institutional integrity.

12.6. Criticisms against the SC verdict

- Some of the scholars/critics argue that to discharge the responsibilities of the executive effectively, the power of transfer and posting of the officials should be with the government.
- It appears as if the primary legislative power in this case is with Supreme Court and it has asked the Parliament to make a new law in the form of a delegated legislation, which undermines the legislative authority of the Parliament. Though the intention may not be this, but clearly, by directing the Parliament to make new laws, the Court is assuming the primary legislative power for itself, which can have serious consequences.
- Any administrative reforms should come through a proper legislative process. Some of the states may not be in favour of these reforms and the process of consulting and consensus can be painfully slow. This is being witnessed in Punjab, where several MPs/MLAs have expressed questions over the formation of a CSB for IAS transfers.

12.7. Role of CSB in appointments to higher civil services

The procedure for empanelment for senior positions in the government of India is prescribed in the **Central Staffing Scheme**. Under it, the superior officers submit **Annual Performance Appraisal Reports (APAR)** of their subordinate officers by grading them on a scale of 0–10 on different parameters, such as “work output, personality traits and functional competency of the individual.”

An **expert panel**, which is constituted for every service and comprises retired secretaries to the central government, reviews the appraisal reports of shortlisted candidates. Under the **360-degree appraisal**, the expert panel is required to speak to a *minimum of five persons*, including subordinates, peers, or even stakeholders who may have a say or who came in contact with the officer. The expert panel looks into *six parameters* during the 360-degree review—integrity, behavioural competencies, functional skills, domain expertise, delivery, and potential. After considering the past performance records, the multi-source feedback and vigilance status, the expert panel makes its recommendations to the **Civil Services Board**.

The **Civil Services Board**, comprising four secretaries—the cabinet secretary, the personnel secretary, an establishment officer of the status of additional secretary, and a secretary to the government of India—reviews this shortlist and makes its final recommendations for

empanelment to the **Appointments Committee of the Cabinet**. Finally, this committee determines the list of civil servants who are empanelled for appointment.

12.8. Measures taken by the Government

The Union Government has initiated several measures in order to ensure security of tenure to civil servants. The Rules governing the All India Services (AIS) have been amended and provision made for fixation of tenures of posts encadred with the AIS. As per the rules, the Central Government, in consultation with the State Government or State Governments concerned, may determine the tenure of all or any of the cadre posts specified for the State.

More specifically, the Central government, in 2010, amended the Indian Administrative Service (Fixation of Cadre Strength) Regulations, 1955, that provides for a minimum tenure for postings for civil servants in all States.

Maharashtra came out with a **specific law** — the “Maharashtra Government Servants Regulation of Transfer and Prevention of Delay in Discharge of Official Duties Act, 2005.” It provides for a minimum tenure of three years for all IAS officers and some State government employees. Any violation of the Act may be referred to the Maharashtra Administrative Tribunal with appeal lying at the Bombay High Court

12.9. Importance of Civil Services Board

- It helps in **shielding the bureaucracy from political interference** and put an end to frequent and arbitrary transfers of civil servants, which is a major reason for the declining morale of civil servants and standards of administration.
- Security of tenure and apoliticisation is crucial to provide stability to the civil servants, which can ensure **good governance** in the country.
- It will also help bring the **neutrality and objectiveness** in the functioning of civil servants.

12.10. Limitations of the Civil Service Board

- **Recommendatory nature:** The governments may amend, modify or reject the recommendation of the civil services board for the reasons to be recorded in writing.
- **Lack of Compliance:** Only 20 states have formed a CSB so far, latest being Punjab in 2020. States such as Madhya Pradesh and Tamil Nadu have not complied with the mandatory rules on setting up the board.
- **Conflict of Interest:** The board is to be headed by the bureaucrats who might have a conflict of interest in the process.

12.11. Conclusion

Various commissions have rightly pointed out the shortcomings in personnel management in the Indian civil services and advised measures to introduce much-needed changes. It has been time and again observed that the frequent transfer of civil servants has a negative effect on governance and stands in the way of them delivering efficient and effective services to the people.

The fact of the matter is that no commission or committee report has so far contested the need for fixed minimum tenures, but the government continues to drag its feet. Now, it is important that the recommendations of the Civil Services Board aren't rejected by the governments on frivolous grounds. Also, all states must constitute Civil Service Boards at the earliest. The Parliament may bring a legislation in this regard as well. This would ensure the independence of civil services, aiding their impartial and non-partisan functioning, which is a prerequisite to good governance in India.

13. UPSC Previous Years' Questions

1. "Traditional bureaucratic structure and culture have hampered the process of socio-economic development in India." Comment.
2. Initially Civil Services in India were designed to achieve the goals of neutrality and effectiveness, which seems to be lacking in the present context. Do you agree with the view that drastic reforms are required in Civil Services? Comment.
3. Initially Civil Services in India were designed to achieve the goals of neutrality and effectiveness, which seems to be lacking in the present context. Do you agree with the view that drastic reforms are required in Civil Services? Comment. (2017)

14. Vision IAS Previous Years' GS Mains Questions

1. *Explain the role of civil services in a democracy like India. Why is it argued that the civil services need reforms to keep pace with current realities?*

Approach:

- List the various roles played by civil services in India.
- Highlight key issues with the functioning of civil services in India.
- Suggest reforms and quote recent examples.

Answer:

The Imperial Civil Services served as the 'steel frame' of colonial rule in India. Post-independence, though the broad structure of the colonial bureaucracy was retained, the policing role gave way to developmental role.

Role of civil services:

- **Limbs of the Government:** It mans the administrative machinery, and helps the government execute its programs through coordination and service delivery.
- **Expert opinion** during ideation, and policy formulation. It is also responsible for delegated legislation.
- **Socio-economic Development:** Being trustees of public resources, civil servants acts as leaders, and decision-makers in almost all spheres of governance.
- **Continuity of Good Governance:** It provides continuity in administration during political transition.
- **Promote uniform administration** and standards of governance in a diverse country, like India.
- **Crisis Handler:** They are the first responders in the event of disasters – whether natural (earthquakes, cyclones) or man-made (law and order).

It is often argued that to realize the vision of a 'New India' it is critical to reform our civil services in light of current realities. For instance:

- **Administer States, but responsible to the Centre:** The civil servants occupy all critical positions in the State, yet can be disciplined primarily by the Centre. This needs to change in the spirit of co-operative federalism and decentralization.
- **Lack of specialization and training:** The foundational course, mid-career trainings focus primarily on *esprit de corps*, and have not been reengineered to meet modern day challenges or impart sector-specific expertise. As a result, 'generalists' lead India's efforts in the 21st century knowledge economy.
- **Constitutional and statutory safeguards** like Article 311, which are meant to shield honest civil servants also breeds incompetency, and inaction which slows down developmental agenda.
- **Monopoly and License-raj:** Though officially dismantled in 1991, the license raj continues in other forms. This leads to corruption, poor accountability, and

inefficient resource allocation and utilization in post liberalization era thereby creating alienation of the civil servants from the public.

- Political interference and administrative compliance, arbitrary and whimsical transfers impede institutionalization.

Realizing the need for reform, the government has taken some positive steps:

- Operationalizing the existing Service Conduct Rules to sack officers for incompetence.
- Lateral Entry of ten specialists in key sectors.
- Enhance accountability through use of technology, periodic reviews, 360 degree performance evaluation.
- End monopoly of few services like IAS, and promote equitable sharing of central posting with other central services.

Despite rampant criticism, civil servants have been the harbingers of change in India.

2. Discuss the changes that have taken place in the role of the state, and in particular the bureaucracy, in the post-liberalization era in India.

Approach:

- Introduce by mentioning conventional role of state and bureaucracy.
- Briefly explain the rationale of liberalization.
- Discuss the changes that have taken place in their roles in post-liberalization era and conclude accordingly.

Answer:

India initiated wide ranging economic reforms in 1991 marking the beginning of the era of liberalization. Before liberalization, the state and in particular the bureaucracy assumed the dominant role in socio-economic transformation of the country. The bureaucracy apart from maintenance of law and order and provision of public goods played a central role in almost all domains of service delivery, including production. This led to over-bureaucratization leading to hurdles for private entrepreneurs and inefficiency losses in the public sector.

Liberalization sought to remove unnecessary controls and enable enterprises to work smoothly and contribute in the process of economic and social development. This has led to change in the role of state viz.:

- **Shrinking Role of State**
 - In Economic Sphere: State has concentrated on ensuring suitable ecosystem for encouraging private sector with de-licensing of many sectors and privatization of PSUs.
 - Some roles of the state such as advocacy and mobilization are also now increasingly performed by non-state actors such as private sector and civil society.
- **New set of functions:** The bureaucracy has come to assume new roles such as in ensuring fair market conditions by establishing Competition Commission of India.
- **From Regulator to Facilitator:** The state has assumed the task of facilitating other developmental partners in policy formulation and developmental planning. For e.g. hangouts and hackathons conducted by ministries, democratic decentralisation under the 73rd and 74th constitutional amendment Acts.
- **Result orientation:** The state has moved from the dominant concern of procedure orientation to result orientation, accountability and participation of people in their activities.

Now the popular slogan advocated is Minimum Government Maximum Governance. Hence, the role of bureaucracy is increasingly shifting from inward looking administrative wheel to being the facilitator of welfare services on one hand and promoting free market ethos on the other.

3. *Give an account of the areas of potential conflict in the relationship between the political executive and civil servants. Also discuss why a healthy working relationship between the two is critical for good governance.*

Approach:

- Briefly introduce with nature of relationship between political executive and civil servants.
- Discuss the areas of potential conflict between them.
- Also discuss why a healthy relationship is required between the two.

Answer:

In India, the relationship between political executive and civil servants is based on the principle of civil service anonymity and ministerial responsibility. The power is exercised through elected representatives who hold ministers accountable and in turn, civil servants are accountable to Ministers. Thus, civil servants and Ministers work together.

Areas of potential conflict

- **Violation of neutrality principle:** Many civil servants are seen as affiliated to one or the other political party.
- **Advisory role of civil servants in policy making:** Civil servants have to make a trade-off between opposing goals such as long-term social payoffs versus short term political gain for the political executive.
- **Interference in the statutory roles of the civil servants:** Senior functionaries, both in the civil services as well as elected representatives, put pressure on civil servants, which leads to friction between them.
- **Principle of subsidiarity is not followed:** By this principle power should be delegated, but due to ministerial responsibility, there is an increasing tendency in government departments to centralize authority and interfere in decision making.
- **Appointments/Transfers and postings of civil servants:** Arbitrary and questionable methods of appointments, promotions and transfers of officers by political superiors also leads to corrosion of the moral basis of independence of civil servants.

An attempt should be made to maintain a healthy working relationship between Ministers and civil servants as it is critical for good governance because of the following reasons:

- **Efficient utilisation of limited resources** is possible only if civil servants are able to give objective and impartial advice to their Ministers without the peril of being humiliated or penalized.
- **Effective implementation:** Implementation is the achilles heel for Indian administrative system. If political-will gets combined with civil servant's determination, outcomes of the schemes would be on expected lines.
- **Rapid socio-economic development:** Ease of doing business and smooth economic activities can be ensured by integrity and coordination on part of civil servants and ministers.
- **Less instances of policy failure:** Public policy cycle is continuous and requires close cooperation between the prerogative of political executive and expertise of permanent executives.

- **Achievement of strategic national priorities** will need trust and good working relationship between the two and upholding of constitutional values. It will also act as a unifying force in vast and culturally diverse nation such as ours.

The relationship between ministers and civil servants should be one of mutual dependence. The parliamentary democracy shall flourish only if both ministers and civil servants endeavour to understand each other's point of view, objectives and requirements. In India's case, this is essential because it has embarked on the reforms process.

Thus, steps such as establishing autonomous board for appointment, postings and transfer of civil servants, clear division of responsibility, adopting framework in which responsibility and accountability is well defined etc. should be undertaken.

4. An important aspect of curtailing corruption is to minimize the discretionary powers available to government officers. Analyze. Also, suggest ways in which this can be achieved.

Approach:

- Give a brief background of discretionary powers and the reasons for their existence.
- Analyze the link between discretionary powers and corruption.
- Discuss the various controlling mechanisms in place and suggest measures to curtail their misuse.

Answer:

Legislation conferring powers on the executive is usually drafted in broad and general terms. This leaves large area of choice to the administrator to apply the law to actual, specific and factual situations, i.e. from case to case. "Discretionary powers" arise due to the necessity to individualize the exercise of power by the administration.

Discretionary power enables the official to evaluate situations according to their own subjective knowledge and understanding. Hence, it gives leeway to use as well as abuse and misuse of such powers. This may lead to despotism and arbitrariness. Discretion breeds corruption in one form or the other as:

- It gives opportunity to nepotism and bribery to creep in. For example, in cases of a lack of fixed criteria there is misuse of discretionary power during Interview for the selection lower staffs.
- Personal prejudice and favors often lead to irrational decisions. For example handling law and order situation involving social or religious conflicts.
- It may lead to officials violating the fundamental rights of citizens. For example, misuse of police power to arrest, search and seizure, checking license etc.

It may lead to financial general rules. Even though controlling mechanisms both at internal (administrative review by superior officers) as well as external (legislative and judicial control along with media checks) levels are already in place, yet more needs to be done.

- **Ways through which misuse of discretionary powers of government officers can be minimized** indiscipline and irregularities in the administrative works.

However, discretionary powers are a necessary evil due to the complexity and varied nature of present day problems, which do not fall within the straight jacket formula of:

- Supervisory officers to carry out inspections and specifically comment on how an officer has used her discretionary powers.
- Adequate weightage to be given to the performance appraisal system in promotions.
- Precise legal drafting to avoid vague interpretation
- When violations of norms are noticed, damages must be awarded to the citizen for the wrong suffered, upholding personal responsibility of the official concerned.
- Foundational and in-service training courses could lay more emphasis on the norms to be observed when such powers are invoked.
- Promote citizen awareness and empowerment along with encouraging participative democracy and rule of law.
- A transparent media can serve as a forum for mobilizing public opinions concerning governmental activities.
- Formulation of a code of conduct and a code of ethics to guide the decision making process.

5. ***The bureaucracy in India is facing a number of serious challenges from diminishing human capital to political interference that, if left unaddressed, will lead to further institutional decline. Discuss. How can these challenges be addressed?***

Approach:

- State the challenges that the bureaucracy in India faces.
- Mention the consequences if these challenges remain unaddressed.
- Discuss the reforms that are required to address the challenges.

Answer:

Indian bureaucracy is mired by several obstacles, which can lead to its institutional decline and have far-reaching consequences, if left unaddressed. These are:

Challenges faced by the bureaucracy and their consequences include:

- **Shortfall in personnel:** Overall shortage of personnel, especially in mid-level and higher level services as highlighted by the **Baswan Committee Report (2016)** leads to delay in service, burden on existing staff, etc.
- **Undue political interference:** This often results in frequent transfers of those who challenge the political executive, de-motivating others from taking a stand, thus undermining public's faith in bureaucracy.
- **Lack of specialized skills among bureaucrats:** In decisions regarding promotion and staffing, general competency is valued. However, lack of specialised skills can make them redundant in a fast changing world..
- **Detachment from the public:** This leads to a gap in policy formulation and implementation especially regarding welfare activities, if bureaucrats are unaware of the ground reality.
- **Increased corruption:** High level of corruption in bureaucracy is associated with low levels of investment and growth.
- **Lack of transparency and accountability:** This can result in discretionary decisions by officers for their personal benefits.
- **Resistance to change:** Bureaucracy has often been criticized for its resistance to change towards adopting technology and decentralization of governance.

Reforms required to address the challenges:

- Implementing a fixed tenure for bureaucrats.
- Proper compensation and privileges to curb corruption. Further, there should be strict vigilant mechanisms and proper implementation of anti-corruption laws.

- Digitization in the administrative process and communication of bureaucratic decisions to the public thereby ensuring proper channelization of resources.
- Lateral entry of experienced officers.
- Strengthening accountability mechanisms by intensive reviews at mid-career stage and comprehensive evaluation mechanisms to rank officers on their functional skills, domain expertise, behavioural competence and integrity.
- Officers should be assigned to different departments early in their careers to develop specific domain expertise. They should also go on regular field visits in order to assess ground reality.

Hindrances to bureaucratic functioning should be adequately addressed so that bureaucracy remains a steel frame that holds the country together.

6. *The recent decision of the government to open up positions at the senior levels in bureaucracy through lateral entry is an important but only small step in the direction of much needed reforms in the higher civil services. Analyse.2018-1067-15*

Approach:

- Briefly introduce about the government decision of lateral entry.
- Mention the further reforms along with proper reasoning which are required in this regard.

Answer:

Recently, the DoPT has invited applications for 10 joint secretary level positions. The decision has come after a growing realization that civil services can't continue to deliver without developing specialization in various domains of governance. It will ensure attracting new talents and it will bring efficiency into governance by induction of competition within the system. It has been successfully implemented in RBI and Niti Aayog.

Due to a serious governance deficit caused by an archaic bureaucratic system, this is only a small step in the required reforms in civil services at senior levels. The other required reforms are:

- **Accountability measures:** The 2nd ARC recommends that a system of two intensive reviews – one on completion of 14 years of service, and another on completion of 20 years of service should be established for all government servants. The services of public servants, who are found to be unfit after the second review at 20 years, should be discontinued.
- **Performance management system:** The present promotion system in civil service is based on time-scale and is coupled by its security of tenure. The promotions should be merit based and the respective authorities have to benchmark the best practices and evaluate the performance of the civil servants both qualitatively and quantitatively with a variety of parameters.
- **Specialist Knowledge:** Apart from the lateral entry, civil servants themselves should become specialist in domain experts. Even, ARC recommends that the civil servants should choose an area for developing expertise after some years.
- **Transforming work culture:** Most government departments suffer from poor work culture and low productivity. In order to provide cost-effective efficient services, there is a need to downsize the government, improve work environment and privatize some of the services.
- **Annual Confidence Reports (ACRs):** A non-transparent, subjective and unilateral character of Annual Confidence Reports (ACRs) in all states has reduced its utility for public agencies. Transparent performance appraisal is required, so that better performance is fairly and accurately reflected in the appraisal.

- **Stability of tenure:** There is usually a reshuffling of officers with change in government. This ever present threat of transfer also affects the morale of the officers. A fixed tenure of at least three years for an officer of the higher civil service along with annual performance targets is the need of the hour.
- **Placements at middle and Top Management level:** As per 2nd ARC, a Central Civil Services Authority should be constituted to deal with matters of assignment of domains to officers, preparing panels for posting of officers at the level of Joint Secretary and above.
- **Disciplinary proceedings:** The present oral inquiry process should be converted into a disciplinary meeting or interview to be conducted by a superior officer in a summary manner without the trappings and procedures borrowed from court trials.

7. *Give an account of the issues that arise due to short tenure of civil servants in India. Critically discuss the move of setting up a civil services board in order to address this problem.*

Approach:

- Give a brief picture of issue of tenure of civil servants in India.
- Then explain issues associated with the short tenure of civil servants in India.
- Then bringing out concept of setting up of civil service boards and discuss if it will effectively resolve the persisting issues citing both benefits and concerns.

Answer:

Stability of tenure to Civil Servants is a rarity, particularly in states, where transfer and postings are made frequently, at the whims and fancies of the executive head.

Following issues are associated with short tenure of civil servants:

- Short tenure and dependence on political class for postings leads to the **patronization of political class** by civil servants giving rise to other menace like corruption, conflict of interest, nepotism.
- Lack of security of tenure for important posts in India had greatly hampered the **morale and efficiency** of civil servants.
- Short tenure leads to less effective performance measurement and appraisal of the civil servants.
- Arbitrary transfer of civil servants holding important post sometime goes **against** the principles of **public interest and good governance**.
- Stable tenures are necessary for enabling the incumbent to learn on the job, develop his own capacity and then contribute in the best possible manner.

Thus to bring the civil service out of politicization and patronization, the second ARC as well the Supreme Court in 2013, recommended the setting up of the Civil Service Board with the following objectives:

- To isolate the bureaucracy from political interferences and put an end to frequent transfers of civil servants
- To look into the managements of transfers, postings, and inquiries, process of promotion, rewards, punishment and disciplinary matters.
- To provide stability to the civil servants and will uphold the neutrality and objectiveness in the functioning of civil servants.

But there are some issues that might hamper the purpose of setting up of the Civil Service Boards:

- The competent authorities, i.e. Prime Minister in case of Centre and Chief Minister in case of State may amend, modify or reject the recommendation of the civil services board for the reasons to be recorded in writing.
- The board is to be headed by the Chief Secretary of the State who might have conflict of interest in the process.

Thus, apart from setting up of Civil Service Board, its political seclusion is required too. Further, some measures, like clearance from Lokayukta in case of premature transfer, could be introduced into the setup.

8. *The idea of Civil Services Board has been widely hailed as a key civil services reform, however it is not without its own limitation. Comment.*

Approach:

- Introduce by explaining the Civil Services Board.
- Briefly mention why it is widely hailed as key civil services reform.
- Discuss its criticisms and conclude with a way forward.

Answer:

The Civil Services Board is a panel, headed by the cabinet secretary at the national level and chief secretaries at the state level, formed to regulate transfers and postings of higher-ranking civil services officers in the country. The Department of Personnel Rules 2016 made it mandatory for all states to setup such boards, following the recommendations of the 2nd ARC and Supreme Court directive in **TSR Subramanian Case, 2013**.

Civil Services Board has been widely hailed as a key civil services reform as:

- It helps in shielding the bureaucracy from political interference and put an end to frequent transfers of civil servants.
- The frequent and arbitrary transfers of officers is a major reason for the declining morale of civil servants and standards of administration.
- Security of tenure and apoliticisation is crucial to provide stability to the civil servants, which can ensure good governance in the country.
- It will also help bring the neutrality and objectiveness in the functioning of civil servants.

Limitations of the Civil Service Board:

- **Recommendatory nature:** The governments may amend, modify or reject the recommendation of the civil services board for the reasons to be recorded in writing.
- **Lack of Compliance:** States such as Madhya Pradesh and Tamil Nadu have not complied with the mandatory rules on setting up the board.
- **Conflict of Interest:** The board is to be headed by the bureaucrats who might have a conflict of interest in the process.

Apart from following the SC ruling and mandatory rules, the states can also introduce measures like clearance from Lokayukta to curb premature transfers, placing eminent bureaucrats from outside the state to ensure neutral recommendations by the board.

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DEVELOPMENT PROCESSES AND THE DEVELOPMENT INDUSTRY - THE ROLE OF NGOS, SHGS, VARIOUS GROUPS AND ASSOCIATIONS, DONORS, CHARITIES, INSTITUTIONAL AND OTHER STAKEHOLDERS

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Student Notes:

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1. Development Processes

1.1. What is Development and Development Process?

A multitude of meanings have been attached to the term development. It is mostly confounded with economic growth. Also, larger meanings such as social development, sustainable development and human development are attributed to it.

In simple terms, Development is '*bringing about social change that allows people to achieve their human potential*'.

Development is a process rather than an outcome: it is dynamic in that it involves a change from one state or condition to another. Ideally, such a change is a positive one - an improvement of some sort (for instance, milestones development in a child).

Amartya Sen has given the concept of development a new dimension. He views development as a political process. According to Sen, **Development consists of the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency.**

Dimensions of Development

- **Development as a political process:** It is regarded as the something that is done by some agency (state or development organization) for others (such as farmers in a developing country). It is called political process as it raises questions about who has the power to do what to whom.
- **Human Development:** Amartya Sen has been advocator of this approach. It considers economic growth as measure of development a deeply flawed and inadequate approach. It redefined the development in terms of human rights as a constitutive part and all worthwhile processes of social change are simultaneously rights-based and economically grounded. This approach focuses on the well-being of those at bottom of the society, not on the efficiency of those at the top.

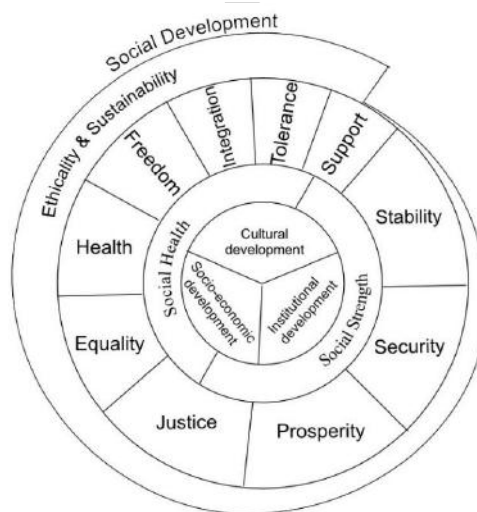


- **Sustainable Development:** "Our Common Future", also called Brundtland Report defines Sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. To achieve it, UN has established Sustainable Development Goals (SDGs) – a wide ranging targets – to be achieved by 2030. The goals and targets are universal, meaning they apply to all countries around the world, not just poor countries. Reaching the goals requires action on all fronts – governments, businesses, civil society and people everywhere all have a role to play.

- **Economic Development:** Economic development is the process by which a nation improves the economic, political, and social well-being of its people. It is different from economic growth in a sense that it involves both quantitative and qualitative change. Also, it is process by which low income national economies transform into modern industrial economies.



- **Social Development:** Social development means investing in people. It requires the removal of barriers so that all citizens can journey toward their dreams with confidence and dignity. It is about refusing to accept that people who live in poverty will always be poor. It is about helping people so they can move forward on their path to self-sufficiency. In India context, it becomes very important as social barriers like caste system proves to be fetters to realize one's potential and enjoy social freedom. Removal of such barrier through state action is important part of social development.



2. Civil Societies

2.1. What are Civil Societies?

According to the World Bank, Civil Society refers to a wide array of organizations, community groups, Non-governmental organizations [NGOs], labour unions, indigenous groups, charitable organizations, faith-based organizations, professional associations and foundations.

- Globally, the term 'Civil Society' became popular in 1980s, when it started to be identified with non-state movements defying authoritarian regime, especially in Eastern Europe and Latin America.
- When mobilized, civil society - sometimes called the "third sector" (after government and commerce) - has the power to influence the actions of elected policy-makers and businesses.
- Examples of well-known civil society organizations include Amnesty International, the International Trade Union Confederation, World Wide Fund for Nature (WWF), Greenpeace and the Danish Refugee Council (DRC).

Following representation illustrate various factors that are important for survival and sustainability of civil society.



2.2. Civil Society in India

- Civil society derives its strength from the **Gandhian tradition of volunteerism**, but today, it expresses itself in many different forms of activism. In independent India, the initial role played by the voluntary organizations started by Gandhi and his disciples was to fill in the gaps left by the government in the development process.
- The volunteers organized handloom weavers in villages to form cooperatives through which they could market their product directly and get better price. AMUL, a dairy cooperative society is the product of such cooperative movement.
- Civil Society plays a crucial role in the good governance. As India is not a participative democracy but a representative democracy, government takes all major decisions by itself. Civil Society act as interface of interaction between the government and the governed.

Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal.

- Civil society's functional contribution to good governance could be:
 - **Watchdog** — against violation of human rights and governing deficiencies.
 - **Advocate** — of the weaker sections' point of view.
 - **Agitator** — on behalf of aggrieved citizens.
 - **Educator** — of citizens on their rights, entitlements and responsibilities and the government about the pulse of the people.
 - **Service provider** — to areas and people not reached by official efforts or as government's agent.
 - **Mobiliser** — of public opinion for or against a programme or policy.
- Civil society acts through 'social capital' — the capacity of people to act together willingly in their common long-term interest. Social capital is strong in a homogeneous, egalitarian society.

2.3. Types of Civil societies in India

Based on the law under which the CSOs operate and the kind of activities they take up, civil society groups in our country can be classified into following broad categories (as given in 2nd ARC):

- Registered Societies formed for specific purposes
- Charitable organisations and Trusts

- Local Stakeholders Groups, Microcredit and Thrift Enterprises, SHGs
- Professional Self-Regulatory Bodies
- Cooperatives
- Bodies without having any formal organisational structure
- Government promoted Third Sector organisations

However, a broader classification including all non-government and not-for-profit organizations can be:

- **Civil rights advocacy organizations:** to promote human rights of specific social groups e.g. women, migrants, disabled, HIV, sex workers, Dalit people, tribal people, and the likes.
- **Civil liberties advocacy organizations:** to promote individual civil liberties and human rights of all citizens, rather than focusing on particular social group.
- **Community based organizations, citizen's groups, farmers' cooperatives:** to increase citizen's participation on public policy issues so as to improve the quality of life in a particular community.
- **Business and industry chambers of commerce:** to promotion policies and practices on business.
- **Labour unions:** to promote the rights of employees and workers.
- **International peace and human rights organizations:** to promote peace and human rights.
- **Media, communication organization:** to produce, disseminate, or provide production facilities in one or more media forms; it includes television, printing and radio.
- **National resources conservation and protection organizations:** to promote conservation of natural resources, including land, water, energy, wildlife and plant resources, for public use.
- **Private and public foundations:** to promote development through grant- making and partnership.
- **The Civil society also includes:** Political Parties; Religious Organizations; Housing cooperatives, slum dwellers and resident welfare associations.

3. Non-Governmental Organizations (NGOs)

3.1. What are Non-governmental Organizations (NGOs)?

A Non-governmental organization (NGO) is a non-profit group that functions independently of any government. Civil Society, when organized in structure and specialized in function, takes the form of NGOs. They are organized on community, national and international levels to serve a social or political goal such as humanitarian causes or the environment.

Characteristics of NGOs

- It is an organization of private individuals who believe in certain basic social principles.
- They structure their activities to bring about development to communities they are servicing.
- It is a social development organization.
- An independent, democratic, non-sectarian people's organization working for the empowerment of economic and/or socially marginalized groups.
- An organization not affiliated to political parties.

Evolution of NGOs in India

Period	Activities
Pre Independence	Social welfare, Constructive work (inspired by Gandhian philosophy) very much in line with independence movement
1950-1970	Social welfare, Govt. funded and managed NGO like Khadi Industries. Five year's development plans came into existence, Most of the development works were rested with NGO's
1970-1990	Civil Society space started increasing from 70s, NGO's started highlighting why govt. programme were not yielding positive results for poor and marginalized, presented new model for development with people's participation. With this new model NGO's covered vast program areas like education, primary health care, drinking water, sanitation, small irrigation, forest regeneration, tribal development, women's development, child labour, pollution safety etc. later on many of these models were included in govt programme and policies.
1990-2005	GO-NGO partnership got a boost in this period; NGOs gets more focused on Self Help Groups, Micro Credit, Livelihood. NGO participation is ensured in policy formation and programme implementation

3.2. Types of NGOs

In the 1980s, three different forms of NGO/voluntary movement emerged in India.

- **Traditional Development NGOs:** These NGOs directly engage with the public at large, go to the villages, tribal areas and carry out grass root development work related to education, health, sanitation, rural development etc. Ex: treatment centre for leprosy patients run by Baba Amte in central India.
- **Activist NGOs:** They see activism as their primary means of reaching their goals, because they do not believe they could get the authorities to move in any other way. Perhaps the best-known example of an NGO in this category is the Narmada Bachao Andolan (Save Narmada Campaign), an organization that opposed the construction of a series of large dams in a large river valley of central India.
- **Research NGOs:** They carry out intensive and in-depth analysis of topic/issue and lobby with the government, industry or other agencies to influence public policy. Ex: Centre for Science and Environment which engages in environment related works.

However, this classification is not strict and rigid. These NGOs keep taking multiple works that can be categorized in one category or other.

NGOs can also be classified on the basis of:

- Whom the NGO is designed to benefit? i.e. the beneficiary.
- What the NGO does? i.e. the activity.

Following is schematic representation of how a single NGO can have multiple activities and beneficiaries.

Beneficiary	Self	Alcoholics Anonymous	Labor unions
		Chess clubs	Trade associations
	Others	Salvation Army	WWF
		CARE	Amnesty International
		Service	Advocacy
Type of Activity			

3.3. Registration of NGOs

Indian NGOs mainly comes under three segments – Societies, Trusts, Charitable Companies.

- **Societies:** Societies have to register under the Societies Registration Act, 1860.
- **Trusts:** Private trusts are registered under the central government's Indian Trusts Act, 1882, and public ones are registered under the state legislation concerned.
- **Charitable companies:** They are set up according to section 8 of the Companies Act, 2013. For charitable companies, the compliance requirements are high, as loans and advances are easily available to them compared to a trust or a society. They have to even pay Income tax under IT act 1961.

Constitutional Provisions for NGOs in India

- Article 19(1)(c) on the right to form associations;
- Article 43 which highlights the State's having an endeavor to promote cooperatives in rural areas;
- Concurrent List in Entry 28 mentions about charities and charitable institutions, charitable and religious endowments and religious institutions;
- Part IX B – cooperative societies;
- State list – entry 32.

3.4. Role of NGOs in Development

In developing countries India, there are numerous gaps left by the government in the development process. These gaps are filled by NGOs.

- **Work where state is unwilling to work:** For example, caste is an issue that no government wants to fiddle with. The persistence of caste hierarchy suits the vote banks for the politicians. In the process, laws prohibiting discrimination on the basis of caste are often ignored unless there is an NGO working in the area that is willing to take up the cause of those being discriminated against.
- **Work where state resources are inadequate:** Two main such area include education and healthcare. There are not enough government run schools or hospitals, especially in rural areas. Even if they are present, they do not have resources. The NGOs try to complement and complete these initiatives. The mammoth NGO called Kerala Sastra Sahitya Parishad is largely credited for the hundred percent literacy rate in that state.
- **Implementation of welfare schemes:** NGOs due to proximity to general public, work as interface between government and the end users. Thus NGOs play three roles of implementer, a catalyst and a partner in the implementation of government welfare schemes.
- **Fighting social evils:** It is due to the efforts of NGOs that the government has banned sex determination of foetus as it leads to evils like abortion of female fetus.

- **Right to Shelter:** NGOs such as YUVA and SPARC in cities like Mumbai have repeatedly opposed the demolition of hutments even as they try to improve the quality of life in the sprawling slum clusters
- **Right to Information:** It is because of the efforts of NGOs that RTI has become reality in India.
- **Tribal Rights:** As witnessed in the Vedanta vs. Posco case, NGOs have raised voice against the discrimination of tribal by the multinationals. Many of these NGOs have partnered with Gram Panchayat in proper implementation of acts like Forest Rights Act, CAMPA Act etc.
- **Community Development:** Local, national and regional NGOs have emerged as major players and partners in development activities in the region. At the community level, they are in the front line in providing assistance in the acquisition of basic needs and amenities; in identifying issues, raising awareness, and in articulating the communities' problems.

Rehabilitation: NGOs did remarkable job post 2004 Tsunami. Besides helping in rescue operations, NGOs also set up vocational training centers.

3.5. Role of NGOs in Protection of Environment

The rapid growing and economic development is leading to number of environmental issues in India. In order to deal with the increasing damage to environment many Non-Governmental organizations have been set up.

- They play a crucial role in helping to **plug gaps by conducting research to facilitate policy development**, building institutional capacity, and facilitating independent dialogue with civil society to help people live more sustainable lifestyles.
- The issues like future of environmental protection, sustainable development and zero population growth are some of the major concerns of the environmental NGOs.
- Major campaigns by NGOs:
 - Climate Change,
 - Protection of Pristine forests,
 - Protection of marine life and diversity,
 - Against whaling,
 - Against Genetic Engineering/ GMOs,
 - Prevention of Nuclear Threat to wildlife,
 - Elimination of chemical and biological toxic waste,
 - Encouragement of sustainable trade etc.
- NGOs carry out mass awareness campaigns, tree planting drives, promoting ecologically sustainable practices for waste removal like vermin-culture and composting instead of dumping in landfills, supporting the use of cycles and green renewable fuels instead of fossil fuels.
- Many NGOs specialize in data-driven support to government bodies, showing quantifiable proof that encroachment upon biodiversity and water bodies is dangerous. Their reports become the basis of media attention, educating the masses and eventually molding opinion.
- Globally, NGOs have the power to bring about global treaties, including reforms to address regulation of hazardous wastes, bans on landmines, and control of greenhouse gases and emissions. The Centre for Science and Environment for example, has been a leading light on, pollution, toxins in food and beverage and other key areas.
- Some major environmental NGOs in India are:
 - Greenpeace
 - WWF
 - Bombay Natural History Society (BNHS)
 - Development Alternatives Group
 - The Energy Research Institute

- Birdlife International
- The Centre for Science and Environment

3.6. Challenges faced by NGOs in India

- **Lack of Funds** – Most of the NGOs in India are suffering from paucity of funds. Government does not give cent percent grants in aid or make delay in sanctions of grants for numerous programmes. NGOs have to make matching contributions which they are sometimes unable to manage and are, therefore, unable to avail themselves of the grants.
- **Corruption and Misuse of Funds** – It is a common experience that there have been serious charges of misuse and misappropriation of funds received as grant-in-aid from the government, foreign donors and raised through their own resources by the most of the NGOs. These NGOs may reflect its image to other NGOs who are working with dedication and commitment.
- **Inadequate Trained Personnel** – It is expected that the personnel working in NGOs shall have a sense of dedication and commitment and interest in the social services. Lack of professionally trained personnel is one of the major challenges faced by NGOs in India.
- **Inequality in rural areas** – NGOs are more developed in urban areas as compared to rural areas. The backwardness and ignorance of the rural people and lack of enthusiasm among social workers to among them in the absence of availability of minimum comforts are the two important reasons for the backwardness of the NGOs in rural areas.
- **Lack of Volunteerism/Social work among Youth** – The basic characteristic of NGO is volunteerism. The extent of volunteerism is declining day by day and turning it into professionalization. Even the young graduates from social work are interested in making their career in professionalism. This leads to lack of efficient volunteers in NGOs.

3.7. State v/s NGOs

India has witnessed boom in NGO sector. According to a conservative estimate by the Central Bureau of Investigation (CBI), there is 1 NGO for every 600 citizens in India. But there is accountability deficit with NGOs in India. Responding to a PIL filed in Supreme Court, CBI said that many don't submit details of receipt of grant and spending to tax officials.

In a Supreme Court enquiry, major states like Andhra Pradesh, Bihar, Delhi, Haryana, Karnataka, Rajasthan, West Bengal, Odisha, Tamil Nadu, Chhattisgarh and Himachal Pradesh could not provide details regarding NGOs working in their territory. This largely explains the regulatory mechanism of the NGOs in India. The Supreme Court in 2017 ordered government to audit 30 lakh NGOs and voluntary organizations that receive public funds but fail to explain their spending.

A PIL has shown that NGOs do not have a transparent mechanism in place to monitor funding. A CBI report that compiled state-wise data of 32 lakh NGOs revealed that only 10 percent of NGOs filed annual income and expenditure statements.

Intelligence Bureau, in a report accused "foreign-funded" NGOs of "serving as tools for foreign policy interests of western governments" by sponsoring agitations against nuclear and coal-fired power plants and anti-GMO agitation across the country. The NGOs, are said to be working through a network of local organizations to negatively impact GDP growth by 2–3%.

It also alleged that **Greenpeace** was leading a massive effort to take down India's coal-fired power plant and coal mining activity by using foreign funds to "create protest movements under 'Coal Network' umbrella at prominent coal block and coal-fired power plant locations in India.

In April 2015, the Government of India shared a list of over 42,000 NGOs with Financial Intelligence Unit (FIU) to check suspicious foreign funding amid the crackdown on some top international donors for flouting the Foreign Contribution Regulation Act (FCRA), 2011.

For the first time, the government clearly defined the sectors in which it has listed Christian missionaries, Hindu, Sikh and Muslim religious groups receiving foreign contribution besides other activities of NGOs in which funds are claimed to be utilized. There is also suspicion that money launderers could use the legitimate route to wire illicit money.

3.8. Suggestions to Improve the Working of NGOs

- **Relaxing regulations:** The rules and regulations of grants-in-aid should be liberalized by the government and sanction more grants to NGOs.
- **Monitoring agency:** At the same time, the government should appoint commissions of enquiry or committees to cross check the misuse of funds by NGOs. The member of committee has to supervise and monitor the activities of NGOs periodically.
- **Increasing Awareness:** Young graduates from universities, colleges and schools should conduct the public seminars, meetings etc., and use the local media to advertise the importance of volunteerism, success stories of NGOs and encourage people to participate in voluntarism.
- **Collaboration and cooperation:** Universities, colleges and schools should collaborate with NGOs and conduct a campus interviews for the young graduates who are interested in voluntarism. NSS and NCC should encourage students to participate in voluntarism from childhood days onwards.
- **Focusing on rural areas:** In India, 65% of populations belong to rural areas. NGOs, therefore, need to operate in rural areas on a bigger scale to enlist the cooperation of village people in making their lives better. At the same time, these NGOs should encourage the educated young graduates of rural areas to participate in voluntarism. The government should also give some special provisions for NGOs who are working in rural areas in getting eligibility conditions for grants.
- **Appreciate efforts of NGOs:** NGOs being a welfare organization should maintain high standard of quality in service. The government also should recognize those NGOs, by giving awards or rewards with additional grants. This would motivate the other NGOs to work efficiently.
- **Technology intervention:** The NGOs should use of latest technologies like internet, websites etc., for raising of their funds, to have mutual associations, to advertise their products and for the selection of efficient personals.
- **Incentives for personnel:** The government should revise the pay-scales and allowances to the personnel of NGOs. At the same time some special funds to be allotted for the NGOs to train the personnel at the grass root level.

3.9. National Policy on Voluntary Sector

National Policy on Voluntary Sector 2007 is a commitment to encourage, enable and empower an independent, creative and effective voluntary sector, so that it can contribute to the social, cultural and economic advancement of the people of India.

In the Policy, voluntary organizations (VOs) mean to include organizations engaged in public service, based on ethical, cultural, social, economic, political, religious, spiritual, philanthropic or scientific & technological considerations. VOs include formal as well as informal groups, such as:

- Community-based organizations (CBOs)
- Non-governmental development organizations (NGDOs)
- Charitable organizations
- Support organizations
- Networks or federations of such organisations
- As well as professional membership associations.

To be covered under the Policy, VOs should broadly have the following characteristics:

- They are private, i.e., separate from Government
- They do not return profits generated to their owners or directors
- They are self-governing, i.e., not controlled by Government
- They are registered organizations or informal groups, with defined aims and objectives.

Objectives of the Policy

- Creating an enabling environment for Voluntary Organizations (VOs) that not only stimulates their effectiveness but also protects their identity and safeguards their autonomy.
- Enabling VOs to legitimately mobilize the necessary financial resources from India and abroad
- Identifying systems by which the Government may work together with the Voluntary Sector.
- Encouraging VOs to adopt transparent and accountable systems of governance and management.

This National Policy on the Voluntary Sector-2007 envisaged to initiate a process to evolve a new working relationship between the Government and the Voluntary Sector, without affecting the autonomy and identity of VOs.

Enabling Environment for the functioning of Voluntary Sector

All laws, policies, rules and regulations relating to VOs categorically safeguard their autonomy, while simultaneously ensuring their accountability.

Voluntary organizations may be registered as societies, as charitable trusts, or as non-profit companies under Central or State laws. Some States have adopted the Societies Registration Act (1860), with amendments, while others have independent laws.

In order to encourage transfer of shares and stock options to VOs, the Government will consider suitable tax rebates for this form of donation. The Government will also simplify and streamline the system for granting income tax exemption status to charitable projects under the Income Tax Act. At the same time, the Government will consider tightening administrative and penal procedures to ensure that these incentives are not misused by paper charities for private financial gain.

An organization seeking foreign funding must be registered under the Foreign Contribution (Regulation) Act. This law prescribes stringent screening norms that often restrict the ability of VOs to avail foreign funds. When approved, there are problems like funds must be held in a single bank account, thus presenting enormous difficulties to VOs working at different locations. The Government will review the FCRA and simplify its provisions that apply to VOs,

There would be formal systems for registering complaints and for redressing grievances of VOs.

Analysis

- Most of the policies envisaged in the NPVS 2007 were not implemented. Though the directions were framed after extensive consultations with multiple stakeholders.
- The idea of a national accreditation agency for non-profits organization was proposed. But nothing has been done in this regard.
- The policy made a call for self-regulation, transparency and accountability by the NGOs. But the recent SC judgments and IB reports suggest otherwise.
- Also, the diverse character of a voluntary organization militates against a single uniform regulatory authority.

4. Self Help Groups (SHGs)

4.1. What are SHGs?

Self-help group is a method of organizing the poor people and the marginalized to come together to solve their individual problem. The SHG method is used by the government, NGOs and others worldwide. The poor collect their savings and save it in banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise.

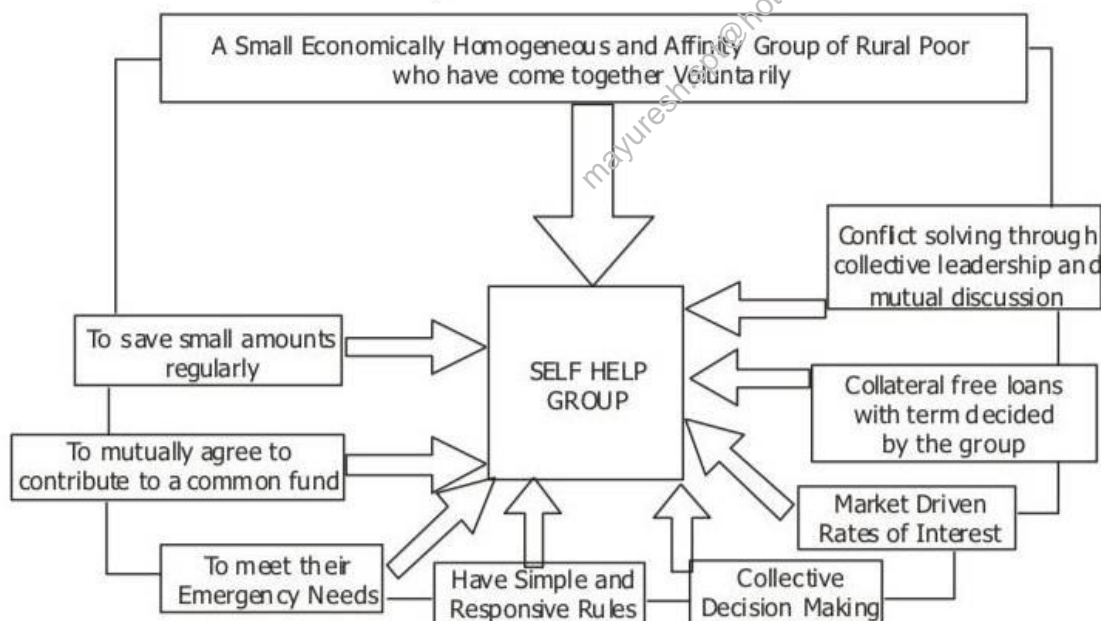
A Self Help Group is defined as a "**self-governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose.**"

4.2. How Does SHGs Function?

- An SHG normally consists of not less than five persons (with a maximum of twenty) of similar economic outlook and social status.
- The members of the group help each other to solve their problems. A reasonably educated but helpful local person takes the lead in mobilizing these people to form a group.
- The person, called animator or facilitator, helps the group members develop the habit of thrift and promote small savings among them. The group savings are kept in a common bank account from which small loans are given to members.
- After six months, the SHG can approach any bank for availing loan facility to undertake a suitable entrepreneurial activity. The group loan is distributed among the members to run a small business. The loan is repaid out of the profits earned.



Objectives of an SHG



4.3. Evolution of SHGs in India

- Evolution of SHGs as a tool to empower is as long as the history of development sector in India. SHG as an organized way for poverty eradication was immersed during the 7th Five Year Plan (1985-90).
- Formation of SHGs for savings and credit, and their linkage to commercial banks was initiated in India by MYRADA (Mysore Resettlement and Development Agency), an NGO, in the mid-1980s.
- However, SHGs as a tool to address poverty became significant only when the Reserve Bank of India (RBI) issued a circular in 1992 to link about 500 groups under the NABARD-SHG bank linkage pilot program.
- This success has led to mainstreaming of SHGs into the financial landscape and especially the Indian banking system, with about 94 million poor linked with banks through 7.5 Million SHGs, availing them of collateral free credit.
- The poor women of these SHGs in India collectively control the financial business with an annual turnover of Rs. 100,000 crores (\$17 Billion), much larger than many multi-national corporations in India.
- Simultaneously, a handful of large Indian NGOs have demonstrated that collectivization can lead to social and economic empowerment of the poor in the areas of health, bridging caste divides and gender inequalities.
- As a part of the poverty alleviation measures, the Government of India launched the Swarnjayanti Gram Swarozgar Yojna (SGSY) in April, 1999 where the major emphasis is on SHG formation, social mobilization and economic activation through micro-credit finance
- This success led to the genesis of a massive community mobilization initiative by the Government of India as National Rural Livelihoods Mission (NRLM) in 2011.

4.4. Benefits of SHGs

- **Mobilizes women from rural areas:** According to the estimates, about **46 million rural poor women** are mobilized through SHGs architecture. These organizations have been an effective vehicle, especially in providing financial intermediation solutions for unbanked rural women.
- **Socio-economic benefits:** It includes economic self-independence, participation in village affairs and awareness about education.
- **Special Focus:** Under **National Rural Livelihood Mission**, special attention has been given to women living below poverty line (BPL). The scheme has also focused on capacity building and institutionalization of SHGs. It has also helped in social mobilization, institution building, communization and creation of human resource.
- **Improves the status of women in family and society:** Regular process of group meetings helps women build social capital which raises their status in the family and the society. It also leads to economic empowerment which helps them take decision making role in the family. Thus help them break shackles of patriarchy.
- **Improves health and standard of living:** A research has also shown that Women practicing 'participatory learning and action' showed 49 % reduction in maternal mortality and 33 % reduction in neonatal mortality.

4.5. General Issues related to SHGs

- **Agricultural Activities:** Most of the SHGs work at local level and engaged in agricultural activities. SHGs in rural areas should be introduced to non-agricultural businesses too and should be provided with state-of-the art machinery.
- **Lack of Technology:** Most of the SHGs work with rudimentary or no technology.
- **Access of market:** Also the goods produced by SHGs do not have access to larger market place.

- **Poor Infrastructure:** Most of these SHGs are situated in rural and far reach areas that lack connectivity via road or railways. Access to electricity remains an issue.
- **Lack of training and capacity building:** Most of the SHGs work on their own without outreach from the state for skill development and capacity building.
- **Politicization:** Political affiliation and interference has become a serious problem with SHGs. Political affiliation is also a major reason for group conflicts.
- **Credit Mobilization:** A study has shown that about 48% of the members had to borrow from local money lenders, relatives and neighbors because they were getting inadequate loan from groups. Also issues like hoarding of money was witnessed.
- **System of monitoring:** The general reports on the progress of SHGs show statistics of growth and spread of SHGs without questioning the process and internal health of the SHGs.
- **Livelihood promotion:** There is need to evolve a methodology for promoting micro enterprises among SHG members that can be replicated on a large scale.

4.6. Socio-Cultural Hurdles in Penetration of SHGs in Rural Areas

There has been uneven distribution in the spread of SHGs in India. Socio-cultural factors along with government support and presence of NGOs have been major reasons for that. In March 2001, 71% of the linked SHG, were from southern region consisting of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu.

- While poor performing states are also those states which have high incidence of poverty like UP and Bihar.
- These are also the states where society is deeply entrenched in patriarchy with limited financial and social role for women.
- Also the spirit of entrepreneurship is discouraged in a feudal society. The traditional society dictate strict role for male and female members with little scope for independent decision making and economic freedom.
- Due to family responsibilities, majority of the women members cannot give their attention to their enterprises.
- One of the major hurdles in lack of support from family members.
- Due to male dominated society, women members could not uplift their business followed by lack of social mobility.
- There is no stability of the units as many married women are not in a position to associate with the group due to the shift of their place of residence.
- In many SHGs strong members try to earn a major share of the profit of the group, by exploiting the ignorance and illiterate members.

4.7. Measures Taken by the Government to Promote the SHGs

- **Self Help Group-Bank Linkage Programme:** On the recommendations of SK Kalia Committee, the SHG-Bank linkage programme was started at the initiative of NABARD in 1992 to link the unorganised sector with the formal banking sector. Under this programme, banks were allowed to open savings accounts for Self-Help Groups (SHGs). Banks provide loans to the SHGs against group guarantee and the quantum of loan could be several times the deposits placed by such SHGs with the banks. Banks should consider entire credit requirements of SHG members, namely,
 - (a) Income generation activities,
 - (b) Social needs like housing, education, marriage, etc. and
 - (c) Debt swapping".It is being implemented by commercial banks, regional rural banks (RRBs), and cooperative banks.

- **SHG-bank Linkage programme:** The RBI took a series of measures in April 1996 to give a thrust to micro finance based Lending under the SHG-bank Linkage programme. For instance: Banks were advised to consider lending to the SHGs as part of their mainstream credit operations, to identify branches having potential for linkage with SHGs and provide necessary support services to such branches while including the SHG-lending within their Service Area Plan. Over 103 million rural households have now access to regular saving through 7.96 million SHGs linked to benefit.
- **Priority Sector Lending:** GOI has included SHG as a priority sector to mandate and enhance banks focus on them. Bank credit to members of SHGs is eligible for priority sector advance under respective categories viz., Agriculture, Micro, Small and Medium Enterprises, Social Infrastructure and Others.
- **Grain banks:** SHG, have been allowed to run grain banks to secure the food security in food & care regions.
- **Priyadarshini scheme,** with NABARD as the nodal agency, has aimed at women empowerment and livelihood enhancement through SHGs.
- **Deendayal Antodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM):** It seeks to alleviate rural poverty through building sustainable community institutions of the poor. Mission closely works with the Department of Financial Services (DFS), Reserve Bank of India (RBI) and the Indian Bank Associations (IBA) to provide bank credit to SHGs. The financial year 2017-18 has seen more than 82 lakh households mobilized into 6.96 lakh Self Help Group (SHGs) across the country. Cumulatively, more than 4.75 crore women have been mobilized into more than 40 lakh SHGs. The mission also provides Interest Subvention to women SHGs availing bank loans amounting to Rs.3.00 lakhs, to subsidize the cost of borrowing. The interest subvention effectively reduces the cost of borrowing to 7% per annum.
- **Mahila Kisan Shashaktikaran Pariyojana:** In order to promote agro-ecological practices that increase women farmers' income and reduce their input costs and risks, the DAY-NRLM Mission has been implementing the Mahila Kisan Shashaktikaran Pariyojana (MKSP). As of March 2018, more than 33 lakh women farmers were being supported under this scheme.
- Some other successful initiatives taken by the state governments are **Kudumbshree in Kerala, Jeevika in Bihar, Mahila Arthik Vikas Maha Mandal (MAVIM) in Maharashtra.**

4.8. Suggestions to Improve the Working of SHGs

- An **integrated approach** is required for meeting overall credit needs of a poor family in terms of backward linkages with technology and forward linkages with processing and marketing organizations.
- **Credit needs to be provided** for diversified activities including income generating livelihood activities productions, housing consumption loan and against sudden calamities. **Simplify the process of giving loans,** i.e. reduce the number of questions to important non repetitive ones.
- The **delivery system has to be proactive** and should respond to the financial needs of the farmers.
- **Training programmes** relating to management of finances, maintaining accounts, production and marketing activities etc. should be given.
- Provide **gender sensitization training** to bank staff so that they are sensitized to the needs of rural clients especially women.
- **Adequate insurance coverage** should be provided to the business units promoted by SHG against the financial losses to safeguard the interest of the entrepreneurs.

5. Aid and Private Funding in Development

5.1. Development Aid in India

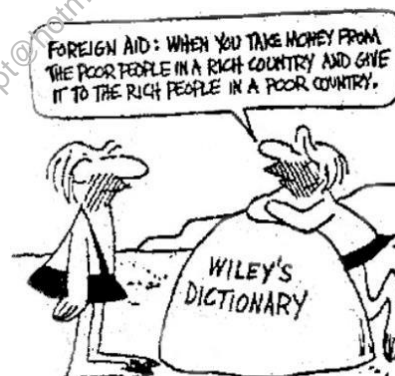
Development aid is financial aid given by governments and other agencies to support the economic, environmental, social and political development in developing countries. It involves long term strategy to alleviate poverty.

- Foreign experts call India a '**development paradox**'. India is one of the largest economies with high growth rate. It spends substantial amount on the defense expenditure. Yet, it seeks development aid. It has created quite a debate at international level.
- **Corruption:** Foreign grants (often in dictatorial states in Africa) are siphoned by government officials for private. It has also bred numerous non-performing NGOs.
- **Identification of Projects:** A very great deal of money has been wasted in the past because proposals have not been sufficiently investigated before aid was granted, and because priorities have not been correctly established.
- **Influence recipient countries:** Aid donors are often accused of trying to exercise unnecessary influence over recipient governments and the policies they undertake.
- **Debt Serving:** In the global economic slowdown, many countries have not been able to service their debt.



5.2. Foreign Aid to India

- The term "foreign aid" is derived from the concept of "Overseas Development Assistance" or ODA. In UN parlance ODA is a commitment assumed by developed countries, members of the OECD, to extend development assistance to developing countries. Currently, developed countries are committed to transferring 0.7% of their GDP as ODA to developing countries, though few have achieved this target.
- The India was the sixth largest recipient of foreign aid in 2011 and continues to be one of the highest recipients. According to the data on World Bank's website, it received \$3.2 billion in 2011, \$1.6 billion in 2012 and \$2.4 billion in 2013.
- The top donors have been- World Bank, Japan, Germany, Asian Development Bank, United Kingdom, France, Global Fund (to fight AIDS, tuberculosis and malaria), United States and European Union.
- India has also been giving aid to other countries. It has a foreign aid budget of \$1.6 billion for the period 2015-16.
- However in recent times foreign aid coming to India has declined significantly. It partly due to India's rapid economic progress and partly due to ever-changing geo-political axis.
- U.S. aid to India, targeted toward clean energy, food security and health, has dropped 25 percent in recent years, from nearly \$127 million in 2010 to a proposed \$98.3 million in 2013.
- In 2015, UK stopped giving aid to India owing to it's economic growth. Indian government welcomed the move by suggesting that 'aid is past, trade is future'.
- India now sees – and projects – itself as a global power and a partner to developed nations like Britain, rejecting the traditional model of rich nations aiding poor ones.



5.3. Foreign Funding and NGOs

Being non-profit organizations, NGOs entirely depend upon contribution – foreign or domestic – for their functioning. In recent times, many NGOs have come under the government scanner.

The Foreign Contribution (Regulation) Act, 2010 (FCRA) and Foreign Contribution (Regulation) Rules, 2011 (FCRR) framed thereunder regulate the receipt and usage of foreign contribution by non-governmental organizations (NGOs) in India.

Foreign Contribution Regulation Act, 2010

This act replaced the Foreign Contribution (Regulation) Act, 1976 (FCRA). The act seeks to regulate the acceptance and utilization of all foreign funds through donations, gifts or grants.

- The 1976 Act lists a number of organisations and individuals that are prohibited from accepting foreign contribution. The Bill adds organisations of a “political nature” and electronic media organisations to the list.
- The act requires all persons to register under FCRA to accept foreign contribution. The central government may deny, suspend or cancel certification under certain conditions.
- Organisations must renew FCRA certification every five years.
- It prohibits acceptance and use of foreign contribution or foreign hospitality by a certain specified category of persons such as a candidate for election, judge, journalist, columnist, newspaper publication, cartoonist, et al.
- The act prevents use of foreign contribution or foreign hospitality for any activity detrimental to the national interest.
- The foreign contribution shall be utilized for the purpose for which it has been received and such contribution can be used for administrative expenses up to 50% of such contribution received in a financial year.
- Every bank shall report to such authority, as may be prescribed, the amount of foreign remittance received, sources and manner and other particulars.
- Every NGO registered or having prior approval under the Act must file an annual report with the Authority in the prescribed form. This report must be accompanied by an income and expenditure statement, receipt and payment account, and balance sheet for the relevant financial year. For financial years where no foreign contribution is received, a 'NIL' report must be furnished with the Authority.
- New provisions have been made for suspension as well as cancellation of registration granted for violation of the provisions of the Act.

The act has a very wide scope and is applicable to a natural person, body corporate, all other types of Indian entities (whether incorporated or not) as well as NRIs and overseas branches/subsidiaries of Indian companies and other entities formed or registered in India. It is implemented by the Ministry of Home Affairs, Government of India.

Recent issues with the FCRA act and impact on the NGOs

- In 2018, FCRA registration of nearly 19,000 NGOs were cancelled and they were barred from receiving foreign funds. Also, it was highlighted that 2,547 NGOs have not adhered to the government orders to submit their pending annual returns -- income and expenditure, receipts of funds from abroad and balance sheets.
- Of all the total funds that are coming, 13% is for contentious issues like religious institutions and awareness campaign. Government is terming both as anti-national activity as religious institutions are fueling terrorist activities and awareness campaign are targeting developmental projects of Government
- Experts have signaled towards a paradox where India promotes FDI but throttles contribution to NGOs. In the past, similar bans were put by communist countries like Russia and Hungary.

- An IB report blamed NGOs for slump in India's GDP. It is also accused that some Christian NGOs are engaged in proselytization. US based NGO Compassion International was put on 'priority list' by the government.
- In 2018, the government relaxed penalties on NGOs violating FCRA norms. From now on, instead of suspension or cancellation of licenses, hefty fines will be levied on NGOs. These fines will not be applicable retrospectively.

Finance Bill 2016, inserted an amendment that shielded political parties from violating the norms of FCRA. The amendment was brought after a case was filed in Delhi High Court regarding donations made to BJP and INC by London based multinational Vedanta. In March 2018, the parliament through Finance Bill 2018 amended the repealed Foreign Contribution Regulation Act (FCRA), 1976 retrospectively. The aim is to exempt political parties from scrutiny of funds they have received from abroad since 1976. It must be reiterated that the Representation of the People Act and the FCRA bar political parties from receiving foreign funds. Foreign firms can now fund NGOs in India as well as the political parties.

The FCRA Amendment, 2020

The inflow of foreign contribution has doubled between years 2010-2019, and there have been numerous cases of **misuse** and **misappropriation** of funds, leading to the government cancelling 19,000 registrations in the past few years. Faced with this situation, the FCRA Amendment, 2020 is brought in by the centre to strengthen the compliance mechanism, enhance transparency and accountability in the receipt and utilisation of foreign contribution (to ensure that foreign money is not used against national interests or anti-national activities) and facilitate genuine non-governmental organisations or associations who are working for the welfare of the society.

Major amendments:

- **Prohibition to accept foreign contribution:** Under the Act, certain persons are prohibited to accept any foreign contribution. These include election candidates, editor or publisher of a newspaper, judges, government servants, members of any legislature, and political parties, among others. The Bill adds public servants (as defined under the Indian Penal Code) to this list. Public servants include any person who is in service or pay of the government or remunerated by the government for the performance of any public duty.
- **Transfer of foreign contribution:** Under the Act, foreign contribution cannot be transferred to any other person unless such person is also registered to accept foreign contribution (or has obtained prior permission under the Act to obtain foreign contribution). The Bill amends this to prohibit the transfer of foreign contribution to any other person. The term 'person' under the Act includes an individual, an association, or a registered company.
- **Aadhaar for registration:** The Act states that a person may accept foreign contribution if they have: (i) obtained a certificate of registration from central government, or (ii) not registered, but obtained prior permission from the government to accept foreign contribution. Any person seeking registration (or renewal of such registration) or prior permission for receiving the foreign contribution must make an application to the central government in the prescribed manner. The Bill adds that any person seeking prior permission, registration or renewal of registration must provide the Aadhaar number of all its office bearers, directors or key functionaries, as an identification document. In case of a foreigner, they must provide a copy of the passport or the Overseas Citizen of India card for identification.
- **FCRA account:** Under the Act, a registered person must accept foreign contribution only in a single branch of a scheduled bank specified by them. However, they may open more accounts in other banks for utilization of the contribution. The Bill amends this to state that foreign contribution must be received only in an account designated by the bank as "FCRA account" in such branch of the State Bank of India, New Delhi, as notified by the central

government. No funds other than the foreign contribution should be received or deposited in this account.

- **Restriction in the utilization of foreign contribution:** Under the Act, if a person accepting foreign contribution is found guilty of violating any provisions of the Act or the unutilized or unreceived foreign contribution may be utilized or received, only with the prior approval of the central government. This amendment Bill also seeks to prohibit the transfer of FCRA funds to other persons or organisations. The Bill adds that the government may also restrict usage of unutilized foreign contribution for persons who have been granted prior permission to receive such contribution. This may be done if, based on a summary inquiry, and pending any further inquiry, the government believes that such a person has contravened provisions of the Act.
- **Renewal of license:** Under the Act, every person who has been given a certificate of registration must renew the certificate within six months of expiration. The Bill provides that the government may conduct an inquiry before renewing the certificate to ensure that the person making the application: (i) is not fictitious or benami, (ii) has not been prosecuted or convicted for creating communal tension and (iii) has not been found guilty of diversion or misutilisation of funds, among others conditions.
- **Reduction in use of foreign contribution for administrative purposes:** Under the Act, a person who receives foreign contribution must use it only for the purpose for which the contribution is received. Further, they must not use more than 50% of the contribution to meeting administrative expenses. The Bill reduces this limit to 20%.
- **Surrender of certificate:** The Bill adds a provision allowing the central government to permit a person to surrender their registration certificate. The government may do so if, post an inquiry, it is satisfied that such person has not contravened any provisions of the Act, and the management of its foreign contribution (and related assets) has been vested in an authority prescribed by the government.
- **Suspension of registration:** Under the Act, the government may suspend the registration of a person for a period not exceeding 180 days. The Bill adds that such suspension may be extended up to an additional 180 days.

Why it is significant?

- **Prevent misuse:** The annual inflow of **foreign contribution has almost doubled** between the years 2010 and 2019, but many recipients of foreign contribution **have not utilised the same for the purpose** for which they were registered or granted prior permission under the FCRA 2010. Recently, the Union Home Ministry has **suspended licenses of the six (NGOs)** who were alleged to have used foreign contributions for religious conversion.
- **Strengthen National security:** Many persons were **not adhering to statutory compliances** such as submission of annual returns and maintenance of proper accounts. Such a situation could have **adversely affected the internal security** of the country.
- **Transparency and accountability:** The new Bill **aims to enhance transparency and accountability** in the receipt and utilisation of foreign contributions and facilitating the genuine non-governmental organisations or associations who are working for the welfare of society.

Criticism of the FCRA Bill, 2020:

- **Increased Bureaucratic discretion:**
 - **Greater scrutiny by the government:**
 - Identification requirements- Aadhaar has been made mandatory for all office bearers, directors or other key functionaries of NGOs for registration.
 - Surrender of certificate- NGOs can surrender registration only after a government enquiry.
 - Renewal of FCRA license- For renewals of licenses an inquiry needs to be conducted to ascertain misutilisation of funds.

- Period of suspension of registration- It has been doubled from 180 to 360 days.
- Power to prohibit- Government can preclude receipt and utilisation of foreign contributions if the recipient is found guilty of violating any provisions of the Act
- **Suppression of freedom of speech and expression:** Such stipulations risk misusing the law to silence association involved in advocating political, economic, social, environmental or cultural priorities which differ from those espoused by the government.
- **Increased compliance burden on NGOs:**
 - **Lack of clarity on the law's applicability:** Operational continuity of around 20,000 NGOs has been affected due to inability in either receiving funds or transferring funds to partner NGOs within India.
 - **Tracking of funds:** Foreign funds will be tracked via a single FCRA account in a bank branch designated by the government. Migration of all FCRA designated accounts will create more hurdles and paperwork for NGO,
 - **Banning re-granting of funds:** NGOs are prevented from re-granting funds to other licensed NGOs. The increased transactional burden on foreign donors will create a significant deterrent to such funding.
 - **Limit on expenses:** Amendment places 20% ceiling on administrative expenses previously capped at 50%. This limits investments in personnel, travel, technology, legal and financial services, reporting, stationery and printing, preventing NGOs from building sustainability and performing key roles. Each of the above have significant financial and compliance implications for NGOs.

As the above provisions will further widen the trust deficit between NGOs and the centre, further efforts need to be taken after consultation with all the stakeholders involved. While regulation and reform in the NGO sector are needed, we need to take into account its contribution to human rights and public awareness is significant in India.

5.4. Foreign Aid from India

India has been one of the major receive of development aid. But the trend is changing with India giving more aid to foreign countries than it has received. In the financial year 2015-16 India gave Rs. 7719.65 crores as aid whereas it received Rs. 2,144.77 crore in aid from foreign countries and global banks.

Development Aid to foreign countries not only serves economic objectives but also as a strategic tool.

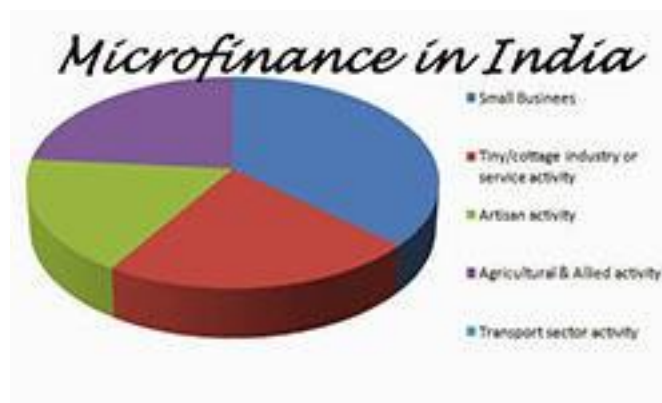
- India wants to project itself as major economic power and rightful claimant to **permanent membership to UNSC**.
- **Neighborhood First Policy:** The neighborhood is the biggest recipient of aid from India. Bhutan for years have received the biggest chunk of Indian aid with Rs. 2,884.65 crores in 2019-20, primarily aimed at developing hydro-electric power. Also, India is 2nd largest donor in Afghanistan.
- **Ethnic Issues:** In Sri Lanka, India is undertaking the construction of houses for rehabilitation of Tamil population displaced by nearly three decades long war.
- **Soft Power:** India offer aid to extend the reach of its soft power.
- Another major reason is to counter the influence of China in India's neighborhood.
- South Asia is disaster prone and many countries in the regions can't carry out relief work on its own.

6. Microfinance Institutions

6.1. What are Microfinance Institutions?

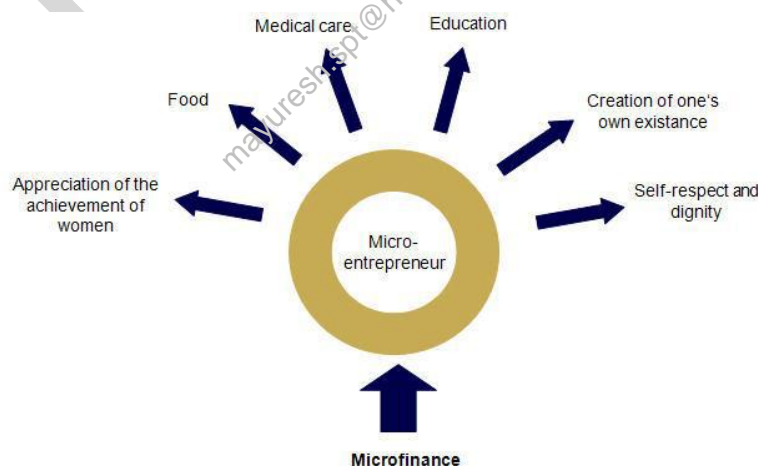
Microfinance, also called microcredit, is a type of banking service that is provided to unemployed or low-income individuals or groups who otherwise would have no other access to financial services.

- Microfinance institutions (MFIs) are financial institutions working towards the upliftment of the needy and underprivileged section of the society by providing short-term loans to set up their own venture. They take a minimum or very calculated risk and fund the interested borrowers to help them get trained, setup and run a small-scale business.
- MFIs operate in a number of forms and shapes in India:
 - Joint Liability Groups
 - Self Help Groups
 - The Grameen Bank Model
 - Rural Cooperatives.
- The lending system of the MFIs is completely different from that of the traditional banking sector. In Microfinancing sector, an official gets appointed by the concerned financial institution who can get in touch with the group to discuss the loan application and disbursal procedure.
- He/she understands the skills and requirements of the applicant first and then on the basis of that he/she finalizes the amount.
- The appointed officer not only understands the business that the borrower is currently conducting or interested to start in future, but he or she also analyses the risk factor associated with it.



6.2. Role of Microfinance Institutions in Development

- **Women Empowerment:** Microfinance institutions are playing a major role in empowering the women force in India. By offering financial services to the poor unprivileged women of the country, the institutions have opened a door for their economic growth. Uneducated, poor and unemployed women usually don't get access to loans from typical lending organizations and this is where the MFIs have come to their help.
- **Rural Development:** More than subsidies, poor need access to credit. Absence of formal employment make them 'non-bankable'. This forces them to borrow from local moneylenders at exorbitant interest rates. MFIs enhance credit to poor even in the absence of formal mortgage.



- **Financing the unfinanced:** The microfinance sector consistently focuses on understanding the needs of the poor and on devising better ways of delivering services in line with their requirements, developing the most efficient and effective mechanisms to deliver finance to the poor.
- The **World Bank estimates** that more than 500 million people have directly or indirectly benefited from microfinance-related operations.
- The benefits of microfinance extend beyond the direct effects of giving people a source for capital. Entrepreneurs who create successful businesses, in turn create jobs, trade, and overall economic improvement within a community.
- Empowering women in particular may lead to more stability and prosperity for families and subsequently in the society.

6.3. Issues Related to Microfinance Institutions

- **Higher rates of interest:** MFIs' charge a very high rate of interest (12-30%) as compared to commercial banks (8-12%). Recently, the RBI (India's regulatory bank) announced the removal of upper limit of 26% interest on MFI loans. This has worsened the situation for customers and led to farmer's suicide in states like Andhra and Maharashtra.
- **Over-dependence on banking sector:** Around 80% of their funds come from banks. Most of these are private banks charge a high rate of interest and also the term of loans is of shorter period. It makes them incompetent and less reactive to cases of default and delinquencies.
- **Lack of awareness of financial services:** Financial literacy is very low in India. About 76% of the population do not understand basic financial concepts. MFIs struggle to make their business more financially viable due to this lack of awareness
- **Regulatory Issues:** RBI is the regulator for MFIs. But needs and the anatomy of micro finance industry is supremely different from that of banks. Regulatory issues have led to sub-optimal performance and failure in the development of new financial products and services
- **Appropriate Model:** Most of the MFIs follow SHG or JLB model. Most of the time selection of model is not scientific in nature. It affects the sustainability of the organisation in the long-run and also increases the risk of borrowings for the poorer section beyond they can bear.

6.4. Suggestions to Improve the Working of Microfinance Institutions

- **Supervision:** There is need for **field supervision of MFIs** to check ground realities and the operational efficiency of such institutions.
- **Incentivizing rural penetration:** Incentives should be offered to MFIs for opening branches in unbanked villages, so as to increase rural penetration.
- **Improving services:** MFIs be encouraged to offer complete range of products to their clients. Transparent pricing and technology implementation to maintain uniformity and efficiency are among the others which these institutions should adopt.
- **Funds availability:** Inability of MFIs in getting sufficient funds is a major hindrance in the microfinance growth and so these institutions should look for alternative sources of funds. It includes outside equity investment, portfolio buyouts and securitization of loans which only a few large MFIs are currently availing.
- **Information and technology:** It can induce massive impact on the state of credit market accessibility which remains the most significant issue when it comes to availability of formal loans at market price.
- **Separate regulatory authority:** Indian microfinance industry came a long way from 1975 with the development of RRB (Regional and Rural Banks). Smooth functioning of Indian

microfinance industry can be enabled through setting up of a separate regulatory authority to discourage malpractice and political influence.

- **Strengthening the credit check and debt collection processes** and educating the villagers about products and consequences is important.

7. Societies, Trusts, Donors, Charities and other Stakeholders

The law concerning Societies, Trusts, Waqfs and other endowments in India can be placed in three broad groupings:

- **Societies** registered under the Societies Registration Act, 1860 and various States amendments on it after 1947;
- Those engaged in pure **religious and charitable work** registered under the Religious Endowments Act, 1863; the Charitable and Religious Trusts Act, 1920; the Waqf Act, 1995 and similar other State Acts;
- **Trusts and charitable institutions** registered under the Indian Trusts Act, 1882; Charitable Endowments Act, 1890; the Bombay Public Trusts Act, 1950; and similar other State Acts.

7.1. Societies

A Society is basically an association formed by seven or more persons with some common objectives for promotion of literature, fine arts, science etc. There may or may not be some common asset to start with but, in course of time, the Society can acquire assets. They are registered under Societies registration Act, 1860.

Many of State legislations (through post-Independence amendments) went for widespread governmental controls to deal with abuses, malfeasance and nonfeasance of Societies. The legal measures include:

- State's power of enquiry and investigation;
- cancellation of registration and consequent dissolution of Societies;
- supersession of the Governing Body;
- Appointment of administrator;
- Dissolution; and
- Deletion of defunct organisations.

7.2. Trusts, Religious Endowments and Waqfs

Trusts, Endowments and Waqfs are legally created as modes of property arrangement/settlement dedicated for definite charitable and religious purposes. The details with regard to their incorporation, organisational structure and distribution of functions and powers are governed by the provisions of the specific law under which they are registered.

Broadly, such organisations can assume a legal personality in the following five ways:

- By way of formal registration before the Charity Commissioner / Inspector General of Registration under the respective State Public Trusts Act e.g. the Bombay Public Trusts Act, 1950, the Gujarat Public Trusts Act etc.;
- By invoking interference of civil courts to lay down schemes for governing a Trust under Sections 92 and 93 of the Civil Procedure Code;
- By registering the Trust deed of a Public Charitable Trust under the Registration Act, 1908;
- By notifying an organisation in the list of Charitable Trusts and Religious Endowments which are supervised by the Endowments Commissioner of the State or by a Managing Committee formed under the Charitable Endowments Act, 1890 or under other State laws on Hindu Religious and Charitable Endowments; and
- By creating a Waqf which could be managed under the provisions of the Waqf Act, 1995.

7.2.1. Trusts

Trust is a special form of organisation which emerges out of a will. The will maker exclusively transfers the ownership of a property to be used for a particular purpose. If the purpose is to benefit particular individuals, it becomes a Private Trust and if it concerns some purpose of the common public or the community at large, it is called a Public Trust.

Difference between Trust and Society

- The subjects on which an institution can be registered under the Societies Registration Act, 1860 are practically the same as those on which a Trust could also be formed.
- The Society, prima facie, is a democratic entity, as all its members (at least seven in number) have an equal say in its running whereas in a Trust, control over the property remains fully in the hands of the Trustees and depending on the clarity of the will, such a management continues to be in existence for a long time.
- Government intervenes only when Trustees change or the Trust becomes too old to be managed as per stipulations of the original will, or on grounds of malfeasance or abuse of trust.

7.2.2. Religious Endowments

- Religious Endowments and Waqfs are variants of Trusts which are formed for specific religious purposes e.g. for providing support functions relating to the deity, charity and religion amongst Hindus and Muslims respectively.
- Unlike Public Trusts, they may not necessarily originate from formal registration, nor do they specifically emphasise on a triangular relationship among the donor, Trustee and the beneficiary.
- Religious endowments arise from dedication of property for religious purposes. The corresponding action among the Muslim community leads to the creation of Waqfs. Waqfs tie up the property and devote the usufruct to people.
- The Indian Constitution recognizes freedom to manage religious affairs as one of the fundamental rights of its citizen. According to Article 26 - "Subject to public order, morality and health, every religious denomination or any section thereof shall have the right:
 - to establish and maintain institutions for religious and charitable purposes;
 - to manage its own affairs in matters of religion;
 - to own and acquire movable and immovable property; and
 - to administer such property in accordance with law.
- Though, the above provision gives freedom to create Trusts / charitable institutions for religious purposes, it puts some rider on administration of such property "in accordance with law" – Article 26(d).

7.2.3. Waqfs in India

- Under Muslim rule in India, the concept of Waqf was more widely comprehended as aligned with the spirit of charity endorsed by the Quran. Waqf implies the endowment of property, moveable or immovable, tangible or intangible to God by a Muslim, under the premise that the transfer will benefit the needy. As it implies a surrender of properties to God, a Waqf deed is irrevocable and perpetual
- Currently, 300000 Waqfs in India are being administered under various provisions of the Waqf Act, 1995. This Act is applicable throughout the country except for Jammu and Kashmir and Dargah Khwaja Saheb, Ajmer.
- The management structure under the Act consists of a Waqf Board as an apex body in each State. Every Waqf Board is a quasi-judicial body empowered to rule over Waqf-related disputes. At the national level, there is Central Waqf Council which acts in an advisory capacity.

- The Waqf Act was amended in 2013. The amended Waqf Act, has made provisions for strengthening the Waqf Institution and streamline their functioning. Some of the important provisions incorporated in the Act are-
 - The definition of Waqf has been modified to allow non-Muslims also to create Waqf
 - If the tenancy, lease or license has expired or been terminated, this would be considered as encroachment
 - The Central Waqf Council has been empowered to issue directive to the State Waqf Boards on their financial performance, survey, maintenance of Waqf deeds, revenue records, and encroachment of Waqf properties seeking annual report and audit report
 - Any dispute arising out of a directive issued by the Central Waqf Council to be referred to a Board of Adjudication to be constituted by the Central Government, to be presided over by a retired judge of the Supreme Court or a retired Chief Justice of a High Court
 - The Establishment of State Waqf Boards within 6 months from the date of commencement of this Act
 - 'Sale', 'Gift', 'Mortgage', 'Exchange' and 'Transfer' of Waqf properties have been prohibited to curb alienation of Waqf properties
 - 'Lease' of Waqf properties is being allowed. However, 'Lease' of Mosque, Dargah, Khanquah, Graveyard and Imambara has been prohibited
 - The lease period has been enhanced uniformly upto 30 years for commercial activities, education or health purposes with the approval by the State Govt. because of the long gestation periods of such projects and the long periods of return on capital employed. The maximum period of lease of agricultural land is fixed for 3 years. Further, lease beyond 3 years is to be intimated to the State Government and it would become effective only after 45 days.

7.3. Trade Unions

In terms of Section 2 of the Trade Unions Act, 1926, a "Trade Union means a combination, whether temporary or permanent, formed primarily for the purpose of regulating relations between workmen and employers or between workmen and workmen or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more Trade Unions." For instance: E.g. All India Trade Union Congress (AITUC), Bhartiya Mazdoor Sangh (BMS), Centre for India Trade Unions (CITU) etc.

- Importantly, it is also provided that no member of the Council of Ministers or a person holding an office of profit (not being an engagement or employment in an establishment or industry with which the Trade Union is connected), in the Union or a State, shall be a member of the executive or other office bearer of a registered Trade Union.
- The first registered trade-union is considered to be the Madras Labour Union founded by B.P. Wadia in 1918, while the first trade union federation to be set up was the All India Trade Union Congress in 1920.
- The purpose of these unions is to look into the grievances of wagers and present a collective voice in front of the management. Hence, it acts as the medium of communication between the workers and management.
- Regulation of relations, settlement of grievances, raising new demands on behalf of workers, collective bargaining and negotiations are the other key principle functions that these trade unions perform.
- The Indian Trade Union Act, 1926, is the principle act which controls and regulates the mechanism of trade unions. In India, political lines and ideologies influence trade union movements. This is the reason why today political parties are forming and running trade unions.

Following are some of the **shortcomings or the weakness of the trade union movement in India:**

- **Lack of Balanced Growth:** Trade unions are often associated with big industrial houses. A vast majority of the working population is without any union backing. The entire agricultural sector is highly unorganized in India. The agricultural workers are subject to all kinds of exploitation. The same is true with respect to those working in small scale and cottage industries. Lack of balanced growth of trade unions in all sectors is one of the major weakness of the trade union movement in India.
- **Low Membership and Poor financial Position:** Many employees are not willing to join unions because of fear of pay cut and fear of punishment. Trade Unions may also have to depend on contributions from philanthropists. The poor financial position can only weaken the trade union movement.
- **Political Control:** Most popular trade unions in India are affiliated to certain political parties. These political parties are only keen on making every grievance of the working class a political issue to attain political gains. As a result the problem only gets wide publicity and remains unsolved.
- **Multiplicity of Unions:** Often there exists more than one union within the same industry each backed by a political party. These various unions have conflicting ideology. If one union comes out with a strike proposal another union may work against it. As a result, none of the unions is actually able to solve the problems of the workers.
- **Inter-Union Rivalry:** The existence of many unions within a particular industry paves way for what is called inter-union rivalry. These unions do not work together for the cause of the workers. Each union may adopt a different approach to the problem. The inter-union rivalry may become a more serious problem of the workers. As a result, the employees are unable to derive the benefits of collective bargaining.
- **Lack of Recognition and Opposition from Employers:** Due to the above reasons, most of the managements are not prepared to recognize trade unions. Most employers do not let their employees from a union. The employers are able to achieve this by adopting certain punitive measures like intimidating employees victimizing union leaders, initiating disciplinary action against employees indulging in union activities and so on. Some employers also start rival unions with the support of certain employees.
- **Lack of able leaders and Indifferent Attitude of the Members:** Trade unions face the issue of lack of able leaders. Some members do not even make a prompt payment of the subscription amount. There are on the other hand, members who do not attend the general body meetings nor do they bother to know what is discussed in such meetings. Members generally expect the office-bearers to do all that is necessary to achieve the demands.

8. Previous Year UPSC GS Mains Questions

1. **UPSC 2013:** The legitimacy and accountability of Self Help Groups (SHGs) and their patrons, the micro-finance outfits, need systematic assessment and scrutiny for the sustained success of the concept. Discuss.
2. **UPSC 2014:** The penetration of self-help groups (SHGs) in rural areas in promoting participation in development programmes is facing sociocultural hurdles. Examine.
3. **UPSC 2015:** Examine critically the recent changes in the rule governing foreign funding of NGOs under the Foreign Contribution (Regulation) Act (FCRA), 1976.
4. **UPSC 2015:** The Self Help Group (SHG) Bank Linkage Program (SBLP), which is India's own innovation, has proved to be one of the most effective poverty alleviation and women empowerment programme. Elucidate.
5. **UPSC 2015:** How can be the role of NGOs be strengthened in India for development works relating to protection of the Environment? Discuss throwing light on the major constraints.

6. **UPSC 2016:** "In the Indian governance system, the role of non-state actors has been only marginal." Critically examine this statement.
7. **UPSC 2017:** "The emergence of the Self-Help Groups (SHGs) in contemporary times points to the slow but steady withdrawal of the State from developmental activities." Examine the role of the SHGs in developmental activities and the measures taken by the Government of India to promote the SHGs.
8. **UPSC 2019:** What are the methods used by the farmers' organisations to influence the policymakers in India and how effective are these methods?

9. Previous Year Vision IAS GS Mains Test Series Questions

1. **Self-help group (SHG) bank linkage program portrays it as an effective tool being used in various countries to approach a range of socioeconomic issues. Explore the possible performance and sustainability of this type of program in India?**

Approach:

- Describe the Self-help group (SHG) bank linkage program in introduction.
- Performance should cover positive outcomes and challenges faced.
- Exploring the sustainability require suggestions for strengthening the program.

Answer:

A sizeable share of population in India continues to remain outside the formal banking system despite considerable expansion in branch network. Alternative models are being experimented with to meet the objective of financial inclusion. The SHG-Bank linkage model is the indigenous model of micro-credit evolved in India and has been widely acclaimed as a successful model.

SHGs are small, economically homogeneous affinity groups of rural poor (10-20) members each, voluntarily formed to save and mutually contribute to a common fund to be lent to its members as per the group members' decision. SHGs can, therefore be called member - run mini - banks. The SHG - Bank Linkage Programme (SBLP) was an outcome of pilot projects during the 1980s for improving access of India's rural poor to formal institutional financial services. For banks, it was a way of reducing their transaction costs by dealing with groups of people rather than individuals and reducing their risks through 'peer pressure' and making people save.

Positive Outcomes of the SHG - Bank Linkage Programme

- Financial Inclusion and thus the empowerment of Poor Women
- Loan Repayments - very high on-time recovery
- Reduced the incidence of poverty through increase in income, and also enabled the poor to build assets and thereby reduce their vulnerability.
- Enabled households that have access to it to spend more on education than non-client households
- Reduced child mortality, improved maternal health and the ability of the poor to combat disease through better nutrition, housing and health - especially among women and children.
- Contributed to a reduced dependency on informal money lenders and other non-institutional sources.
- It has offered space for different stakeholders to innovate, learn and replicate. As a result, some NGOs have added micro-insurance products to their portfolios, a couple of SHG federations have experimented with undertaking livelihood activities and grain banks have been successfully built into the SHG model in the Eastern Region.

Challenges Faced

- Wide regional disparity both in terms of the spread of SHGs linked to banks and cumulative bank loans disbursed under the programme. While the Southern Region accounted for 48.2 per cent of the total SHGs, the share of North- Eastern Region was just 3.4 per cent. In terms of share in the total bank loans to SHGs, the region-wise differential gets further magnified.
- Even wider intra-regional disparity among the constituent States in SHG spread. In the Southern Region, SHGs per lakh population varied between 891 in Andhra Pradesh and 435 in Kerala. In the North-Eastern region, Assam accounted for 3.1 per cent of the total SHGs while the rest of the six States in the region had a negligible share in the total SHGs.
- There does not appear to be a one-to-one correspondence between banking outreach and spread of SHG movement. Even with similar banking network, SHG spread varies between Regions and States indicating that other local factors are equally important.
- The studies point to the coverage of the upper strata of the poor and not so much to the ultra-poor. Except the government-sponsored programmes that are mandated to focus on poor, the other efforts do not prioritise the poorest.

Suggestions for long term sustainability of SHG-Bank linkage program:-

- Encouraging SHGs in Excluded Regions
- Capacity building of Government functionaries
- Check on corruption/commission while sanctioning and upgrading the loan
- Maintenance of participatory character of SHG movement
- Identification of poor by the NABARD
- Incentive package for NGOs
- Avoid 'ever-greening' of loans
- Transparency in maintenance of records
- SHGs to evolve norms for distribution of surplus
- Identification of income/employment generating activities
- ICT technology and product innovation

2. ***Difference between SHGs and Cooperative Societies.***

Approach:

- Explain that an SHG is an informal yet accountable structure that enables income-generating activities unlike a cooperative, which is more formal, mostly unwieldy and marked by an impersonal outlook.

Answer:

A co-operative society is a voluntary association of persons started with the objective of serving its members. It is primarily designed for promotion of economic interest of its members. It is a self-governing institution.

On the other hand, SHG denotes an association of small group of self-employed people for welfare of its members. It is also a voluntary association wherein groups come together for redressed of common problems. It facilitates a co-operative, participative and empowerment culture. Though both have similarities, certain differences still exist:

- A Self Help Group is an informal structure unlike a co-operative society, which is a more formal and registered organisation.
- Self Help Groups are easy to organise while co-operative societies need a more organised structure.

- Self Help Group consists of 10-20 members while co-operative society has unrestricted number of members.
- Members of Self Help Group come together for redressed of common and individual problems. In co-operative societies, individual problems remain unaddressed.
- Self Help Group has unlimited roles like micro-credit, income generation, community development, special uplifting etc. Role of co-operative societies is restricted to economic activity especially marketing.
- Self Help Group has autonomous decision-making while autonomy is restricted in co-operative societies.

3. Critically analyse the change in the nature of civil society in India due to the entry of a large number of professional and well-funded NGOs in it. Also discuss the dilemmas and the limits that this development has created for the civil society.

Approach:

- Explain the concept of civil society.
- Trace the background of civil society in India, preferably from the pre-independence period. Then explain how the nature of civil society has changed over the years due to entry of NGOs.
- Thereafter, discuss whether this has created new dilemmas. This can be done only when the nature of civil society has been clearly explained. Also discuss the limitations of the NGO sector, in light of the role that the civil society is expected to perform.

Answer:

(The answer exceeds the word limit to explain the issues clearly and holistically.)

Civil society organizations in India emerged out of the twin processes of resistance to colonialism and the development of a self-reflective attitude to traditional practices that were increasingly found unacceptable in the light of modern systems of education and liberal ideologies.

In the pre-independence period, at least seven categories of associations constituted the space of civil society, viz. social and religious reform movements, Gandhian organizations, a number of self-help organizations that grew up around trade unions, movements against social oppression particularly the anti-caste movement, associations to petition the colonial government to extend English education and employment opportunities to the educated middle classes formed by professional English speaking Indians, affiliated groups of the Congress party, social and cultural organizations committed to the project of establishing a Hindu nation.

In the post-independence era, a number of civil society organizations took root both to confront violations of democratic rights and to fill the void caused by the development deficit of the state. For instance, from the late 1970s, the struggle for gender justice, the anti-caste movement, the movement for protection of civil liberties (the People's Union for Civil Liberties; PUCL and the People's Union for Democratic Rights; PUDR), the movement for a sound environment (the Chipko movement), the struggle against mega-development projects that have displaced thousands of poor tribals and hill dwellers (the Narmada Bachao Andolan), the campaigns for the right to food, to work, to information, for shelter, for primary education and for health, mobilized in civil society.

However, since 1990's professional and well-funded NGOs that claimed to speak on behalf of different constituencies appeared on the scene. Though it is not that NGOs

are not civil society organizations, but they are different from social associations, or movements, or citizens' groups, or professional associations for they may not be membership-based organizations. A reading and a discussion club, for instance, is based on membership and at some point in time it has to be responsible to its constituency. Thus when such development agencies come into the space of civil society and proceed to act on behalf of citizens, it is not exactly clear as to whom these organizations have consulted and to which constituency they are responsible to. Moreover, even the agenda and mandate of these NGOs is not too clear at times.

Further, the entry of professional NGOs to civil society has brought a qualitatively different way of doing things –campaigns rather than social movements, lobbying government officials and the media rather than politicizing citizens, reliance on networks rather than civic activism, and a high degree of dependence on the judiciary rather than direct action. The campaigns run by them have mostly been successful only when the Supreme Court has intervened on the issue.

Though court interventions have helped campaigns to achieve their goals, the intervention of the judiciary illustrates the paradox of civil society mobilization. It is assumed that civil society groups have the capacity to address the state and to oblige it to heed their demands. However, the Indian state has proved more responsive to Court in junctions, compelling more and more groups to appeal to judicial activism. In part, the Court has adopted a proactive stance because the agenda of contemporary civil society mobilization is self-limiting and confined to the framework of the Constitution.

While NGOs that dominate civil society have tried to deepen democracy by focusing attention on issues that have been left untouched by political representatives- whether the issue be civil liberties, communalism, the right to food, the right to work, or the right to information- however, they have also created some new dilemmas. Firstly, NGOs are increasingly in the business of service delivery. Therefore, they are hardly in the business of acting as “a catalyst for social, economic, and political changes favouring the poor, marginalized, and disadvantaged”.

Secondly, whereas our parliamentary representatives have not proved democratic enough, organizations that seek to deepen democracy may not be representative of the political will at all. Most NGOs are manned by technical experts, who have their own ideas of what a problem is and what should be done about it. The political context of citizen politics has been transformed. It is simply no longer enough to concentrate on elected representatives, how they perform their tasks and how systems of representation can be made more democratic because non-governmental agents “stand in” for citizens, speak for them, engage in the politics of advocacy and often make and unmake policy, without ever having been in touch with the constituency they purport to represent. And they are not likely to do so because this is simply not their job and not their mandate. This really means that while NGOs may be in the business of democracy, they are not in the business of being representative, or accountable to citizens for their acts of omission and commission.

Moreover, there are limits to the NGO sector too. They are not in any position to summon up the kind of resources that are required to emancipate citizens from poverty and deprivation. Moreover, they can hardly implement schemes of redistributive justice that involve transferring of resources from the better off to the worse-off sections of society. And the non-governmental sector cannot establish and strengthen institutions that will implement policy.

More significantly, most NGOs concentrate on either one or a cluster of immediate issues, leaving the big issues untouched– the huge inequalities of resources in the country, for instance. Nor do these organizations touch on the source of powerlessness

and helplessness, in, say, skewed income patterns. They just do not dream the large and expansive dreams that were dreamt of by earlier generations of social activists—restructuring existing structures of power and forging new and equitable structures of social relations.

4. *Involvement of civil society in the policy-making process makes a democracy more participative in nature. Examine the above statement in the context of India.*

Approach:

This question requires understanding of the role of civil society in India. You should highlight the advantages of including civil society in the policy making stage. The answer can be enriched by citing examples like RTI Act, 12th Five Year Plan etc. The answer should end with any recent developments on this and suggestion.

Answer:

In a representative democracy like ours, the representatives of the people are responsible for law making. However in this era of governance approach, there is an increased emphasis on the role of civil society in the governance process. More so there is a realization that civil society should be made a stakeholder at the law making stage itself along with its role in law implementation and post-facto analysis of the development programs. India has earlier witnessed some examples of participation of civil society in the law making process of RTI Act, Sexual harassment of women at workplace (Prevent, Prohibition and Redressal) Act etc. This can provide following benefits:

- In a diverse country like India, centralized law making can't address concerns of all sections. Participative law making process will ensure that laws address the concerns of all sections. Thus the quality of laws is improved.
- One of the major problem in India is lack of awareness about laws in the public. Participation of people in the law making will ensure that they are also aware about the law.
- Increased awareness about the law will reduce the grievances of the public about laws and it'll also ensure better implementation of the laws.
- It'll increase the accountability of the implementation agencies as the aware people will be able to hold those agencies accountable for their acts of omission and commission.
- This will ensure transparency in the administration.
- Laws in India are often jargonized and beyond the understanding of common people. Participation of people will ensure that laws are made understandable for the common man.

This would take India from a “representative democracy to a participatory, deliberative democracy.”

Further, the Cabinet Secretary-led committee has recently decided to institutionalize public participation in the pre-legislative scrutiny process of law-making in India. The decision requires every Central government department to publicise the details of a proposed legislation on the Internet and other media before being introduced in Parliament. Such a model was followed recently in Kerala in revamping the police bill where a number of suggestions have been included.

Under the decision, draft bills must be accompanied with an explanatory note outlining the essential provisions of the bill and its impact on the environment and lives of affected people. The public must then be given at least 30 days to comment. Following

publication, these comments are to be submitted to the relevant parliamentary standing committee examining the bill.

Student Notes:

5. ***While difference in opinions exist between the State agencies and the Voluntary Organizations, the State recognizes the need to preserve, protect and nurture an enabling environment for the development of the Voluntary sector. Explain in context of the National Policy on the Voluntary sector.***

Approach:

- A brief introduction about the importance of the role played by the VOs.
- Explain the statement in question about the difference in opinions/methods between the VOs and State agencies on various issues.
- Thereafter, mention the role of promotion of VOs by the government and how this can be seen in the light of National Policy in this area
- Highlight the pro-active role of the Govt. towards the Voluntary Sector. These include:
 - Partnership in Development
 - Establishing an Enabling Environment for the Voluntary Sector
 - Encouraging Self-regulation to ensure transparent and accountable systems of governance and management of VOs.
- Conclude the answer on a positive note.
- You may give in certain examples – such as the Anti-Kundakulam protest by PMANE etc.
- Caution: Avoid bluntly putting down the objectives of the National Policy on Voluntary Sector.

Answer:

- The country faces a number of complex problems that require **adaptive, multi-sectoral solutions where sustained social mobilization** is particularly important.
- Though there exist difference of opinions and working amongst the two entities, such areas urgently require strategic collaboration between the Government and VOs. The voluntary sector serves an **effective non-political link** between the people and the Government. Both of them differ in their opinions on a number of issues ranging from environment, resource utilization, displacement of people etc.
- National Policy on the Voluntary Sector-2007 recognizes **three instruments of partnership**, viz., (i) **consultation**, through a formal process of interaction at the Centre, State and District level; (ii) **strategic collaboration** to tackle complex interventions where sustained social mobilization is critical over the long term; and (iii) **project funding** through standard schemes.

Partnership in Development

- VOs offer alternative perspectives; committed expertise; an understanding of the local opportunities and constraints; and the capacity to conduct a meaningful dialogue with communities, particularly those that are disadvantaged. The government therefore considers it essential that the Government and the Voluntary Sector work together.
- It must be based on the basic principles of **mutual trust and respect, with shared responsibility and authority.**

Establishing an Enabling Environment for the Voluntary Sector

- The government through the National Policy for VOs aims to provide a set of laws, policies, rules and regulations relating to VOs categorically safeguard their autonomy, while simultaneously ensuring their accountability.

- The independence of VOs will allow them to explore alternative paradigms of development **to challenge social, economic and political forces that may work against public interest** and to find new ways to combat poverty, deprivation and other social problems.
- It shall also enable VOs to legitimately **mobilize necessary financial resources from India and abroad** (tax exemptions, regulation through FCRA). At the same time, the Government will consider tightening administrative and penal procedures to ensure that these incentives are not misused by paper charities for private financial gain.
- The Government will encourage all relevant Central and State Government agencies will introduce time bound procedures for dealing with the VOs. These would cover registration, income tax clearances, financial assistance, etc. There would be **formal systems for registering complaints and for redressing grievances of VOs**.

Encouraging Self-regulation to ensure transparent and accountable systems of governance and management of VOs.

- The Government encourages the evolution of, and subsequently accord recognition to, an independent, national level, **self-regulatory agency** for the voluntary sector.
- The Government will encourage support organizations, and VO networks & federations to facilitate discussion and consensus building on these issues.

This Policy is a commitment to encourage, enable and empower an independent, creative and effective voluntary sector, with diversity in form and function, so that it can contribute to the social, cultural and economic advancement of the people of India.

6. *Unhealthy competition between Self Help Groups (SHGs) and Panchayati Raj Institutions (PRIs) reduces the effectiveness of both. Discuss. How can creating a synergy between the two help in addressing development challenges at the sub-district level?*

Approach:

- Briefly define the role and responsibilities of PRIs and how SHGs compete with these responsibilities.
- Discuss how such an overlap may be unhealthy for the effectiveness of both institutions.
- Finally discuss how coordination and clear demarcation can bring complementarity amongst the two. Give examples of successful PRI-SHG linkage.

Answer:

Self-help groups are micro-finance intermediaries. They are generally facilitated by NGOs, and they advise and train members in a variety of on- and off-farm income-generating activities. Financial intermediation is generally a primary objective to realize larger goals like empowering women, developing leadership abilities, increasing school enrollments, improving nutrition, etc.

As can be seen, PRIs and SHGs have overlapping aims- from poverty alleviation to enhancing participative democracy. The two institutions sometimes compete with each other for space in development administration and political processes. SHGs are then seen as undermining the constitutional roles of PRIs. Following points illustrate the points of friction:

- SHGs are becoming a conduit for routing number of development schemes.
- Alignment of interests of MFIs, NGOs, corporations and donors with that of SHGs. They have been increasingly involved with SHGs rather than PRIs in capacity building.

- Political prejudice due to social compositions of PRIs and SHGs has weakened the relationship.
- Some States have mandated inclusion of SHG members in various committees (like Mid-day meal) of the PRI. However, no attempt has been made in this regard.

However, there are number of successful examples where SHGs and PRIs working in tandem have effected a positive change in the rural society. The Indira Kranti Patham Yojana by Society for Elimination of Rural Poverty (SERP) in Andhra Pradesh is very active in improving the livelihoods of rural poor families. These SHGs work under the Panchayat system for distribution of social security, pensions, wage labour under NREGS, etc. Kudumbashree (Kerala), a women based participatory poverty eradication programme, is an SHG movement into which there has been integration of various Panchayat tiers.

The nature and mandate of both these institutions requires that they operate in coordination to utilize resource efficiently and produce better outcomes. An institutional and functional linkage with the SHGs will enhance responsiveness, accountability and transparency in PRIs.

While at the Gram Panchayat level SHGs could be implementing, monitoring and evaluating agencies, at the Block and District levels, they can act as a pressure group, provide feedback and act as watchdogs. However, it is imperative that the capability and capacity of the SHGs and the PRIs be strengthened for a symbiotic relation.

7. *Despite their location in the non-political domain of civil society, NGOs have ended up playing a key, if indirect, role in India's politics. Comment.*

Approach:

- Introduce by defining Non-Government Organisations (NGOs).
- Discuss the role played by NGOs in Indian society in short.
- Discuss the role (direct/ indirect) played by NGOs in Indian politics.
- Give appropriate examples, wherever necessary.
- Conclude on the basis of above points.

Answer:

NGO is defined as a non-profit private organization that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services or undertake community development.

Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to governments, advocate and monitor policies and encourage political participation through provision of information.

Some NGOs also work for the empowerment of people by mobilizing them on some public issues and thus graduating from a 'welfare' approach. Such NGOs are said to influence politics, in the following ways:

Some NGOs have engaged in popular mobilization against proposed projects, like Kundalkulam nuclear project, POSCO plant, Narmada Bachao Andolan etc. Spearheading movements to provide justice for people affected by such projects has made NGOs serve as a crucial reference point for political parties and other social movements.

- Some NGOs are working directly in political sphere:
 - Instead of representing people or problems of their constituency, representative form of democracy has created caste and religion as political constituency. In such a scenario, some NGOs fill this gap.
 - Some NGOs are continuously working for electoral reform.

- Some NGOs are fighting legal battles for upholding the Constitution and law, and safeguarding the rights of the people, like People's Union for Civil Liberties.
- Many NGOs are providing public services to people at grassroots level, making them enjoy the popular support.
- Many NGOs are actively advocating policy changes for the benefit of the common good, like Greenpeace. Their advocacy affects policy decisions, and thereby they are said to play a political role.

The blurring of the boundaries between NGOs and movement groups, and between NGOs and the state, is just one of many factors that has allowed NGOs to enter gradually and often indirectly, into the domain of electoral politics.

However, many NGOs have been found to be guilty of financial irregularities and working against the national interest, which needs to be rectified. Democratic decentralization has provided an opportunity for NGOs to enter into the political domain. But in the end it's the developmental agenda of the NGOs which is the quintessential feature that aligns it with the politics.

8. *Keeping in mind the importance of NGOs in India's development process it is imperative that adequate legal and regulatory mechanisms should be in place. Discuss in the context of recent developments.*

Approach:

- Introduce with the importance of NGOs and their work.
- Mention recent cases which highlighted the issue with regard to functioning of NGOs.
- Give arguments in favour and against regulation. Mention specific examples and recommendations or rulings where possible.

Answer:

The World Bank defines NGOs as "private organizations that pursue activities to relieve suffering and promote the interests of the poor." They have played an important role in India's development process by carrying out supporting activities. NGOs provide last mile delivery of services where the State does not or cannot reach. NGOs provide feedback about efficacy of government schemes and complement in their implementation. **National policy on Voluntary Sector, 2007** recognised explicitly the role of voluntary sector in national development.

Their wide scope of activities which affect crucial public interests requires that there be a proper legal and regulatory mechanism in place. Further, to enable them to function in an atmosphere of certainty, an 'adequate' framework is necessary.

Recent developments

- In 2015, rules under Foreign Contribution Regulation Act (FCRA) were amended to regulate **foreign funding of NGOs** and the FCRA license of Greenpeace India was cancelled
- In recent years, there have been activist or overtly political NGOs which take recourse to policy advocacy, lobbying, mass mobilisation and strident campaigning to usher in change in government policies or play the role of a watchdog.
- The government had to probe the bank accounts of foreign funded NGOs over discrepancies.

Case for regulation:

Apart from the developments mentioned above, the other reasons are:

- The NGO industry has grown at a very fast pace in recent years.

- Misuse funds by floating NGOs.
- Most NGOs work with inadequately trained professionals.
- There is an increasing monopolization of their leadership.
- Many are funded by the government, and therefore should be scrutinised
- The Supreme Court too, in a recent judgement, has spoken in favour of this step.
- Less than 10% submit their accounts with the Registrar of Societies, as mandated by law.
- Foreign funded NGOs' agendas might be antithetical to national interests.

Case against regulation:

- Already many measures of regulation are in place. More measures might lead to over-regulation.
- Senior management personnel have been brought under the definition of "public servants" under the Lokpal and Lokayukta Act, 2013 and thus are required to disclose their assets and liabilities, along with those of their spouse and children.
- More regulations might hamper the functioning of well-meaning NGOs.
- It may restrict their ability to explore alternative paradigms of development to challenge social, economic and political forces.

Hence, while it is desirable and acceptable to regulate NGOs, the government should take note as to not stifle their voices with over-regulation.

9. *Self Help Groups (SHGs) are vehicles of rural development, which help in the upliftment of marginalized groups. Elucidate. Further, mention the constraints faced by SHGs and how they can be addressed.*

Approach:

- Write a brief introduction on SHGs.
- State their role in rural development and upliftment of marginalized groups.
- Mention the constraints faced by SHGs.
- Suggest remedial measures.

Answer:

Self-Help Groups (SHGs) are small voluntary associations of rural poor approximately 10-20 members each, who come together for the purpose of solving their common problems through mutual help.

Role of SHGs in rural development and upliftment of marginalized groups:

- **Promotion of enterprises:** SHGs promote entrepreneurship among poor through credit support, product development, marketing etc.
- **Access to Credit:** SHGs pool their savings and re-lend the pooled fund to the needy members at low interest rates. This protects marginalised groups such as women, tribals, minorities etc. from the clutches of informal indebtedness due to lack of institutional credit.
- **Increase in income especially of rural women:** SHGs have mobilised about 46 million women in India and have raised their income and standard of living.
- **Pressure group in Gram Panchyats:** They act as pressure groups against issues such as dowry, alcoholism etc. of which women are the primary targets.
- **Capacity Building:** SHGs play an important role in enhancing human capital through training, workshop, imparting skills etc.
- **Collective voice:** SHGs provide a platform for collective bargaining for the marginalised groups.

- **Promoting inclusion of disabled people:** SHGs of people with disabilities are engaged in a whole range of activities including health care, rehabilitation, education, microcredit and campaigning.

Some constraints faced by the SHGs include:

SHGs are inherently informal organisations. Since they constitute mostly the poor and vulnerable, they do not have much funds at their disposal for lending. In this regard, they are often supported by the government through various schemes such as by pushing banks to give them loans at reasonable interest rates. Still, they face multiple problems such as:

- **Inadequate financial assistance:** The government assists SHGs through Deen Dayal Upadhyay- National Rural Livelihood Mission (DAY-NRLM) in rural areas and DAY-NULM in urban areas. The assistance is meant to make SHGs viable till they achieve an appreciable increase in their income and come out of abject poverty. Due to constraint of resources, this funding is insufficient.
- **Difficulty in getting loans:** SHGs' capability to repay the loans is difficult to assess. Banks are usually not forthcoming in lending to them.
- **Inadequate training facilities:** Training given to members of SHGs in areas like production techniques, managerial ability, etc. are often inadequate for them to compete with big industrial units.
- **Problems related to marketing:** SHGs face issues regarding marketing of their products such as lack of sufficient orders, absence of a viable brand name etc.
- **Internal discrepancies:** Several studies have noted issues related to governance, transparency, accountability, irregularity etc. in the functioning of SHGs.
- **Low level of literacy and lack of skilling of members:** A large number of SHG members especially women have low levels of literacy and have not undergone skill training.

Measures to address the constraints include:

- SHG-Bank Linkage Programme is an initiative of NABARD to link the unorganised sector with the formal banking sector.
- Formation of SHGs should be encouraged in excluded regions such as North-East India, North India etc. by improving banking network and involving more NGOs.
- An integrated approach is required for meeting the credit needs of SHGs in terms of backward linkages with technology and forward linkages with processing and marketing organizations.
- A separate SHG Monitoring Cell should be established in every State to collect both quantitative and qualitative information.
- Regular training and capacity building sessions should be conducted for SHGs.

SHGs such as Self Employed Women's Association (SEWA), Kudumbashree etc. prove that SHGs are a tool of effective social mobilization. Their concerns need to be addressed so that they can serve as engines of empowerment and growth in India.

10. ***Explain, with examples, how the self-help groups (SHGs) have been playing a significant role in the empowerment of women in India. Also, mention the initiatives that have been undertaken by the government for promoting SHGs.***

Approach:

- Define SHGs and highlight with examples, their role in women empowerment in India.
- Mention the government initiatives at both Centre and state levels for promotion of SHGs.

Answer:

Student Notes:

SHGs are voluntary associations of self-governed, peer controlled, informal group of people with similar socio-economic background having a desire to collectively perform common purposes. They have played a key role in women empowerment in India, especially rural India as:

- SHGs have mobilized around 46 million rural poor women in India and provided **financial intermediation solutions** for unbanked rural women.
- SHGs provide a **platform** for **collective bargaining** for women rights and accessing loans.
- SHGs provide women with **knowledge, finance, power** and **opportunity- all necessary for women empowerment**. For e.g. SEWA (Self Employed Women's Association), 1972 by Ela Bhatt.
- They inspire women to become **vocal members** of their community. According to the Livelihood Improvement Project in the Himalayas, members of women's SHGs were elected heads of 170 local governments out of the 669 in the region.
- SHGs also educate women regarding **maternal, newborn and child healthcare**. According to a study in Uttar Pradesh and Bihar, there was a 24 percent increase in kangaroo care and 14 percent rise in exclusive breastfeeding among SHG members.
- SHGs also promote **community development** through distribution of funds, resources and technical assistance.
- SHGs are **transforming** bleak villages suffering from malnutrition and poverty into thriving communities. For instance, an SHG supported by Professional Assistance for Development Action (**PRADAN**) and the Ford Foundation has transformed Teliya village in rural Jharkhand.

The government has promoted SHGs through a **3-tiered architecture** of community institutions at group, village and cluster levels through both Central schemes such as **Deendayal Antyodaya Yojana-National Rural Livelihoods Mission** and State government initiatives such as **Kudumbashree** in Kerala and **Jeevika** in Bihar as well as promoting SHGs through dedicated autonomous organisations i.e. State Rural Livelihoods Missions or SRLMs. Other initiatives include:

- Ministry of Rural Development is supporting the organisation of exhibitions by SHGs under the brand name **SARAS**.
- NABARD provides grant support for promoting SHGs and grant assistance for training and capacity building of SHGs. A scheme for promotion of Women Self Help Groups is being implemented by NABARD across 150 backward and Left Wing Extremism (LWE) affected districts of the country.
- E-Shakti is a pilot project of NABARD for digitization of Self Help Groups (SHGs).
- The government has included SHGs as a priority sector to mandate and enhance banks focus on them.

Examples such as Café Kudumbashree (a chain of women-owned and operated canteens in Kerala) prove that SHGs as a tool of social mobilization are promoting women empowerment, further serving as an engine of growth in India.

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GOVERNMENT POLICIES AND INTERVENTIONS FOR DEVELOPMENT IN VARIOUS SECTORS AND ISSUES ARISING OUT OF THEIR DESIGN AND IMPLEMENTATION

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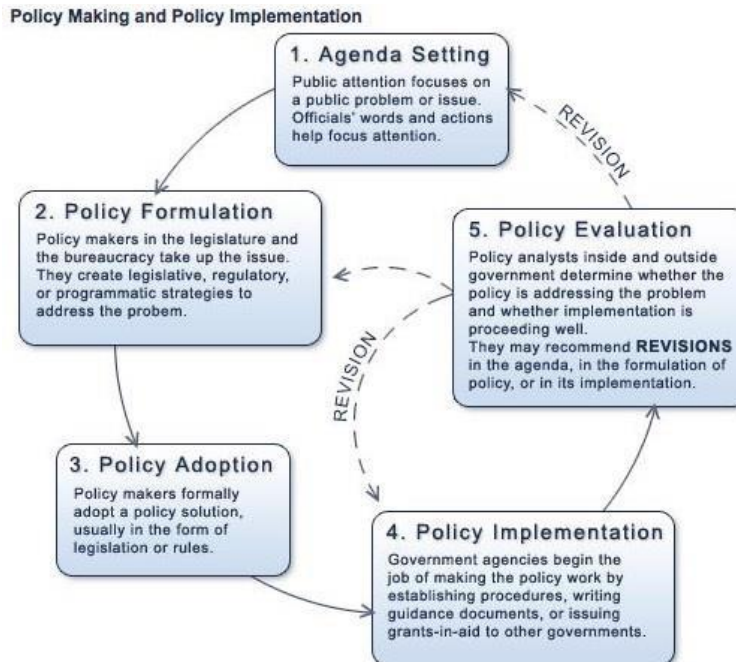
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1. Public Policy

1.1. What is Public Policy?

Public Policies are governmental decisions, and a result of activities which the government undertakes in pursuance of certain goals and objectives. They require a close knit relation and interaction flanked by the significant governmental agencies viz., the political executive, legislature, bureaucracy, and judiciary.



1.2. Nature of Public Policies

- **Goal Oriented:** They are goal oriented. Public policies are formulated and implemented in order to attain the objectives which the government has in view for the ultimate benefit of the masses in general.
- **Collective actions:** It is the result of government's collective actions. It is course of activity or 'the governmental officials and actors in a collective sense than being termed as their discrete and segregated decisions.
- **Decision:** Public policy is what the government actually decides or chooses to do. It can take a variety of forms like law, ordinances, court decisions, executive orders and decisions.
- **Positive/Negative:** Public policy is positive in the sense that it depicts the concern of the government and involves its action to a particular problem on which the policy is made. It has the sanction of law and authority behind it. Negatively, it involves decisions by the governmental officials regarding not taking any action on a particular issue.

1.3. Characteristics of Public Policy Formulation

- **Complex:** Policy making involves many components which are interconnected by communication and feedback loops.
- **Dynamic:** It is a continuous process that requires regular input of resources and motivation. It also changes with time.
- **Comprises of various components:** Public policy formulation involves a great variety of substructures. The identity of these substructures and the degree of their involvement in policy making, vary because of different issues, circumstances and societal values.
- **Lays down guidelines:** Public policy, in most cases, lays down general directive on the main lines of action to be followed.

- **Results in action:** The public policy creates apparatus and environment for action.
- **Best use of possible means:** Public policy making aims at achieving the maximum net benefit. Benefits and costs take in part the form of realized values and impaired values.
- **Futuristic:** Policy making is directed at the future. This is one of its most important characteristics since it introduces the ever-present elements of uncertainty and doubtful prediction.
- **Public Interest:** A larger public interest guides the policy making strategy.
- **Wide consultation:** Industrial workers, voters, intellectuals, legislators, bureaucrats, political parties, political executives, judiciary are the various organs that participate in public policy making and can influence the policy process to a great extent.

1.4. Types of Public Policy

- **Substantive:** These are policies related to general welfare and development of the society, the programmes like provision of education and employment opportunities, economic stabilization, law and order enforcement, anti-pollution legislation.
- **Regulatory:** These are concerned with regulation of trade, business, safety measures, public utilities. Organizations like LIC, RBI make these regulations on behalf of the government.
- **Distributive:** These are meant for specific segments of society and are related to area of grant of goods, public welfare or health services. Examples include adult education programme, food relief, social insurance, vaccination camp etc.
- **Redistributive:** The Redistributive policies are concerned with the rearrangement of policies which are concerned with bringing about basic social and economic changes. Certain good and services that are divided disproportionately are streamlined.
- **Capitalization:** Under this policy, financial subsidies are given to state and local governments by Union governments.

2. Public Policy in India

2.1. Public Policy in India after Independence

In a planned economy, state is perceived as active agent to promote and shape societies in various activities with the help of public policy. This expanded the scope of public policy from mere regulation to development. Furthermore, it led to involvement of more governmental agencies and institutions to formulate and implement policies.

Soon after the independence, India opted for planned economic development. It was believed that it is economic development that will usher social and political development culminating into human development. This role was primarily taken up by Planning Commission to formulate policies and develop perspectives that could define the direction which country would follow. For all policy directions, the Five Year Plans (FYP) became the major source.

The policy was of two types – for regulation and promotion. While it regulated the scope for entrepreneurs and industrialists, the policies also promoted social change through acts like Dowry Act and Divorce Act.

The first major goal of public policy in India has been in the area of socio-economic development. Major policy formulation was done in the area of industrial and agricultural development.

In addition to socio-economic challenges, India also faced internal and external security threats. Regionalism, for example, displays fissiparous tendencies tie and again. This led to formulation of defence policies towards national integration and greater national cohesiveness.

However, formulating an all-encompassing policy in India has been a difficult process. By their very nature, policies have been contradictory. What may be rational for economic development

may not be so for national integration. Thus, the need for strong centre to cope with external threats is important but it may go against the principle of decentralization which provides for greater national cohesion of a heterogeneous society.

The Five Year Plans (FYPs) focused on key elements for development in India. For instance, while 1st FYP focused primarily on **agriculture**, second one aimed for massive **industrialization** of the country. In subsequent plans, focus areas included – **industrial growth, agricultural productivity, defense expenditure, exports, public development expenditures, poverty, rural development, infrastructure, market reforms and social infrastructure** among other things.

Achievements of planned development

- **Higher rate of growth:** In the pre-plan era, India was stuck in Low equilibrium trap. Later the growth rate improved, but still lagged behind the global average and was derided as 'Hindu growth rate'. Post LPG reforms, the growth rate improved massively. In the period between 2002 - 2014, it also witnessed many years of double digit growth.
- **Increase in national income and per capita income:** Today India is 3rd largest economy in PPP terms. Also the per capita income has seen massive jump over the decades.
- **Development of Economic Infrastructure:** Five-year plans laid the foundation for development of economic infrastructure which include transportation, power generation, communication etc.
- **Social Infrastructure:** Average life expectancy for both male and female has improved substantially. Infant Mortality Rate and Maternal Mortality rate has dropped significantly. India has been successful in eliminating debilitating disease like Polio and small pox.
- **Self-sustainability in agriculture:** India faced severe food scarcity in 1960s. It has to depend upon foreign food aid. This forced government to usher in Green revolution and Operation Flood. Currently, India produces surplus food grains.
- **Savings and Interest:** The saving rates were paltry 8-9% of GDP in 1950-51. Currently it is more 30% of GDP.
- In addition to this, India became a self- sufficient economy, hot destination for foreign investment, and witnessed development of basic and capital goods industries.

Failures of planned development

- **Economic Inequality and Social Injustice:** Even after 7 decades of independence, more than 22% of population lives below poverty line. The figure is dismal even after the benchmark for poverty is kept very low. While India also has 3rd largest population of billionaire. The inequality has never been so stark.
- **Unemployment:** India has witnessed the phenomena of 'Jobless growth'. Even after years of being tagged as fastest growing economy, the rate of job creation is merely 2%.
- **Slow growth in production sector:** Priority should have been given to the development of agriculture in all the plans, but it was not done. Capital intensive industries in urban areas were given precedence over small scale industries in the rural areas.
- **Inefficient administration:** According to an UN report, one of the short comings of plan years has been the laggard implementation. Plans were formulated after good deal of discussion and deliberation but their targets are not achieved due to inefficient administration, dishonesty, vested interest and red tapism.
- **No mechanism of feedback, monitoring and evaluation:** All the plans were formulated by a single body (Planning Commission) without much field studies to analyze effectiveness of preceding plans. Also there was certain high-handedness in policy formulation with little consultations with stakeholders like state governments.



- **Standard of Living:** The per capita income has not increased, while inflation has paralyzed the life of middle and lower class. Urban space has witnessed proliferation of slums with issues of sanitation, crime against women and child.

2.2. Weaknesses in India's Public Policy Making

- **Fragmentation in Thinking and action:** There is extreme fragmentation in the structure. For example, the transport sector is dealt with by five departments/Ministries in the government of India whereas in the US and UK it is a part of one department. Such fragmentation fails to recognize that actions taken in one sector have serious implications on another and may work at cross purposes with the policies of the other sector.
- **Overlap between policy making and implementation:** This creates a tendency to focus on operational convenience rather than on public needs. In India, policy making is done at director and above level. But the most important level i.e. crucial for consideration of cross-cutting impacts is that of the Secretaries. Also officers are more comfortable with implementation matters than with policy making. This results in sub-optimal policies, where adequate attention has not been paid to citizen needs.
- **Over-centralization:** In India, there is excessive concentration of implementation powers at the higher levels of the Ministries.
- **Lack of non-governmental inputs and informed debates:** The best expertise in many sectors lies outside the Government. Yet the policy processes and structures of Government have no systematic means for obtaining outside inputs.
- **Lack of systematic analysis and integration prior to policy making:** Policy decisions are often made without adequate analysis of costs, benefits, trade-offs and consequences. There is a school of thought which suggests that the excessive involvement of poorly informed generalists is the main cause of poor policy-making and implementation.
- **Lack of evidence based research:** Most of the times, policy formulation is carried out by few senior bureaucrats and politicians who are not aware of prevailing ground realities. There is no prior field study or survey is done to take macro as well as micro view of ground realities.
- **Politically motivated policies:** At times, electoral considerations dominate the aims and objectives of a policy. Frequent loan waiver by different states in India is one such example. Loan waiver is poor economic policy. It creates moral hazard for the farmers and puts banking sector under stress.
- **Lack of imagination:** Public policy-making in India has frequently been characterized by a failure to anticipate needs, impacts, or reactions which could have reasonably been foreseen, thus impeding economic development. Policies have been reversed or changed more frequently than warranted by exogenous changes or new information.

Sense and Solidarity – Jholaawala Economics for everyone

Jean Dreze, in his new book 'Sense and Solidarity – Jholaawala Economics for everyone' terms unintended consequences as one issue. He cites frequent tweaks in MGNREGS as a glaring example. He says in its bid to prevent officials from siphoning off wages, the government started processing payments through banks and post offices. This had the unintended effect of demotivating many local officials from doing any MGNREGS-related work

2.3. Strengthening Public Policy in India

- **Reduction in fragmentation:** This can be achieved by appointing fewer Secretaries. Each of them would handle more than one of the existing sectors. This will result in more coordination and integration in policy making as well as implementation.
- **Separating policy-making from implementation and decentralizing implementation authority:** The implementation responsibilities should be entrusted to Boards and Agencies, headed by a Director-General, in the rank of Joint Secretary or Additional

Secretary. While her/his primary responsibility would be implementation, she/he would also provide essential inputs for policy making. Thus, she/he will act as bridge between policy and implementation. While Secretary should concern herself/himself only to policy-making and have no implementation responsibilities.

- **Improving integration and the flow of knowledge from outside the government:** There is need to create structures which ensure the availability to policy-makers of non-Governmental inputs and subject matter expertise. To this end, each Ministry or Department should have a "Policy Advisory Group". This would consist of:
 - Selected top civil servants, covering related sectors.
 - Stakeholder/ Industry representatives
 - Academics with expertise in the field

These Policy Advisory Groups should cut across departmental viewpoints, and offer integrated policy suggestions. Consultation of the Policy Advisory Group and a consideration of the Group's views would be mandatory on all policy matters, before a proposal is placed before the Cabinet.

2.4. Policy Monitoring and Evaluation

- A surge in public expenditure driven by economic growth has resulted in a growing demand for monitoring and evaluation (M&E) and performance management from government, program implementers, international donor organizations, and civil society at large.
- In the light of these imperatives, the Indian government has taken initiatives to improve the monitoring and evaluation environment. Few of them include
 - Performance Management and Evaluation System created by Cabinet Secretariat
 - National Productivity Council under Department of Industrial Policy & Promotion, Ministry of Commerce and Industry
 - Ministry of Finance has instituted outcome budgeting.
 - Management Information System (MIS)
 - Programme Evaluation Organization (under erstwhile Planning Commission)
 - Niti Aayog
- In addition to these institutions, civil society and media has also played crucial role in evaluating governmental policies.
- In addition to the media and civil society, two more institutions, which are part of India's constitutional governance system, are playing a key role in demand for accountability. One is the Comptroller and Auditor General (CAG) and the other is the Supreme Court.
- The CAG has been in the limelight for its reports exposing big corruption scandals – relating to the 2G spectrum allocation to companies, the Commonwealth Games scams, and the coal-mining allocations to private companies
- Similarly, the Supreme Court of India has been accepting many Public Interest Litigation petitions from civil society and monitoring executive actions.

3. Major Governmental Interventions for Development in Various Sectors

(This section covers the sectors of Rural Development, Urban Development, Skill Development and Social security. The other sectors are covered in the value addition material of Social Justice topics)

3.1. Rural Development

According to 2011 Census, about 70% of India's total population lives in rural areas. These areas are marked by mass poverty, low levels of literacy and income, high level of unemployment, and poor nutrition and health status. Consequent upon these problems, it becomes imperative upon the Government to undertake Rural Development programmes.

Rural development means the overall development of rural areas to improve the quality of life of rural people. It is a process leading to sustainable improvement in the quality of life of rural people especially the poor. As such, the rural developmental programmes mainly intend to achieve the following objectives:

- Reduce poverty and unemployment;
- Improve the health and educational status;
- Fulfill the basic needs such as food, shelter and clothing of the rural population.

Consequent upon the need for both economic growth as well as social transformation, Ministry of Rural Development implements several programs aimed at poverty reduction, rural infrastructure, habitat development, provision of basic minimum services; and employment to marginal farmers/laborers to discourage seasonal and permanent migration to urban areas.

3.1.1. Mahatma Gandhi National Rural Employment Guarantee Act

- The MGNREGA provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage.
- The Ministry of Rural Development (MRD), Government of India is monitoring the entire implementation of this scheme in association with state governments

3.1.2. Shyama Prasad Mukherji Rurban Mission

- It aims to create 300 rural growth clusters across the country to:
 - bridge the rural urban divide- economic, technological and those related to facilities and services.
 - spread development in the region.
 - attract investment in the rural areas.
 - stimulate local economic development with emphasis on reduction of poverty and unemployment in rural areas

3.1.3. Pradhan Mantri Ujjwala Yojana

- The scheme aimed at providing 8 Crore (earlier target was 5 crore) deposit free LPG connections to women from BPL households has been achieved.

3.1.4. Deen Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

- This scheme focuses on feeder separation (rural households & agricultural) and strengthening of sub-transmission & distribution infrastructure including metering at all levels in rural areas. This will help in providing round the clock power to rural households and adequate power to agricultural consumers.
- The earlier scheme for rural electrification viz. Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) has been subsumed in the new scheme as its rural electrification component.
- Out of the 18,452 villages chosen for electrification, the government claimed that 15,183 villages had been connected to the grid by December 2017.

3.1.5. Deendayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM)

- The scheme aims:
 - To reduce rural poverty by enabling poor households to access gainful self-employment and skilled wage employment opportunities.
 - To mobilize 10-12 crore rural households into self-help groups in a time bound manner by 2024-25.
 - To bring about a sustainable improvement in the livelihoods of the poor through building strong community institutions.

- To "establish efficient and effective institutional platforms of the rural poor that enable them to increase household incomes through livelihood enhancements and improved access to financial and public services"
- To reach out to 7.0 crore rural poor households of which 4.5 crore remain to be mobilized into the Self-Help Groups (SHGs).

3.1.6. Mission Antyodaya

- To address the multidimensionality of poverty in a time bound manner through a convergence of resources, both financial and human to provide an opportunity for transformational changes.
- It is a State - led accountability and convergence framework for rural transformation to make a real difference based on measurable outcomes to the lives of 1,00,00,000 households in 5,000 rural clusters or 50,000 Gram Panchayats in 1,000 days.

3.1.7. Pradhan Mantri Gram Sadak Yojna

- This initiative aims to provide Connectivity, by way of an All-weather Road to the eligible unconnected Habitations in the rural areas with a population of
 - 500 persons and above in plain areas.
 - 250 persons and above in respect of the Hill States, the Desert Areas, the Tribal areas and selected Tribal and Backward Districts.
 - For critical Left Wing Extremism (LWE) affected blocks in nine States of Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Uttar Pradesh and West Bengal (as identified by MHA), additional relaxation has been given to connect habitations with population of 100 persons and above.

3.1.8. Pradhan Mantri Adarsh Gram Yojana (PMAGY)

- The objective of this scheme is:
 - To ensure integrated development of all villages having total population ≥ 500 and with more than 50% persons belonging to the Scheduled Castes into "model villages" (by 2024-25) so that:
 - They have all requisite physical and social infrastructure for their socioeconomic development.
 - Disparity between SC and non-SC population in terms of common socioeconomic indicators (e.g. literacy rate, completion rate of elementary education, IMR/MMR, ownership of productive assets, etc.) is eliminated.
 - Untouchability, discrimination, segregation, and atrocities against SCs are eliminated, as are other social evils like discrimination against girls/women, alcoholism and substance (drugs) abuse, etc.

Activities in an Adarsh Gram



3.1.9. Pradhan Mantri Awaas Yojna (Grameen)

- The objective of this scheme is to
 - Provide a pucca house, with basic amenities, to all houseless householder and households living in kutcha and dilapidated house in rural areas by 2022.
 - Immediate objective was to cover 1 crore households which are houseless or living in kutcha house/dilapidated house in three years from 2016-17 to 2018-19
 - Total target for construction- of 1.95 crore houses under PMAY-G Phase-II upto 2022.
 - The scheme originally was meant to cover people in the EWS (annual income not exceeding Rs. 3 lakh) and LIG (annual income not exceeding Rs. 6 lakh) sections, but now covers the mid-income group (MIG) as well

3.1.10. Gram Swaraj Abhiyan

- The campaign, undertaken under the name of “Sabka Sath, Sabka Gaon, Sabka Vikas”, is to promote social harmony, spread awareness about pro-poor initiatives of government, reach out to poor households to enroll them as also to obtain their feedback on various welfare programmes.
- As a special endeavour during the Gram Swaraj Abhiyan, saturation of eligible households/persons would be made under seven flagship pro-poor programmes in 21,058 identified villages, namely - *Pradhan Mantri Ujjwala Yojana, Saubhagya, Ujala scheme, Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana and Mission Indradhanush.*

3.1.11 Assessment of Rural Development Programmes in India & related issues with their design and implementation

Before making an assessment of policies and programmes oriented towards rural transformation, it would be prudent to assess how each sector performed over the last few years. The sector wise growth rates can be observed in the table given below:

Table 1: Sector-Wise Growth rates (Per cent Per annum, constant prices 2011-12) during 2014-15 to 2018-19

Sector	Growth rate during 2014-15 to 2018-19
Agriculture, Forestry and Fishing	2.94
Industry	6.42
Construction	4.76
Services	6.38
Gross Value Added	5.85

3.1.11.1. Design and Implementation issues related to Programmes associated with raising rural income

The growth rates by and large show lacklustre performance of the rural economy. This has been the case since independence despite priorities being given to this sector.

Table 2: Class wise Income from Agriculture (Rs.) 2015-16 at constant prices

Category	No. of cultivators (million)	No. of cultivators % share	Area Occupied % share	Per Cultivator Annual Income (Rs.) 2015-16	Monthly Income (Rs.) 2015-16
Marginal <1ha.	99.86	68.53	24.15	33,636	2,803
Small (1 to 2 ha.)	25.78	17.69	23.2	1,16,196	9,683
Semi-Medium (2-4 ha.)	13.76	9.44	23.65	2,15,656	17,971
Medium (4-10 ha.)	5.48	3.76	19.96	4,35,846	36,320
Large (>10 ha.)	0.83	0.57	9.04	12,82,125	1,06,844
Total/Average	145.71	100.00	100.00	87,614	7,301

- **Income Support:** The Government offered an income support initiative in the form of **PM Kisan** which provided direct income support of Rs 6,000 per year to farmers who have up to 2 hectares of land and consequently extended its ambit to all farmers which meant that an additional 20 million farmers were entitled for this benefit.
- Table 2 clearly demonstrates that 68.53 per cent of cultivators are marginal and earn an annual income of Rs 33,636 (2015-16) from farming which translates into a monthly income of Rs 2,803. Large farmers earn as much as Rs 12,82,125 annually or Rs 1,06,844 per month. With such a **massive difference in income**, the decision to extend PM Kisan to all farmers by the same amount appears irrational.
- **Productivity:** It can be observed that **value added per worker in industry sector is 3.06 times that of the agriculture sector** while that of the service sector is 5.8 times that of agricultural sector. There are several major issues which cause low productivity in the agricultural sector.
 - There is still a **lack of protective irrigation** in several states and failure of monsoons leads to crop failure which in turn leads to loss of income.
 - Despite ambitious PMKSY goals, the situation on the ground needs significant overhaul. Manifold increase in allocation of funds; quick clearances of projects related to interlinking of rivers is required.
 - The seed replacement rate in the country is lower than optimum. Fertiliser subsidies have led to disproportionate use of urea.
 - Seed research capacity in the country needs to be augmented; private sector participation needs to be increased in seed production and distribution especially through removal of price control and lastly a robust third party seed certification system should be encouraged.
 - The **allied sector** also suffers from several constraints. For example, dairy is a very important economic activity which spurred a white revolution but though India is a world leader in milk production, the quality of breeds is mainly indigenous which have low milk yielding capacity. Added to this is shortage of green fodder, improper veterinary care and poor supply chain.
- **Remunerative prices for farmers:** The issues under this subhead fall into two categories - Marketing Reforms and MSP Reforms.
 - Agri-marketing suffers from policy distortions, fragmentation due to large number of intermediaries; lack of vertical integration and the stranglehold of mandis.
 - Pre-announcement of MSP led to substantial fluctuations in market prices. MSP also distorted cropping patterns, with excessive focus on cultivation of wheat, rice and sugarcane in procurement states.
 - It led to environmental degradation in the form of depleted water sources, soil degradation, and deterioration in quality of water quality in some states. Furthermore,

procurement at MSP in north-eastern states is minimal to non-existent and is thus discriminatory.

- Agricultural commodities, are not only perishable but also have **low income and price elasticity of demand**. Hence even an increase in production may lead to fall in prices. This issue to some extent can be resolved by expanding markets and improving the supply chain.
- Exports have a huge potential but limitations also, due to Sanitary and Phyto-Sanitary issues which act as a major form of Non-Tariff Barrier to trade, particularly for developing countries.
- India's share in global exports of agricultural products is barely 1 to 2 per cent. Post-harvest infrastructure and meeting global standards or the specific standards of importing countries therefore require compliance in order to strengthen exports.
- **Structural Shift in the workforce:** The best way to address the issue of farm distress is by reducing the workforce in agriculture. This also poses a major challenge as there would be distress migration to urban areas. Periodic Labour Force Surveys have revealed anxiety and panic in the job market and the urban unemployment rate is a major cause for concern. Furthermore, the *quality* of employment is observed as casualisation and informal sector employment is a prominent feature of the labour markets. The capacity of public sector to create good quality jobs is limited.
- **Agricultural Land Policy:** Restrictions on formal and transparent land leasing in agriculture also leads to fragmentation of farms; low productivity of land; poor targeting of benefits and relief measures. Resource poor small and marginal farmers face the fear of losing their land prevents them from doing so.
 - A Model Agriculture Land Leasing Act 2016, has been framed and approved by NITI Ayog, which permits and facilitates leasing of agricultural land and clearly protects the interests of the land owners. However, the states have to still take this act forward as agriculture is a state subject.
 - Schemes related to updating land records and digitizing them, like National Land Records Modernization Programme, remain underfunded because of design problems related to conditions attached to the scheme.

3.1.11.2. Design and Implementation issues related to Programmes associated with provision of amenities and raising standard of living

Rural areas are often denied access to important public goods such as sanitation, water, health centres, primary as well as secondary schools, electricity, roads, etc.

- Data from National Health Profile (2018) of the government reveal that infant mortality rate (2016) was 38 per 1000 live births in rural areas and 23 per 1,000 live births in urban areas.
- The National Family Health Survey (NFHS-4), 2015-16 (International Institute of Population Sciences and ICF 2017) reveals the contrast between rural and urban sectors with respect to availability of amenities.
- While households using improved sanitation facility were 70.3 per cent in urban areas, the corresponding figure for rural areas was 36.7 per cent.
- The figures for households using clean fuel for cooking were 80.6 per cent in urban areas and the same was 24 per cent in rural areas.
- The situation with respect to piped water into dwellings showed an equally dismal picture with 52 per cent of urban households having access to this facility while it was as low as 18 per cent in rural areas.
- Literacy rates in rural areas are also about 20 per cent lower than in urban areas.

All of the aforementioned point towards certain design and implementation issues when it comes to schemes programmes and initiatives related to Rural Development. These include:

Skill Development:

- Lack of human resources and funds plagues the implementation of Deen Dayal Antyodaya Yojana- National Rural Livelihoods Mission. Additionally, the use of existing resources optimally is also questionable.
- This scheme is lagging behind in terms of forming and strengthening Producer Groups and Producer Companies in areas like sustainable agriculture and non-timber forest products.
- An important component of NRLM is bank linkage of women SHGs to ensure access to hassle-free loans and other banking products and services for livelihood activities, which they lack individually because of their poor economic status. However, the emphasis is merely on achieving the annual targets of the number of SHGs provided with cash credit by each bank branch in the district, and not on the effective usage of these loans.
- Due to a lack of micro planning, the loan money is often used for unproductive purposes rather than for undertaking a remunerative semi-skilled/skilled activity. The focus on achieving the annual target in the last quarter of the financial year further contributes to the 'forced' nature of the credit linkage.
- To fulfill the livelihood training objective of NRLM, training for skill development is organized by the district administration to enable SHGs to undertake skilled and high-income activities. However instead of being a *means* to enhanced income and improve livelihood, the trainings merely become an *end* in themselves with neither side taking the learning forward to ensure that the trainings result in successful livelihood projects.
- There is a lack of effective training programmes for the staff and no objective performance appraisal format because of which ground workers are hardly able to make significant value addition.

Rural infrastructure creation and employment:

- Huge gaps exist in the implementation of programmes vis-à-vis their guidelines. For instance, the Intensive Participatory Planning Exercise (IPPE) guidelines for preparing labour budgets under MNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) mandate that the block planning teams responsible for conducting household surveys should have a female member who would be the representative of *upa sangha* (women SHGs representative body at the gram sansad⁴ level) to ensure convergence between MNREGA and IPPE. However, the actual composition of planning teams is not uniform across blocks and in many cases female representatives are missing.
- Lack of wider community participation in preparing social and resource maps as a part of the IPPE exercise, as mandated by the guidelines, again lead to the exclusion of demands of the most vulnerable.

Housing:

- There are delays in release of funds that affects progress of construction and delays project completion. Resultantly, it creates a backlog of half-finished structures. In the three years since the programme began, the most houses were constructed in the first year, 3.45 million in 2016-17. The number has declined since--2.39 million in 2017-18 and 1.94 million in 2018-19. According to the ministry, 11 million houses have been completed till 2020 with a further 18 million houses remaining to be constructed to achieve the target by 2022.

Drinking water and Sanitation:

With respect to safe and adequate water for drinking, cooking and other domestic needs to every rural person on a sustainable basis, the performance of National Rural Drinking Water Programme (NRDWP) remained sub-par. This can be largely attributed to the following design and implementation issues:

- The apex level National Drinking Water and Sanitation Council set up to co-ordinate and ensure convergence remained largely non-functional.

- State level agencies important for planning and execution of the programme, such as the State Water and Sanitation Mission, State Technical Agency, and Block Resources Centres were either not set up or were under-performing.
- Fund management: The availability of funds declined during 2013-14 and 2016-17 due to reduced central allocation and inability of states to increase their own financial commitment.
- Programme implementation: NRDWP failed to achieve its targets due to deficiencies in implementation, such as:
 - incomplete, abandoned and non-operational works,
 - unproductive expenditure on equipment,
 - non-functional sustainability structures, and
 - gaps in contractual management, with a total financial implication of Rs 2,212 crore.
- There was inadequate focus on surface water based schemes and 98% of the schemes, including piped water schemes continued to be based on ground water resources.
- The CAG also noted that operation and maintenance plans were either not prepared in most states or they had deficiencies in them. This led to schemes becoming non-functional.
- There are delays in the release of funds.
- Although the number of toilets constructed each year has increased, the pace of annual growth of constructing these toilets has come down.
- As per the SBM-G guidelines, 8% of funds earmarked for SBM-G in a year should be utilised for IEC activities. These activities primarily aim to mobilise behavioural change towards the use of toilets among people. However, allocation towards this component has remained in the 1%-4% range.



3.2. Urban Development

India has the second largest urban population in the world and by 2050, around 50% of India's population i.e. 814 million is expected to live in urban areas. Given this scenario, the present infrastructure and amenities in cities and towns are not adequate to address the expanding urbanization process.

Several initiatives were launched by the government to promote urban infrastructure in the country. The Major initiatives included the twin effort of Smart Cities Mission and the AMRUT scheme.

3.2.1. The Smart Cities Mission

- The Smart Cities Mission is a major urban renewal program launched by the Government to develop and upgrade living conditions and infrastructure in selected 100 cities all over the country.
- Objective of the programme is to modernize cities by providing core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of 'Smart' Solutions.

- The main focus of the project is the *area based development* of cities by transforming existing areas through retrofitting and redevelopment.
- Another component of the smart cities project is the development of new areas or greenfield areas. Similarly, adoption of Smart Solutions with the use technology, information and data are expected to improve infrastructure and services under the project.

3.2.2. Atal Mission for Rejuvenation and Urban Transformation (AMRUT) Project

- Atal Mission for Rejuvenation and Urban Transformation (AMRUT) along with smart cities were jointly planned and launched by the government to transform urban living conditions through infrastructure upgradation.
- AMRUT is aimed at transforming 500 cities and towns into efficient urban living spaces over a period of five years. Launched in 2015, AMRUT completes its mission period in March 2020. But, Centre has decided to extend the mission period of by 2 more years till 2022
- Mission of AMRUT is to (i) ensure that every household has access to a tap with assured supply of water and a sewerage connection; (ii) increase the amenity value of cities by developing greenery and well maintained open spaces (e.g. parks); and (iii) reduce pollution by switching to public transport or constructing facilities for non-motorized transport (e.g. walking and cycling).

SDG and Urban Development

Goal IX: To make cities inclusive, safe and resilient

- By 2030, ensure access for all to **adequate, safe and affordable housing and basic services and upgrade slums**
- By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding **public transport**, with special attention to the needs of those in vulnerable situations: women, children, persons with disabilities and older persons
- By 2030, enhance inclusive and sustainable urbanisation and **capacity for participatory, integrated and sustainable human settlement** planning and management in all countries
- Strengthen efforts to protect and safeguard the **world's cultural and natural heritage**
- By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by **disasters, including water-related disasters**, with a focus on protecting the poor and people in vulnerable situations
- By 2030, reduce the adverse per capita **environmental impact of cities**, by paying special attention to air quality and municipal and other waste management
- By 2030, provide universal access to safe, inclusive and accessible **green and public spaces**, in particular for women and children, older persons and persons with disabilities
- Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening **national and regional development planning**
- By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the **Sendai Framework for Disaster Risk Reduction 2015-2030**, holistic disaster risk management at all levels
- Support **least developed countries**, through financial and technical assistance, in **building sustainable and resilient buildings, and utilising local materials**.

3.2.3. Pradhan Mantri Awas Yojana (Urban) or Housing for All by 2022 Mission

- The 'Housing for All by 2022' under the scheme of "Pradhan Mantri Awas Yojana – Housing for All (Urban)" launched by the central government aims to provide housing to all urban people by 2022.

- It provides central assistance through States/Union Territories (UTs) and Central Nodal Agencies (CNAs) for providing houses to all eligible families/ beneficiaries against the validated demand for houses for about 1.12 cr.
- The programme has following components:
 - Slum rehabilitation of Slum Dwellers with participation of private developers using land as a resource;
 - Promotion of Affordable Housing for weaker section through credit linked subsidy;
 - Affordable housing in partnership with Public & Private sectors and
 - Subsidy for beneficiary-led individual house construction or enhancement.

3.2.4. Heritage City Development and Augmentation Yojana (HRIDAY)

- The HRIDAY scheme is launched for the holistic development of heritage cities. It aims to preserve and revitalize the unique character of heritage cities in India.

3.2.5. Issues and challenges related to urban development initiatives in India

URBAN HOUSING

- **Housing and Inflated Land Prices:** High cost of land is a key constraint on rapid expansion of low-income housing. It becomes even more important from the viewpoint of low-rent housing, which is critical to accommodating migrant population without creating slums. High land prices translate into high property cost and therefore low rental yields.
- **Illicit Money:** A key factor contributing to inflated land prices in India has been the flow of illicit money into real estate. High stamp duty is one important factor encouraging the flow of black money into land. Working with states to lower this duty would help bring land prices down.
- **Artificial jacking up of prices:** Because of the Urban Land Ceilings and Regulation Act, 1976, large chunks of vacant land have disappeared from urban land markets. Although most states have now repealed this act, many large pieces of land remain tied up in litigation. Also, many sick public sector enterprises (PSEs), central and state governments own substantial urban land that remain unused or subject to encroachment. For example, railway, defence and civil aviation ministries of the central government own valuable unused urban land that they could monetize. Finally, the Land Acquisition Act, 2013 fixes compensation for acquired land at rather high levels. In turn, this makes land acquired for affordable housing expensive and contributes to high costs.
- **Stringent land conversion rules:** Vast tracts of land on the outer periphery of cities are potentially available for urban expansion. But that requires conversion of the tracts from agricultural to non-agricultural uses. The power for such conversion has been vested in the state revenue departments, which are reluctant to allow the conversion.
- **Flexibility in land use:** Efficient allocation of the available urban space requires that land use is able to flexibly respond to shifts in demand across its various uses. In many cities, land use is highly constrained in this respect.
- **Restrictive FSI:** The permitted FSI in Indian cities is extremely low, ranging from 1 to 1.5. Consequently, tall buildings are virtually absent from Indian cities. The topology of Mumbai closely matches that of Manhattan and Singapore but it has few tall buildings when compared to the latter cities.
- **Land as a state subject:** Urban spaces and land issues fall under the jurisdiction of the states and require action by each state individually.
- **Faulty Tenancy laws and regulations:** In most states in India, traditionally, rent control laws have disproportionately protected the tenant. Rent is held at low levels and eviction is difficult. In the absence of conclusive ownership titles, with sufficiently long occupancy, a tenant can even claim ownership of the property. These factors have played a critical role in

a large number of urban properties being left vacant. Consequently, we have the paradoxical situation of unsatisfied demand for rental housing while many units lie vacant.

URBAN AMENITIES AND STANDARD OF LIVING

- **Municipal Solid Waste (MSW) Disposal:** Rapidly rising prosperity has resulted in the generation of vast volumes of solid waste in our cities. The cities have been slow to develop effective ways to dispose of this waste. Out of the expenditure on part of ULB's, about 60% - 70% is spent on the collection of waste and 20% - 30% on transportation but almost nothing on treatment and disposal

URBAN TRANSPORT

- **City Roads:** The design and maintenance of city roads is a major challenge in Indian cities. The roads are notorious for being pedestrian-unfriendly, poorly surfaced, congested, and constantly dug up. There is presently a lack of national design standards and contracting standards for city roads.
- **Traffic Flow:** Unlike western cities, motorized vehicles in India change lanes with high frequency and in unpredictable ways. This creates unnecessary traffic jams and delays.

3.3. Skill Development

3.3.1. Pradhan Mantri Kaushal Vikas Yojna

- It is the flagship scheme of the Ministry of Skill Development & Entrepreneurship (MSDE). The objective of this Skill Certification Scheme is to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood.
- Individuals with prior learning experience or skills will also be assessed and certified under Recognition of Prior Learning (RPL). Under this Scheme, Training and Assessment fees are completely paid by the Government.
- The scheme is implemented through National Skill Development Corporation (NSDC).
- In addition, Central / State Government affiliated training providers would also be used for training under the scheme.
- Training also includes soft skills, personal grooming, behavioral change for cleanliness, good work ethics.

3.3.2. Deen Dayal Upadhyaya Grameen Kaushalya Yojana

- The Ministry of Rural Development implements DDU-GKY to drive the national agenda for inclusive growth, by developing skills and productive capacity of the rural youth from poor families.
- This scheme seeks to mobilize youth to take up skill training with the aim of increasing productivity and aligning the training and certification to the needs of the country; to train 10 million youth by the year 2020.

3.3.3. National Apprenticeship Promotion Scheme

- National Apprenticeship Promotion Scheme aims to promote apprenticeship training in the country.
- The main objective of the scheme is to promote apprenticeship training and to increase the engagement of apprentices from present 2.3 lakh to 50 lakh cumulatively by 2020.
- It covers all categories of apprentices except the Graduate, Technician and Technician (Vocational) apprentices which are covered by the scheme administered by Ministry of Human Resource Development.

3.3.4. Skill Development for Minorities

Following are the few schemes implemented by Ministry of Minority Affairs that aim for skill development.

- **Seekho aur Kamao (Learn & Earn):** This is a placement linked skill development scheme implemented since 2013-14 for minorities aiming to upgrade the skills of minority youth in various modern/traditional skills depending upon their qualification, present economic trends and market potential, which can earn them suitable employment or make them suitably skilled to go for self-employment
- **USTTAD (Upgrading the Skills and Training in Traditional Arts/ Crafts for Development):** This aims to preserve the rich heritage of traditional arts/crafts of minorities.
- **Nai Manzil:** The scheme aims to benefit the minority youth who do not have a formal school leaving certificate, in order to provide them formal education and skills and enable them to seek better employment in the organized sector and thus to equip them for better lives.
- **Maulana Azad National Academy for Skills (MANAS):** MANAS provides an all India level training framework based upon tie-ups with Local/National/International training organizations on PPP model, for imparting training to the Minority population in skill sets that are in line with emerging market demand.

3.3.5. Issues related to the design and implementation of skill development initiatives in India

Despite ambitious schemes and targets, skill development initiatives in India have underperformed owing to various design and implementation issues surrounding them. For instance, under Aspirational Districts Programme, 96 per cent of India's 'aspirational districts' registered a negative growth in financial inclusion and skill development between July 2018 and February 2019 itself.

This points towards several lacunae in our flagship skill development and employment programmes like — PMKVY and Deen Dayal Upadhyaya Grameen Yojana. These include issues like:

- **Over-ambitious target setting:** The Skill India Mission launched in July 2015 aims to skill 400 million youth by 2022. But just 25 million youth have been skilled through various training programmes until now.
- **Private Training partners:** Government did not fix the problems pertaining to private sector skills training institutions. Many are inefficient and some even reimbursed despite bogus records. These are part of the overall governance challenges at the regional and state levels.
- **Incomplete restructuring of oversight mechanisms:** The Government decided to merge the two national organisations which oversee the programmes of skilling i.e. the National Skills Development Corporation (NSDC) and the National Skill Development Fund. Although the government decided to merge the two in March 2018, restructuring is not yet complete.
- **Lack of leadership:** There is a lack of leadership to execute the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) at in towns and in Tier II and Tier III cities, where there is a growing demand for skilled manpower in industries. PMKVY has not addressed the structural concerns with the Sector Skills Councils (SSCs) which are not operating with transparency in terms of engaging with state and regional level skills training organisations.
- **Limited outreach:** The SSCs are yet to touch most of the Tier II and Tier III cities across the country in addition to being alienated from their needs. In most states, at least a few districts are not covered under the PMKVY scheme. For instance, or instance, there is not a single skill training institute imparting training under PMKVY in big districts like Kancheepuram, Thiruvalluvar, Villupuram, Thiruvapur, Thiruchirappalli, Thirunalveli and Kanniyakumari.
- **Ill designed curricula and short sightedness in terms of policy making:** It is argued that the focus of PMKVY has been largely on the short-term skill courses, resulting in low placements. A holistic approach to vocational education and skill development by having a

defined approach for both short-term and long-term training courses is missing, which is necessary to meet the objectives of the Skill India programme.

3.4. Social Security

3.4.1. National Social Assistance Program

- The National Social Assistance Programme (NSAP) represents a significant step towards the fulfillment of the Directive Principles in Article 41 and 42 of the Constitution recognizing the concurrent responsibility of the Central and the State Governments in the matter.
- In particular, Article 41 of the Constitution of India directs the State to provide public assistance to its citizens in case of unemployment, old age, sickness and disablement and in other cases of undeserved want within the limit of its economic capacity and development.
- The NSAP is a 'Core of Core' scheme being administered by the Ministry of Rural Development and is being implemented in rural areas as well as urban areas. Presently it comprises of
 - Indira Gandhi National Old Age Pension Scheme (IGNOAPS)
 - Indira Gandhi National Widow Pension Scheme (IGNWPS)
 - Indira Gandhi National Disability Pension Scheme (IGNDPS)
 - National Family Benefit Scheme (NFBS)
 - Annapurna Scheme

3.4.2. National Pension System

- The National Pension System (NPS) is a voluntary, defined contribution retirement savings scheme designed to enable the subscribers to make optimum decisions regarding their future through systematic savings during their working life.
- NPS seeks to inculcate the habit of saving for retirement amongst the citizens. It is an attempt towards finding a sustainable solution to the problem of providing adequate retirement income to every citizen of India.

3.4.3. Atal Pension Yojna

- Atal Pension Yojana (APY) addresses the old age income security of the working poor and the longevity risks among the workers in unorganised sector. It encourages the workers in unorganised sector to voluntarily save for their retirement.
- The subscribers would receive the fixed minimum pension at the age of 60 years, depending on their contributions.

3.4.4. Pradhan Mantri Jeevan Jyoti Bima Yojna

- It is a one year life insurance scheme renewable from year to year and is available to people in the age group of 18 to 50 and having a bank account.
- People who join the scheme before completing 50 years can, however, continue to have the risk of life cover up to the age of 55 years' subject to payment of premium.
- Risk covers Rs.2 Lakh in case of death for any reason.

3.4.5. Pradhan Mantri Suraksha Bima Yojna

- It is available to people in age group 18 to 70 years with bank account. With a premium of Rs. 12 per annum, it covers following risks:
 - Accidental death
 - permanent total disability
 - permanent partial disability

3.4.6. National Food Security Act, 2013

- The objective of the act to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity.

Salient Features of the act:

- **Coverage and entitlement under Targeted Public Distribution System (TPDS):** Up to 75% of the rural population and 50% of the urban population is covered under TPDS, with uniform entitlement of 5 kg per person per month. However, since Antyodaya Anna Yojana (AAY) households constitute poorest of the poor, and are presently entitled to 35 kg per household per month, entitlement of existing AAY households will be protected at 35 kg per household per month.
- **State-wise coverage:** An all India coverage of 75% and 50% in the rural and urban areas is envisaged. The then Planning Commission (now NITI Aayog) has determined the State-wise coverage by using the NSS Household Consumption Survey data for 2011-12.
- **Subsidized prices under TPDS and their revision:** Food grains under TPDS are made available at subsidized prices of Rs. 3/2/1 per kg for rice, wheat and coarse grains for a period of three years from the date of commencement of the Act.
- **Identification of Households:** Within the coverage under TPDS determined for each state, the work of identification of eligible households is done by States/UTs.
- **Nutritional Support to women and children:** Pregnant women and lactating mothers and children in the age group of 6 months to 14 years are entitled to meals as per prescribed nutritional norms under Integrated Child Development Services (ICDS) and Mid-Day Meal (MDM) schemes. Higher nutritional norms have been prescribed for malnourished children up to 6 years of age.
- **Maternity Benefit:** Pregnant women and lactating mothers are also entitled to receive maternity benefit of not less than Rs. 6,000.
- **Women Empowerment:** Eldest woman of the household of age 18 years or above to be the head of the household for the purpose of issuing of ration cards.
- **Grievance Redressal Mechanism:** Grievance redressal mechanism at the District and State levels. States will have the flexibility to use the existing machinery or set up separate mechanism.
- **Cost of intra-State transportation & handling of food grains and FPS Dealers' margin:** Central Government provide assistance to States in meeting the expenditure incurred by them on transportation of food grains within the State and handling.
- **Transparency and Accountability:** Provisions have been made for disclosure of records relating to PDS, social audits and setting up of Vigilance Committees in order to ensure transparency and accountability.
- **Food Security Allowance:** Provision for food security allowance to entitled beneficiaries in case of non-supply of entitled food grains or meals.

3.4.7. Issues Related to Social Security apparatus in India:

- **Exclusionary approach:** The social security apparatus in India is largely exclusionary in nature which keeps a considerable section of needy population out of its purview. About 10% of workers are in the organised sector. They have the protection of social security under the labour laws. The organised sector workers have far greater job security than the remaining 90%, who work as casual labour in large, medium, small, and micro enterprises in cities, at construction sites, in transport, in agriculture and non-farm work. The limited impact of food security schemes, during the Covid 19 pandemic and its inability to touch a major section of people who were in dire need of food for survival pointed to this failure. The lack of adequate documentation of the people who were

entitled to the social welfare benefits made it largely exclusionary and inadvertently selective in nature.

- **Inadequate Budgetary Allocations:** India currently spends a meagre 1.3 percent of its GDP on public social-protection programmes (excluding healthcare), which is significantly lower than the global average. Successful welfare economies, such as European social democracies, spend at least 20 percent of their GDP on social protection, in addition to their significant expenditure on healthcare. Further, India is amongst the lowest spenders within Asian countries.
- **Convergence of Social Security Schemes:** While there is multiplicity of social welfare scheme run by different government units at central and state level, there is bound to be some amount of confusion at the level of beneficiaries as to what exactly they are entitled to. Administration of each scheme involves huge administrative cost. Hence presence of large number of schemes for the same common cause makes up a very strong case for rationalization of the whole system leading to convergence of all schemes and benefits under one umbrella, if possible.
- **Implementation Issues:** Strong administrative mechanism is required for implementation of social security schemes. Minimum social security floor should be a central subject and should be mandatory for all eligible people through the length and breadth of the country. If states are willing, they can make provision for additional welfare measures or higher covers within their resources.
- **Delivery Mechanism:** It is felt that a number of laudable schemes had failed to deliver the desired results because of complex processes and procedures inherent in delivery of benefits under such schemes, thereby defeating the purpose. There is a delivery deficit in most of the social security programmes which includes:
 - Lack of delivery infrastructure at the level of state governments
 - Lack of organizational capabilities on the part of delivery agencies
 - Misidentification of the programme beneficiaries due to both type I (exclusion) and type II (inclusion) errors
 - Incidence of corrupt practices, rent seeking by the administration and delivery agencies, and elite capture of the schemes
 - Lack of awareness on the part of people regarding details of schemes as well as their own entitlements.
- **Lack of humane imagination:** A reason for such exclusionary, delayed and inadequate implementation of social welfare measures can be attributed to the lack of humane imagination in policy making; shortsightedness on parts of policy makers and indifference wrt to ground realities.

4. Democracy and Development

4.1. Procedural Democracy and Substantive Democracy

India opted for the parliamentary form of government in order to make the nation-state based on the principles of universal adult franchise and periodic election in contrast to the village-level government in the light of Gandhian principles.

The assessment of democracy depends on the indices used to indicate or measure it. There are mainly two models of indices regarding democracy - first related to the institutional minimal i.e. **procedural democracy** and second related to the **substantive** or effective democracy.



Procedural Democracy

- The observers of the procedural democracy largely believe that democracy in India has been successful. The criteria for this assessment are - **participation and competition**. These are indicated by the frequency of the elections in India and competition among political parties to contest elections.
- Procedural democracy was meant to contribute to the nation-building in India. Theorists believe that universal adult franchise and periodic elections usher modernization process. It would be accompanied with socio-economic modernization, urbanization, spread of mass media, education, wealth and equality.
- It was believed that development in India would strengthen democracy and divisions based on caste and religion would disappear.
- But these hopes were belied in 1960s and 70s. The decade of 1960s witnessed recurrent episodes of linguistic and ethnic violence. Unable to meet the challenge democratically the political executive responded to these by authoritarianism, personalization of the institutions and imposition. Imposition of emergency was one such example.

Substantive Democracy

- Believers of this form of democracy highlighted that elections and universal adult franchise are not sufficient conditions for democracy. Democracy has to be situated in the society and has to be taken out from institutional mode.
- The rise of identity politics – dalits, OBCs, women, tribal, ethnicity and environment – have necessitated the focus on substantive democracy. This is viewed both as a challenge to the nation-state and as an increase in the democratic content of the country.
- With the introduction of 73rd and 74th Constitutional Amendments, the decentralization has been democratized and the scope of democracy has expanded to include the women, OBCs and dalits at the grass root level.
- This is an attempt to change '**top – bottom**' to '**bottom – top**' democracy.

4.2. Role of Democracy in Development – Appraisal and Criticism

Are democracy and development compatible?

To most global theorist of democracy, India is an embarrassing anomaly. They believed that democracy in India should not have survived as it is marred with massive poverty, largely rural and uneducated population, weak civic institutions, wealth inequality and social divisions like caste, regionalism and communalism. Yet India has proved to be a remarkably resilient democratic polity.

Then comes the question about the compatibility of democracy with development. Do democracy and democratic institutions facilitate economic development?

The empirical answer to the question is not in always affirmative. Some argue, for example, that the experiences of Korea, Taiwan, or Indonesia show that a strong authoritarian state is better able to engineer a successful process of economic development than an electoral democracy such as India.

However, it is established fact that it is democracy that ensures economic development of '**right kind**'.

What is economic development of the right kind?

Economic development of right kind has several dimensions:

- Growth in the productive capacity of society i.e. growth in productivity of labor, agriculture, and capital. It ensures growth in per capita income and per capita assets.
- Improvement in quality of life of the poor.
- Distribution of economic assets and incomes.

- Improvement in conditions of health and safety in workplace.
- Improvement in quality of life - improved access to health care, clean water, education
- Sustainable environmental change
- Gender equity

Indian scenario

- There is a school of thought that highlights the negative correlation between democratic institutions and economic development. Some have maintained that democratic regimes are in general less capable of managing effective economic development than authoritarian regimes.
- The central premise of this reasoning stems from the observation that development requires change, and that change affects some voters adversely. So governments dependent on electoral support in the next election will typically tend to avoid choices that impose hardship on significant numbers of voters.
- In India this is a norm. Election years' witnesses' series of populist measures targeted at different voter groups and fiscal discipline is thrown out the window. This trend, in fact, has corrosive impact on the Indian democracy.
- Numerous analysts are skeptical of India's ability to leverage its democracy for national development, arguing that special interests and inadequate per capita wealth make India still unsuitable terrain for true democracy.
- Political commentator like **Fareed Zakaria** argues "What we need in politics today is not more democracy but less." Allowing politics to be guided by the principles of the market will save democracy from itself, particularly in a billion-person state. Especially in country where, as **Arun Shourie** sometimes complains, "everyone has a veto."
- There is also the reverse argument as well. That India needs more democracy of the local, civic kind in order to break free of its notorious bureaucratic culture of red-tape and corruption.
- In a country as variegated as India, expanding individual freedoms and local empowerment are the keys to more equitable development. Particularly at low incomes, **Amartya Sen famously argues in Development as Freedom**, the intensity of economic needs requires the constructive involvement of target populations to both define and exercise their rights. Short of this, democracy is neither responsiveness nor a successful vehicle for delivery.

Democratic Lessons from China?

- Despite the fact that the North-South divide is quite stark in China, there is plenty to learn from china - which in some ways acts more democratically than India.
- Though China lacks federal electoral democracy, its institutions focus on delivering services to its people and foreign investors. By raising crop prices and upgrading transportation and electricity networks, extreme poverty has fallen to under ten percent of the population.
- Locals have been involved in the design and implementation of massive micro-credit schemes in rural China, and almost \$1 billion is spent annually on alleviating urban poverty.
- In many respects, India faces similar challenges. Ranked only 133 out of 188 countries in the UN Human Development Index, India's per capita GDP still hovers under \$1710. Its population growth of 1.7% reduces the impact of economic growth to about 4%.
- Malnutrition is estimated as high as 40% and real literacy is well below the official 65% statistic.
- Both India and China face rapid urbanization. Energy and water demand are greatest challenges to India. Both fear the spreading AIDS epidemic, which could cost India a generation in the words of Bill Gates. Like China, India's bureaucracy either siphons or absorbs much of the meager expenditures on social development.

Democratic Dilemma

- The situation in India poses a classic **democratic dilemma of affluence or influence** i.e. those who can afford access to resources and benefit from privatization are less likely to be interested in supporting public efforts to benefit society.
- The Agriculture still accounts for 25% of GDP and involves 80% of India's population. Thus the real engines of widespread growth must remain in manufacturing and traditional sectors. But excessive bureaucracy and poor infrastructure have held back opportunities to engage the massively expanding labor force.
- The BPO economy can neither solve India's broader governance crisis nor fund the solutions. The sprouting of Silicon Valley style campuses will not solve the water shortage which forces poor people to pay up to 15 times more for bottled water than the potable drinking water to which they have no access. These are challenges that the outsourcing of jobs to India simply cannot solve.

Where lies the solution?

- None of this implies that less democracy is the solution to India's woes. What it instead means is that greater accountability and transparency will allow citizens to insist on implementation of government promises, and provide the opportunities for citizens to take control of their economic future.
- Thus there is no contradiction between greater democracy and greater economic liberalization and openness—the two must go hand in hand.

Need for more as well as less democracy!

- The answer to the democratic dilemma is therefore both more and less democracy. A lot more local ownership and self-governance, with less special interest, bureaucratic and other distortions at the top.
- A study by the management firm McKinsey & Co. concurs that greater privatization, removal of restrictions on foreign investment and reform of land ownership laws could virtually double India's GNP and raise the real incomes of farming families by over 40%.
- Poor people must be empowered to literally make their own business plans, as successful micro-credit schemes have encouraged, and fiscal management must be decentralized.
- In addition to this government must focus on stimulating spirit of entrepreneurship.

Lessons from Asian Tigers

- The Asian Tiger success stories all involve capitalism preceding democracy, indicating an uphill climb for India which has taken matters "in reverse."
- But the Tigers learned an important lesson from their late 1990s financial crises. The Illiberal democracies are conducive to economic development up to a point. But overly centralized regimes ultimately impede growth and prosperity.
- Empowering individuals to control and manage their resources, however, can propel social and economic development to the levels people have come to expect and demand.
- The mere fact of being the world's largest democracy with an emerging global economic presence is not enough to claim India's greatness. After the elections is when the real work begins.

5. UPSC Previous Years' Mains Questions

1. 'In the context of neo-liberal paradigm of development planning, multi-level planning is expected to make operations cost effective and remove many implementation blockages.'- Discuss. (2019)
2. Performance of welfare schemes that are implemented for vulnerable sections is not so effective due to absence of their awareness and active involvement at all stages of policy process – Discuss. (2019)

3. "Policy contradictions among various competing sectors and stakeholders have resulted in inadequate 'protection and prevention of degradation' to environment." " Comment with relevant illustration. (2018)
4. Has the Indian governmental system responded adequately to the demands of Liberalization, Privatization and Globalization started in 1991? What can the government do to be responsive to this important change? (2016)
5. Two parallel run schemes of the Government viz. the Adhaar Card and NPR, one as voluntary and the other as compulsory, have led to debates at national levels and also litigations. On merits, discuss whether or not both schemes need run concurrently. Analyse the potential of the schemes to achieve developmental benefits and equitable growth. (2019)
6. Do government's schemes for up-lifting vulnerable and backward communities by protecting required social resources for them, lead to their exclusion in establishing businesses in urban economics? (2014)

6. Previous Years Vision IAS Test Series Questions

1. ***MGNREGA has been termed as a stellar example for rural development. In this context, discuss how far the design of MGNREGA program makes it more successful than other rural development programmes.***

Approach:

- As Introduction briefly mention the factors that make MGNREGA a Stellar example for rural development.
- Clearly delineate the design of MGNREGA.
- Provide successful examples of the functioning of the MGNREGA to substantiate.

Answer:

MGNREGS has served as a source of employment for the poor in distress situations such as drought, crop failures and lean rural employment days.

- It has helped raise rural wages steadily over time, and in places where it has been implemented well, built rural assets such as irrigation canals and roads have augmented local infrastructure.

Design of MGNREGA Program

The design of MGNREGA ensures:

- **Rights- based, demand- driven approach:** Estimation and planning of work is conducted on the basis of the demand for work. Hence, beneficiaries of the scheme are enabled to decide the point in time at which they want to work.
- **Financial Inclusion:** Since 2008, all wage payments have had to be transferred to bank or post office accounts of beneficiaries.
- **Social Security Measures:** In 2008, a provision was created which made it possible to cover beneficiaries under either the Janashree Bima Yojana (JBY) or the Rashtriya Swasthya Bima Yojana (RSBY).
- **Use of information technology:** in terms of identification, implementation and distribution of wage payments has been made through e-FMS (Electronic Fund Management System) and
- **Gender Equity:** Men and women are entitled to equal payment of wages. One-third of the beneficiaries are supposed to be women. Worksite facilities like creches are to be provided at all worksites.

- Transparency and Accountability – All MGNREGA- related accounts and records documents have to be available for public scrutiny. Contractors and use of machinery is prohibited.
- Decentralized Planning
 - o Gram Sabhas to recommend works
 - o At least 50% of works by Gram Panchayats for execution
 - o Principal role of PRIs in planning, monitoring and implementation

Success of MGNREGA

- While there are mixed outcomes in terms of implementation across the states, due to use of banking/postal network, this program is still considered to be one of the most successful program compared to other social development programs in the country.
- Some statistics suggest that the scheme have raised the number of rural account holders to an enormous 8.6 crore. This aspect of financial inclusion initiated by such bank accounts has increased savings as well as access to better credit to the rural poor.
- The program also helped in improving equity across the communities. Out of those employed, an astounding 81 per cent reside in kachha houses, around 61 per cent are illiterate and about 72 per cent have no access to electricity in their households.
- The MGNREGA also appears to have helped women enormously. Latest information suggests that over 53 per cent of the total employment provided in the past eight years has been undertaken by women. This could have improved the social and economic status of women to some extent in the rural areas.
- The recent initiatives such as Aadhar based transfers as well as improving the banking network (through both formal banking as well as by making India Post as core banking compliant) will only further improve the efficiency of the program and improve livelihood among the poor in the rural areas.

The Program has been termed as 'the stellar example for rural development' by the World Bank. It is termed as automatic stabilizer of the economy and acts as a counter cyclical measure.

2. ***Rights-based approach to social policy, which has rippled through India over the past decade and a half, reorients governance from ideas of patronage towards duty of the state and justified claims of citizens. Discuss with examples. Also, explain how the rights-based approach helps in improving public service delivery.***

Approach:

- Discuss what rights based approach to social policy is through examples.
- Explain how it has reoriented governance by putting legitimate obligations on the state and giving people the authority to see them fulfilled.
- Conclude by highlighting its advantages in public service delivery.

Answer:

A rights based approach is empowering people to know and claim their rights. It is also about increasing the ability and accountability of individuals and institutions that are responsible for protecting and fulfilling those rights. A rights-based approach to social policy implies institutions and policies that can guarantee people reasonable access to a 'social minimum' i.e. to fulfill basic needs like food, shelter, work, etc. As the socio-economic condition improves, the 'minimum' also changes.

In recent past, 'Rights' have been identified with good governance, and political and bureaucratic efforts to improve administration are often defined in terms of expanding rights of the citizens on the government. Further, pressure groups like Civil Society, donor agencies (UN bodies) and others, as well as Supreme Court's wider interpretation of Fundamental Rights have ensured a more inclusive approach to public policy making especially with regard to rights of the vulnerable.

With increasing knowledge, awareness, social capital and support of domestic and international civil society, certain rights have come to be regarded as basic obligations on the state rather than luxuries that could be delayed in the name of capability of the state. The 'basic minimum' Rights are no more a state patronage, rather they are its duties. The following measures undertaken can be considered as various aspects of rights based approach:-

- Constitutional status to PRIs (grassroots, participative democracy)
- Adoption of Right to Information (extracting transparency and accountability), Right to Education (to build human capital), Right to Food (through National Food Security Act), Formulating a National Health Mission, etc.
- Adoption of Right to Public Service Acts by many States to give timely delivery of services to people.
- Social Audit of government programmes

Importance of Rights-based approach in improving public service delivery

- Clear identification of rights, their holders and enforcers improves accountability.
- Vulnerable can be targeted and offenders can be prosecuted with better understanding and awareness about rights.
- Helps in building capacities, capabilities and infrastructure for the realization and enforcement of rights. It recognises the power inequality between citizens and administration and gives the former the tools to deal with it.
- Facilitates in active and meaningful participation of multiple stakeholders. It creates a sense of ownership of development processes.

In sum, a rights-based approach to development explicitly focuses on the attainment of minimum conditions for living with dignity. In this way, the approach lays the groundwork for state accountability and action as well as citizen participation and transparency.

3. ***"In India, there has been a decline in employment in the unorganised sector in the past few years. However, the increase in the organised sector employment has been mainly in the informal category." In light of this statement, analyze the issue of 'Informalisation of Employment' in Indian economy.***

Approach:

- One needs to be clear about Unorganised/Organised sector and formal/informal category. However the question goes beyond the definitions. So if one is not clear about the basics terms, please get them clear first.
- There are a lot of figures put in the answer below, which are not possible to reproduce in the exam, but one should be clear about the qualitative aspects of the employment trend and what these figures represent. These figures basically substantiate the given issue in the question.
- It is asked to 'analyze' the issue that means we need to look for the causes as well as consequences of this issue. Please note that such dynamic issues do not have 'definite causes' behind them and can have 'different consequences for different

stakeholders', so that is why there is a need to 'analyze' this issue from various points of views.

- For reference, these are the definitions by National Commission for Enterprises in the Unorganized Sector (NCEUS)
 - Informal Sector or Unorganised sector: "The unorganised sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers".
 - Informal worker/employment: "Informal workers consist of those working in the unorganized sector or households, excluding regular workers with social security benefits provided by the employers and the workers in the formal sector without any employment and social security benefits provided by the employers".
 - Informal economy: The informal sector and its workers plus the informal workers in the formal sector constitute the informal economy.

Answer:

- There has been a decline in the employment in the unorganised sector from 86 per cent in 2004–5 to 84 per cent in 2009–10. This means that the share of organised sector employment has increased to 16 per cent in 2009–10 from 14 per cent in both 1999–2000 and 2004–05.
- However, the increase in the organised sector employment is mainly in the informal category. The informal employment in the organised sector has increase from 46.6 per cent in 2004–05 to about 57.8 per cent in 2009–10. The informal employment in the unorganised sector remains the same.
- Nearly 93 per cent of the total workforce in 2009–10 is in informal employment, a rise from 91 per cent in 1999–2000, which is very high as compared to the countries like Brazil, Mexico, Indonesia, Philippines, etc.
- **Causes** - Informal employment results both from workers being excluded from formal jobs and from workers or firms voluntarily opting out of formal employment. The 'exclusion' view of informality emphasizes the dual nature of labour markets, in which a highly productive formal sector coexists with a subsistence informal sector, which absorbs excess labour. Constraints to the expansion of the formal sector such as insufficient capital accumulation and natural resources, or overly burdensome costs of registering lead to persistent informal employment.
- According to the 'voluntary' view, firms and workers decide on whether to become formal by comparing the perceived costs of being formal with its perceived benefits. In this setting, labour institutions, taxation, and regulations primarily explain the prevalence of informal employment, by effectively increasing the costs of formality. At a cross-country level, countries with more burdensome entry regulations have larger informal sectors. India's labour laws may also lead firms to resort to informal arrangements, rely more on capital instead of labour, or limit their scale in order to remain outside of the formal sector altogether
- **Consequences** - India's high rate of informality is a drag on its economic development and a source of considerable inequity. Productivity differences between workers in the formal and informal sectors are large, suggesting that moving a worker from an informal to a formal firm would bring about sizeable gains from improved allocation of resources. In fact, rough estimates suggest that an informal job in the formal sector has double the value added than an informal job in the informal sector. And importantly, the value added per worker in a formal job within the formal sector is almost ten times that in an informal job in the formal sector. Therefore, loosely speaking, the benefits of moving into contracts within the

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formal sector are likely to be substantial and significantly higher than the gains from moving an informal-sector worker into an informal job within the formal sector.

- Besides earning less, informal workers are also more vulnerable to violations of basic human rights such as reasonable working conditions and safety at work. With little job security and limited access to safety nets, most of the informally employed remain extremely vulnerable to shocks such as illnesses and loss of income. Not surprisingly, a strong correlation exists between informality and poverty in India.
- From the point of view of firms, informal work arrangements bring benefits: lower price and greater flexibility in adjusting the quantity of labour in response to fluctuating demand. Yet, these benefits are partly offset by costs, such as low worker loyalty and inadequate incentive to invest in worker skill building. Moreover, any net benefits need to be weighed against the social costs to the workers and the economy as a whole.
- Finally, persistently high levels of informality come at a significant fiscal cost in terms of forgone fiscal revenue. In 2004-5, the unorganized sector contributed roughly half of India's GDP, implying a significant expansion of the tax base if the informal sector were to join the formal economy. The high prevalence of informality also hampers the ability of economic policies to have direct and quick impact on the economy.

4. *Convergence and interlinking of various government schemes can lead to better service delivery and cost effectiveness. Illustrate.*

Approach:

This question requires analysis of problems of welfare schemes. Economic Survey 2013-14 has suggested convergence of similar and overlapping schemes to improve efficiency. You should highlight the advantages of such measure along with suitable examples.

Answer:

Central government and state governments in India run a plethora of welfare schemes for different purposes. However multiplicity of schemes has created following problems:

- Overlap in the functions and target population of the schemes. Economic Survey 2013-14 cites the example of overlap in certain schemes such as the Aam Aadmi Bima Yojana, Janashree Bima Yojana and Rashtriya Suraksha Bima Yojana, which cater to the "same or similar category of population."
- Lack of co-ordination between the implementing agencies
- High cost of implementation of multiple schemes puts a financial burden on the public exchequer
- Lack of awareness among beneficiaries about the benefits, eligibility of schemes, process and documentation and finally the grievance redressal mechanism.

Owing to such overlaps, the government constituted B. K. Chaturvedi committee for comprehensive reviewing of the Centrally Sponsored Schemes, on whose recommendations the government restructured merging of 147 schemes into 67 schemes.

Keeping these in mind, a host of government reports has pitched for convergence of certain welfare schemes and programmes to ensure better delivery and streamline expenditure. It'll provide following benefits:

- Better co-ordination between the implementing agencies as they will be responsible for implementation of only few targeted scheme
- Cost saving of implementation of the government machinery.
- Better service delivery to the citizens. For example convergence of Total Sanitation Campaign (TSC) with National Rural Livelihood Mission can promote effective maintenance of the built up toilets. Convergence of TSC with Piped water scheme will avoid contamination of the drinking water bodies.
- Multiplicity of schemes confuses the citizens. A few but targeted schemes will create better awareness among them for their rights and entitlements.
- Convergence of service delivery platforms enable the people to avail the benefits easily.

Recently government has merged service delivery platform for Rashtriya Swasthya Bima Yojana, Aam Aadmi Bima Yojana and the Indira Gandhi old age pension scheme.

Convergence of MNREGA with other schemes relating to agriculture, forests, water resources, land resources, rural roads, anganwadi centers, drinking water and sanitation can increase the productivity of such assets and resources under MGNREGA, which will help rural families to enhance the quality of their life with better livelihood methods. 12th Five Plan has also focuses on convergence of programmes.

Student Notes:

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